



# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**SEVENTY-THIRD REPORT TO THE PARLIAMENT**

## **REPORT ON THE 2007-08 BUDGET ESTIMATES – PART TWO**

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**Parliament of Victoria**

**Public Accounts and Estimates Committee**

*Report on the 2007-08 Budget Estimates – Part Two*

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The series of reports on the 2007-08 Budget Estimates produced by the Committee will consist of three parts and include:

### **Part One**

- departmental reviews based on responses provided by departments and the parliamentary departments to the Committee's budget estimates questionnaire;
- an index of key matters raised at the first 23 budget estimates hearings to 11 May 2007;
- associated questions taken on notice, unasked questions and a list of documents presented by Ministers; and
- transcripts of proceedings of the budget estimates hearings to 11 May 2007.

### **Part Two**

- departmental reviews incorporating additional information sought by the Committee;
- an index of key matters raised at the remaining 20 budget estimates hearings to 31 May 2007;
- associated questions taken on notice, unasked questions and a list of documents presented by Ministers; and
- transcripts of proceedings for the remaining 20 budget estimates hearings to 31 May 2007.

### **Part Three**

- information relating to responses received to questions taken on notice and unasked questions emanating from the first and second rounds of hearings; and
- analysis, key findings and recommendations relating to the budget estimates for 2007-08.





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## **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE MEMBERSHIP – 56<sup>TH</sup> PARLIAMENT**

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Bob Stensholt, MP (Chair)

Kim Wells, MP (Deputy Chair)

Greg Barber, MLC

Richard Dalla-Riva, MLC

Judith Graley, MP

Janice Munt, MP

Martin Pakula, MLC

Gordon Rich-Phillips, MLC

Robin Scott, MP

Bill Sykes, MP

For this inquiry, the Committee was supported by a secretariat comprising:

Business Support Officer: Jennifer Nathan

Office Manager: Karen Taylor

Manager,  
Joint Committee Administration Office Mark Roberts

Research Officers: Ian Claessen  
Joanne Marsh

Specialist Advisers: Joe Manders  
John Misiano





## DUTIES OF THE COMMITTEE

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

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

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

- any proposal, matter or thing concerned with public administration or public sector finances; and
- the annual estimates or receipts and payments and other Budget Papers and any supplementary estimates of receipts or payments presented to the Assembly and the Council.

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

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



## CHAIR'S INTRODUCTION

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Part One of the Public Accounts and Estimates Committee's *Report on the 2007-08 Budget Estimates*, tabled on 24 May 2007, provided information from departments in response to the Committee's budget estimates questionnaire. Modelled on the reporting process followed by Senate Standing Committees in considering budget estimates, Part One of the report also provided an index of key matters and associated material relating to the first 23 budget estimates hearings that took place between 3 May 2007 and 11 May 2007.

As foreshadowed in Part One, I now have pleasure in introducing Part Two of the new three part series that covers the 2007-08 Budget Estimates. Part Two includes:

- departmental reviews incorporating additional information sought by the Committee;
- an index of key matters raised at the remaining 20 budget estimates hearings which took place between 14 May 2007 and 31 May 2007 together with the transcripts of these hearings; and
- associated questions taken on notice, unasked questions and a list of documents presented by Ministers at those hearings.

To place in context the scale of the budget estimates hearings process, it is worth noting that the entire process involved:

- 51 hours of proceedings that extended over 14 days;
- in excess of 530 questions researched and raised by Committee members;
- 128 questions on notice;
- 35 unasked questions;
- the provision of evidence by ten departments and the parliamentary departments;
- the hearing of evidence from 91 witnesses; and
- 626 pages of transcripts.

This report is designed to be delivered within a time frame which informs debate on the appropriation bills in the Parliament. It will be complemented by Part Three which will provide information relating to the responses received for questions on notice and unasked questions, as well as the Committee's analysis of matters connected with the 2007-08 Budget Estimates and recommendations to complete the Committee's budget estimates inquiry.

Again I acknowledge the efforts of Ministers and their accompanying officers for their participation in the estimates hearings process, as well as the Committee members for their commitment and cooperation at the hearings. On behalf of the Committee, I am also grateful for the assistance provided by the Committee's secretariat in preparing material for inclusion in the report in a very short time frame.



**Bob Stensholt, MP**

**Chair**



# CHAPTER 1: INTRODUCTION

## 1.1 Background

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

On 1 May 2007, the government introduced two appropriation bills: the *Appropriation (2007/08) Bill* and the *Appropriation (Parliament 2007/08) Bill*, into Parliament. These bills, when passed, will enable the government and the Parliament respectively to deliver planned services and embark on new asset investments during 2007-08.

The appropriation bills seek parliamentary authority to draw an amount of \$28,522.1 million from the Consolidated Fund in 2007-08 for government purposes and \$92.1 million for the funding of Parliament's activities.

### 1.1.1 Budget estimates

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

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

The budget estimates also deal with the application of funds that do not require annual parliamentary authority such as special appropriations, \$1,842.6 million; where there is continuing authority derived from specific legislation, agency revenue credited to appropriations, \$2,237.4 million; and prior year appropriations, \$535.1 million, carried over to the budget year.

The 2007-08 Budget Estimates identify that the government expects total income from transactions of around \$34,269.2 million and total expenditure from transactions of \$33,944.9 million. In addition, new net annual infrastructure investments are expected to average \$3,300 million over each of the four years to 2010-11.

## 1.2 Process followed by the Public Accounts and Estimates Committee for its review of the 2007-08 Budget Estimates

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

Following the tabling of the *Report on the 2007-08 Budget Estimates – Part One*, part two of the report now itemises responses received from departments to the Committee's 2007-08 Budget Estimates questionnaire where further information was sought by the Committee and, for each of the remaining 20 hearings held between 14 May 2007 and 31 May 2007, summarises key matters raised

and responded to by Ministers; questions taken on notice by Ministers for a later written response; questions unasked by members of the Committee and also referred to Ministers for a subsequent written response; and a list of documents presented by Ministers.

Part Three of the report will contain information relating to responses received to questions taken on notice and unasked questions emanating from the hearings; outstanding material from the Committee's inquiries to date; and analysis, key findings and recommendations relating to the 2007-08 Budget Estimates.

The principal intention of the Committee, in presenting early reports to Parliament on the 2007-08 Budget Estimates, is to assist Members of Parliament in their consideration of the appropriation bills and, in turn, to enrich the Parliament's debate on the bills.

### **1.2.1      *Departmental budget estimates questionnaire***

Prior to the budget estimates hearings, the Committee sends a questionnaire to each department and the parliamentary departments to obtain information on the likely impact of the budget on their operations and future strategic directions. For the 2007-08 Budget Estimates questionnaire, the Committee focused on the following issues:

- output responsibilities and initiatives;
- staffing matters;
- departmental financial statements (operating statement, administered items statement and balance sheet) and budget development assumptions;
- carry over funding from 2006-07;
- performance measures;
- departmental savings;
- departmental asset investments;
- communications, advertising and promotion; and
- implications arising from the National Reform Agenda.

Responses received from departments in relation to those areas that in the Committee's view required further information are itemised in each section of this report.

### **1.2.2      *Acknowledgment***

The Committee is grateful to the Ministers and their accompanying staff for their assistance at the remaining budget estimates hearings held between 14 May 2007 and 31 May 2007.

## **CHAPTER 2: PARLIAMENTARY DEPARTMENTS**

### **Departmental review**

#### **2.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the parliamentary departments' response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **2.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **2.2.1 Key assumptions**

A description of the key assumptions used to develop the parliamentary departments' budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **2.2.2 Changes to major government objectives**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **2.2.3 National Reform Agenda**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **2.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Initial information provided by the parliamentary departments on output initiatives and an asset initiative was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Further information has been requested from the parliamentary departments relating primarily to staffing implications and expected outputs for these initiatives.

*The Committee regards this lack of response as inadequate, and is seeking a further response detailing the requested information for inclusion in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

#### **2.4 Departmental asset investment**

Initial information provided by the parliamentary departments on departmental asset investment was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Further information has been requested from the parliamentary departments relating to the envisaged annual expenditure amounts relating to each asset investment project.

*The Committee again regards this lack of response from the parliamentary departments as unsatisfactory, and is seeking a further response detailing the requested information for inclusion in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

## **2.5 Financial information**

### **2.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **2.5.2 *Revenue and expenditure***

Information on revenue and expenditure for the controlled and administered operating statements for the parliamentary departments was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **2.5.3 *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the parliamentary departments was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **2.5.4 *Carry over funding***

Details of the parliamentary departments' estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **2.5.5 *Revenue raising initiatives***

Information on the parliamentary departments' revenue raising initiatives for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **2.5.6 *Departmental savings***

Information on the parliamentary departments' savings for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **2.6 Communication, advertising and promotion**

Information provided by the parliamentary departments on the communication, advertising and promotional budgets for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.



## **2.7 Departmental workforce**

Full details of the parliamentary departments' workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **2.8 Performance measures – changes**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

## **2.9 Parliamentary departments hearing**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.



## **CHAPTER 3: DEPARTMENT OF EDUCATION**

### **Departmental review**

#### **3.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **3.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **3.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **3.2.2 Changes to major government objectives**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **3.2.3 National Reform Agenda**

Initial information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department relating to the implications of the National Reform Agenda for departmental services is set out below.

The actions the Victorian Government has committed to in Victoria's Plan to Improve Literacy and Numeracy outcomes will be rolled out progressively by the Department of Education.

*The Committee is disappointed with the breadth of the material provided by the department in this instance. Responses of a general nature such as this are of limited value to the Committee and the Parliament in terms of inquiring into the budget estimates and enhancing accountability.*

#### **3.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 3.4 Departmental asset investment

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 3.5 Financial information

#### 3.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

An explanation of how the Australian equivalents to the International Financial Reporting Standards (A-IFRS) have impacted on the preparation of the department's budget for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### 3.5.2 *Revenue and expenditure*

Initial information provided by the department on revenue and expenditure for the controlled items operating statement for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information from the department relating to revenue and expenditure for the administered items operating statement is included in table 3.1 below:

**Table 3.1:** Department of Education  
Operating statement

Administered items	Column 1	Column 2	Column (2-1)/1
	<b>2006-07 Estimated Actual (a) (\$ million)</b>	<b>2007-08 Budget (\$ million)</b>	<b>Variation  (%)</b>
<b>Income from transactions</b>			
Sale of goods and services	1.5	1.5	0.0
Commonwealth grants	2,145.0	2,175.4	1.4
Revenue from other parties and other income	19.9	9.9	-50.3
<b>Total</b>	<b>2,166.4</b>	<b>2,186.8</b>	<b>0.9</b>
<b>Expenses from transactions</b>			
Grants and other payments	1,482.5	1,541.3	4.0
Payments into the consolidated fund	683.8	645.4	-5.6
<b>Total</b>	<b>2,166.3</b>	<b>2,186.7</b>	<b>0.9</b>
<b>Net result from transactions</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>Income/expenses from other economic flows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net result from other economic flows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net result</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>

Note: (a) the 2006-07 estimated actual includes half year figures for the programs managed by the Office of Training and Further Education (OTFE) which have been transferred to the Department of Innovation, Industry and Regional Development and the Department for Victorian Communities under the machinery of government changes

### 3.5.3 Assets, liabilities and equity

Initial information provided by the department on the assets, liabilities and equity for the controlled items balance sheet for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information provided by the department on the financial position for the administered items of the department is included in table 3.2 below:

**Table 3.2: Department of Education  
Balance sheet**

Administered items	Column 1	Column 2	Column (2-1)/1
	2006-07 Estimated Actual (\$ million)	2007-08 Budget (\$ million)	Variation (%)
<b>Assets</b>			
Cash assets	1.2	1.2	0.0
Receivables	17.5	17.5	0.0
Other financial assets	1.5	1.5	0.0
Prepayments	3.3	3.3	0.0
Property, plant and equipment	11.3	11.3	0.0
<b>Total assets</b>	<b>34.7</b>	<b>34.8</b>	<b>0.3</b>
<b>Liabilities</b>			
Other	4.4	4.4	0.0
<b>Total liabilities</b>	<b>4.4</b>	<b>4.4</b>	<b>0.0</b>
<b>Net assets</b>	<b>30.3</b>	<b>30.3</b>	<b>0.0</b>

### 3.5.4 Carry over funding

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 3.5.5 Revenue raising initiatives

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 3.5.6 Departmental savings

Initial information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department on the breakdown of savings expected from the Efficient Government policy is included in table 3.3:

**Table 3.3: Department of Education  
Efficient Government policy savings**

Efficient Government policy savings (as per Labor's Financial Statement 2006)	2007-08 Savings amount (\$ million)
<i>Buying Smarter, Buying Less</i>	7.4
Shared Services	0.6
Best Practice Grants Administration	0.1
Fleet Management	0.1
Advertising and Consultancies	0.2
<b>Total</b>	<b>8.4</b>

### 3.6 Communication, advertising and promotion

Initial information provided by the department on the communication, advertising and promotional budget for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

In quantifying its budget, the department advised the Committee that at this stage it is not possible to provide more information on estimated expenditure on communications for 2007-08.

*The Committee regards this response as inadequate and is seeking a further response detailing proposed expenditure, as well as details of expenditure in 2005-06 and estimated expenditure in 2006-07. When received, this information will be included in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

### 3.7 Departmental workforce

Full details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 3.8 Performance measures – changes

Changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **Review of portfolios**

### **3.9 Education portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **3.10 Education Services portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.





## **CHAPTER 4: DEPARTMENT OF HUMAN SERVICES**

### **Departmental review**

#### **4.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **4.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **4.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **4.2.2 Changes to major government objectives**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **4.2.3 National Reform Agenda**

Information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **4.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **4.4 Departmental asset investment**

A listing of the department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Estimated expenditure on each of these capital projects for 2007-08 is detailed in table 4.1.

**Table 4.1:**                                      **Department of Human Services**  
**Asset investment expenditure – 2007-08**

<b>Asset investment program, with forecast expenditure budgeted to occur during the 2007-08 financial year</b>	<b>Estimated Expenditure 2007-08 (\$000)</b>
Alfred Hospital Intensive Care Unit Redevelopment	8,650
Alfred Hospital Psychiatric Intensive Care Unit	789
Austin Mental Health Services Redevelopment – Stage 2 Secure Extended Care Unit	220
Bairnsdale Regional Health Service, Redevelopment Emergency Department	580
Barwon Health, Geelong Hospital Emergency Department Redevelopment	13,000
Beaufort & Skipton Health Service, Skipton Campus, Redevelopment	637
Box Hill Hospital – Outpatients & Dialysis Centre And Associated Works	20,600
Brunswick Human Services Precinct – The Bouverie Centre	1,500
Casey Residential Aged Care	17,500
Caulfield General Medical Centre Logistics Building And Associated Works	15,800
Colac Area Health, Polwarth Nursing Home – Residential Aged Care Services	1,118
Community Facility Redevelopment Initiative	4,000
Community Health & Mental Health Redevelopment, Warragul Stage 2	1,194
Disability Services Strategic Replacement & Refurbishment Program for Shared Supported Accommodation	10,960
Eastern Health Mental Health Redevelopment Stage One	11,400
Eastern Health, Central East Community Care Unit	4,268
Environmental Sustainability Action Statement – Public Hospitals & Aged Care	1,500
Fire Risk Management Strategy	130
Grace McKellar Centre Redevelopment Stage 2	3,054
Health Information And Communication Technology (ICT) Strategy	30,000
Heidelberg Repatriation Hospital Mental Health Stage 1	3,000
Hospitals Electronic prescribing	8,000
John Pickford House Nursing Home Redevelopment, Ararat	130
Kew Residential Services Redevelopment	8,629
Kingston Centre Kitchen Upgrade And Associated Works	14,000
Koori Youth Alcohol And Drug Healing Service	2,100
Latrobe Regional Hospital, Cancer Treatment Centre, Traralgon	77
Maroondah Hospital Redevelopment – Stage 2A	1,055
McKellar Centre Aged Care Facility – Grovedale	12,000
Mental Health Services For Kids & Youth (Mh-Sky) Stage 2 – Adjustment	403
Metropolitan Food Services Redevelopment Stage 1	2,800
Monash Medical Centre, Moorabbin Campus – Expansion Of Radiotherapy Services	1,317
Mornington Centre Promoting Health Independence: Stage 1A	1,542
Mount Alexander Hospital, Castlemaine, Redevelopment Residential Aged Care	999
North Richmond Community Health Centre	9,500
Northeast Health Wangaratta, Nursing Home Redevelopment	6,100
Portland District Health – Aged Care Redevelopment & Second Stage Recovery Suite	1,708

**Table 4.1: Department of Human Services  
Asset investment expenditure – 2007-08 (*continued*)**

<b>Asset investment program, with forecast expenditure budgeted to occur during the 2007-08 financial year</b>	<b>Estimated Expenditure 2007-08 (\$000)</b>
RAV – Ambulance Services Expansion	500
Rochester Theatre & Hospital Redevelopment	9,000
Royal Children's Hospital Redevelopment	133,400
Royal Children's Hospital Redevelopment Stage 1	7,617
Royal Melbourne Hospital Emergency Department Redevelopment	19,800
Shepparton Mental Health – Ambergmere	3,900
Super Clinics	15,266
The Knox Development	14,036
The Northern Hospital Redevelopment Stage 2A	2,650
Victorian Respiratory Support Service	1,878
Yarrawonga District Health Service Redevelopment – Nursing Home & Acute Services	214

## **4.5 Financial information**

### **4.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards***

An explanation of how the Australian equivalents to the International Financial Reporting Standards (A-IFRS) have impacted on the preparation of the department's budget for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **4.5.2 *Revenue and expenditure***

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **4.5.3 *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **4.5.4 *Carry over funding***

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### 4.5.5 Revenue raising initiatives

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### 4.5.6 Departmental savings

Initial information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information supplied by the department in response to the Committee's request for an estimate of the breakdown of the savings target according to the areas of particular focus for increased efficiency and savings is shown in table 4.2.

**Table 4.2: Department of Human Services  
Efficient Government savings – 2007-08**

	<b>2007-08 (\$ million)</b>
<i>Buying Smarter, Buying Less</i>	7.4
Shared services	4.2
Fleet management	0.9
Best practice grant administration	0.2
Advertising and consultancies	1.1
<b>Efficient Government savings</b>	<b>13.8</b>
Head office efficiencies	2.4
Grants efficiencies	0.6
<b>Total savings</b>	<b>16.9</b>

#### 4.6 Communication, advertising and promotion

*Given that according to the department, budgets had not been allocated for 2007-08, the Committee subsequently requested that details pertaining to budgets and expenditure be provided to the Committee. When received, this information will be included in the Report on the 2007-08 Budget Estimates – Part Three.*

#### 4.7 Departmental workforce

Initial details of the department's workforce were included in the Committee's *Report on the 2007-08 Budget Estimates – Part One*.

As earmarked in the Committee's first report, an explanation was sought about the reasons behind the department not estimating staffing levels as at 30 June of the following year, a situation that had been commented on in previous Committee reports on the budget estimates. The department's explanation and additional information are set out below.

In line with government policy, the department adjusts its staffing levels as required to meet service delivery targets and associated program support requirements. The total number of staff directly employed by the department (in management or administrative functions, or direct service delivery in relation to child protection, disability or housing services) is an input to the delivery of outputs and outcomes for government. It is not in itself a performance indicator or a target, unlike other government functions such as teaching where forward projections of staff numbers would be required to calculate expected staff student ratios.

The department does not therefore produce forward estimates of its total directly employed staff, in terms of aggregates of program administration, corporate and direct care staff. However, individual programs with direct care staff do estimate the staffing impact of particular budget proposals as part of their costing and implementation planning for those proposals. The department also monitors and manages movements in head office and regional administration staffing levels, in order to meet efficiency and savings targets required by government of all departments under the Department Funding Model and in the context of the Efficient Government policy.

However, in response to the Committee's request, it is possible to calculate simple trend estimates of aggregate directly employed staffing levels, based on the pattern of previous actual levels of directly employed staff. A trend increase has been calculated on this basis in the table below for regional directly employed staff, but no growth is anticipated in Head Office staff in the context of further efficiencies to be sought under the Efficient Government savings initiative (see table 4.3). Data for June 2007 is estimated to be as per equivalent full-time (EFT) levels current at the end of March 2007. The distribution of classifications is assumed to be as per the March 2007 data previously provided to the Committee.

**Table 4.3: Department of Human Services  
Directly employed staffing levels – June 2003 to June 2008**

	<b>June 2003</b>	<b>June 2004</b>	<b>June 2005</b>	<b>June 2006</b>	<b>June 2007 (estimated)</b>	<b>June 2008 (estimated)</b>
	<b>(EFT)</b>	<b>(EFT)</b>	<b>(EFT)</b>	<b>(EFT)</b>	<b>(EFT)</b>	<b>(EFT)</b>
Head office	2,553.0	2,551.0	2,603.0	2,621.0	2,669.0	2,669.0
Regions	8,451.0	8,522.0	8,511.0	8,723.0	8,860.0	8,972.0
<b>Total</b>	<b>11,004.0</b>	<b>11,073.0</b>	<b>11,114.0</b>	<b>11,344.0</b>	<b>11,529.0</b>	<b>11,641.0</b>

With respect to funded agencies, of which there are over 2,200 funded under individual service agreements, the department provides funding on an output, rather than an input basis, and agencies adjust their staffing levels in line with service needs to deliver the output targets defined in service agreements. Since the department does not directly employ agency staff, it does not generally require these agencies to submit EFT information. The department acknowledges the constraints that agencies face in balancing resource allocations between administrative and service delivery functions, and has sought to ensure that the burden of reporting is not unnecessarily onerous for agencies, but is appropriate to governance need.

The exception to this reporting policy are outer budget sector agencies, such as public hospitals and residential aged care services, where the department is a party to negotiations on enterprise agreements with their staff, and EFT numbers and classifications are essential inputs to the calculation of Enterprise Bargaining Agreement (EBA) costs.

In respect of these major funded agencies, the department has established a Health Services Payroll and Workforce Minimum Dataset, which will enable the collection of a wider range of staffing profiles in respect of the 92 hospitals that will comprise the dataset.

Complete data for all hospitals is not yet available from this dataset to support detailed estimation of future staffing levels in major funded agencies. However, as with the departmentally employed workforce data, simple trend estimates can be provided to the Committee based on previous years' actuals. Estimates of staffing levels for the major occupational categories, based on linear trends since June 2003, are provided in table 4.4.

**Table 4.4: Department of Human Services  
Public hospitals  
Staffing levels for major occupational categories – June 2003 to June 2008**

	June 2003	June 2004	June 2005	June 2006	June 2007 (estimated)	June 2008 (estimated)
Doctors	5,046	5,328	5,558	5,769	5,958	6,152
Nursing	25,841	26,920	27,720	28,418	29,347	30,307
Medical support and ancillary staff	10,550	10,978	11,584	12,014	12,407	12,812
Other	16,377	16,838	17,419	18,003	18,591	19,199
<b>Total</b>	<b>57,814</b>	<b>60,064</b>	<b>62,281</b>	<b>64,204</b>	<b>66,303</b>	<b>68,470</b>

## 4.8 Performance measures – changes

Changes made to the department's output structure for 2007-08 were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## Review of portfolios

### 4.9 Children portfolio

#### 4.9.1 Introduction

The Committee received evidence from Ms L Neville, Minister for Children, on 14 May 2007. The Minister provided an overview of her portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### 4.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 4.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 4.9.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### 4.9.3 **Key matters raised at the budget estimates hearing**

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

- government planning and funding to upgrade and better equip not-for-profit kindergartens and childcare centres and where related family services can be co-located (pp.3–4);
- intended utilisation of additional funds over the next 4 years for maternal and child health services (pp.4–5);
- funding for training staff in maternal and child health centres, and nurses, to deal with children with allergies and anaphylactic conditions (pp.5–6);
- training methods to be adopted to train a multitude of staff (child care workers, kindergarten and school teachers) to treat children with life threatening allergies, with minimal per capita funding (pp.5–6);
- the extent of provision of EpiPens to kindergartens and childcare centres throughout the state (pp.5–6);
- initiatives under the government's '*Continuing Family Violence Reform*' program to protect women and children, and sometimes men, from family violence (p.7);
- government's position on encouraging increased cooperation between kindergartens and primary schools in terms of co-location and administrative support (p.8);
- government's preparedness to review the funding formula to ensure that parents of children attending smaller rural kindergartens do not have to engage in strenuous fundraising efforts to meet basic operating costs and capital works expenditure (p.8);
- arguments for the retention of kindergartens within the Department of Human Services as distinct from moving them to the Department of Education (p.9); and
- whether steps have been taken to identify and cost the options for safeguarding the long service leave and sick leave entitlements of preschool centre staff, or whether a central leave provision fund would be created (pp.9–10).

### 4.9.4 **Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- whether the department will be funding the provision of EpiPens to childcare centres and kindergartens (pp.6–7); and
- expected impact of the budget, particularly new initiatives, on productivity in the portfolio (p.4 in Mental Health portfolio transcript).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### 4.9.5 **Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **4.9.6 Documents tabled at the budget estimates hearing**

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

#### **4.10 Community Services portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **4.11 Health portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **4.12 Housing portfolio**

##### **4.12.1 Introduction**

The Committee received evidence from Mr R Wynne, Minister for Housing, on 17 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

##### **4.12.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 4.12.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 4.12.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

##### **4.12.3 Key matters raised at the budget estimates hearing**

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

- impact of new initiatives and portfolio spending on productivity in Victoria (pp.4–5);
- tendering process of maintenance and gardening contracts for public housing in Melbourne (pp.5–6);
- progress of the Carlton public housing redevelopment project (pp.6–7);
- commitment to public housing in country Victoria and the provision for appropriate support services (pp.7–8);
- details of the \$510 million investment in social housing (pp.8–10);



- details of the public housing rental increase in proportion to tenant's family tax benefits and the amount of rent collected returned to the Treasurer (pp.10–11);
- water saving and energy efficiency initiatives in the social housing area (pp.11–12);
- how the increase in housing stock of 2,350 will be achieved – demolition and rebuild, renovation, new purchases and disposals (pp.12–13); and
- eligibility and tenant mix of long term housing assistance (p.13).

#### **4.12.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- in broad groups, a breakdown of the differing amounts of family tax benefits that tenants can receive and the rent increase for each of these groups (pp.10–11).

A written response by the Minister to the Committee on this question is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **4.12.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **4.12.6 Documents tabled at the budget estimates hearing**

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

### **4.13 Mental Health portfolio**

#### **4.13.1 Introduction**

The Committee received evidence from Ms L Neville, Minister for Mental Health, on 14 May 2007. The Minister provided an overview of her portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### **4.13.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 4.13.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 4.13.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **4.13.3 Key matters raised at the budget estimates hearing**

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

- expected impact of budget, particularly new initiatives, on productivity in the portfolio (pp.3–4);
- reason for low level of funding in budget for government's announced election commitments in mental health, and the absence of funding for the major commitment of provision of 73 mental health beds at the Dandenong Hospital (pp.4–5);
- strategies planned to address the emerging threat of amphetamines and, in particular, the threat relating to the use of ice (pp.5–6);
- explanation on the rationale underpinning the allocation of funding for mental health between the city and the country, and how the 2007-08 budget will help to address mental health issues in country Victoria (pp.6–7);
- outline of services available to people experiencing both drug and mental health problems (pp.5–6);
- explanation for what was alleged to be a real decrease in funding in the budget for Psychiatric Disability Rehabilitation and Support Services (pp.8–9);
- initiatives planned by the government to better manage mental health presentations at hospital emergency departments (p.9); and
- against a background of a lowering of the qualitative target for 'pre-admission community care' from 65 per cent to 60 per cent under the Clinical Care output, due to ongoing demand growth, the nature of strategies in place to ensure all six new prevention and recovery care services committed to by the government will, after receiving funding, proceed within acceptable time frames (pp.9–11).

### **4.13.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the budget estimates hearing (page reference refers to the transcript in Appendix 1):

- clarification of composition of provision of \$26.6 million in capital works for new and improved mental health facilities as mentioned by the Minister at the hearing (p.11).

A written response by the Minister to the Committee on this question is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **4.13.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **4.13.6 Documents tabled at the budget estimates hearing**

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

## **CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE**

### **Departmental review**

#### **5.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **5.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **5.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **5.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **5.2.3 National Reform Agenda**

Information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **5.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information requested by the Committee on the staffing implications for each of the department's output initiatives is set out below.

##### **A Fare Go for Public Transport Users**

There are no departmental staffing implications for this initiative.

##### **Boating Fund Grants**

The Boating Fund Grants initiative is a continuation of an existing program and will be delivered within current departmental staffing resources.

### **Caulfield – Dandenong Rail Corridor Stage 1 – Cranbourne Stabling and Station Upgrade**

There are no departmental staffing implications. Additional maintenance staff may be recruited by Connex.

### **Continuation of Metropolitan Bus Services Upgrade**

There are no departmental staffing implications.

### **Continuation of SmartBus Red Line Circle Route Initiative**

There are no departmental staffing implications.

### **Metropolitan Premium Stations Upgrades**

There are no departmental staffing implications. Additional station staff are expected as a result of this initiative.

### **Metropolitan Train Services**

There are no departmental staffing implications. The initiative includes the recruitment of approximately 22 additional train drivers by Connex.

### **Motor Registration Discount for Hybrid Cars**

There are no staffing implications for this initiative.

### **Regional Coach/Bus Growth and Remote Area Service Improvements**

The initiative will be delivered using existing departmental staffing resources.

### **Registration and Licensing Information System Development Funding**

There are no additional staffing implications for this initiative.

### **Walking and Cycling Infrastructure Program**

The program will be delivered within the existing staffing resources of the department and VicRoads.

## **5.4 Departmental asset investment**

A listing of the department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Table 5.1 shows the 2007-08 budgeted expenditure for the department's major capital projects.

**Table 5.1: Department of Infrastructure and VicRoads  
Major asset investment budgeted expenditure – 2007-08**

<b>Department of Infrastructure – Asset Investment Program</b>	<b>2007-08 Budget (\$ million)</b>
Accessible Public Transport in Victoria - DDA Compliance for Train, Tram & Bus	39.0
Clifton Hill to Westgarth Track Duplication	19.0
Country Rail Network Maintenance - Passenger Initiative	31.0
Dynon Port Rail Link	41.0
Linking the Suburbs - Craigieburn Rail Project	23.0
Metropolitan Train Control Reliability Systems Upgrade (METROL)	22.0
Metropolitan Train Procurement	38.0
Metropolitan Train Safety Communications System	10.0
Mildura Rail Corridor - Freight Upgrade	31.0
New Ticketing Solution	99.0
North Melbourne Station Interchange Upgrade	18.0
Partnership Agreement Works	23.0
Princes Pier Restoration	11.0
Regional Rollingstock	26.0
SmartBus Projects	29.0
Vigilance Control and Event Recording System (VICERS) on Metro Trains	21.0
Whole of government: Transit Cities - Revitalising Central Dandenong	22.0
Other Departmental Projects	160.0
<b>Sub Total – Department of Infrastructure</b>	<b>663.0</b>
<b>VicRoads Capital Program</b>	
Calder Highway Sec 2 - Faraday to Ravenswood	80.0
Calder Highway Upgrade - Kyneton to Faraday	49.0
Congestion Improvements Program	10.0
Geelong Ring Road - Sections 1 to 4	132.0
Goulburn Valley Highway Upgrading	11.0
Hume Highway - Donnybrook Road grade separation	17.0
Pakenham Bypass	41.0
Road Safety Infrastructure Programs 2 and 3	47.0
Somerton Road Duplication and Grade Separation (Somerton)	10.0
Taylor's Road Bypass	21.0
Tullamarine - Calder Freeway Interchange	18.0
Wellington Road Widening - Huntingdale Station to Stud Rd (Metro Various)	12.0
Western Highway: Deer Park Bypass and Leakes Rd Interchange Upgrade (Deer Park)	97.0
Western Port Hwy Duplication - Cranbourne Frankston Road to North Road	10.0
West Gate Monash Freeways Improvement Project	177.0
Other VicRoads Projects	148.0
<b>Sub Total – VicRoads</b>	<b>880.0</b>
<b>Total department</b>	<b>1,543.0</b>

## 5.5 Financial information

### 5.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*

### 5.5.2 *Revenue and expenditure*

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 5.5.3 *Assets, liabilities and equity*

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 5.5.4 *Carry over funding*

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were outlined in the *Report on the 2007-08 Budget Estimates – Part One*.

### 5.5.5 *Revenue raising initiatives*

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 5.5.6 *Departmental savings*

Information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information supplied by the department in response to the Committee's request for an estimate of the breakdown of the budget according to savings is shown in table 5.2:

**Table 5.2: Department of Infrastructure  
Efficient Government policy savings**

	2007-08 \$ million
Implementation of 'Buying Smarter, Buying Less' policy	5.60
Shared services arrangements	0.20
General head office including grant administration, fleet management and advertising and consultancies	2.00
<b>Total</b>	<b>7.80</b>

## **5.6 Communication, advertising and promotion**

Information provided by the department on the communication, advertising and promotional budget for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **5.7 Departmental workforce**

Full details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **5.8 Performance measures – changes**

Changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

# **Review of portfolios**

## **5.9 Major Projects portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **5.10 Public Transport portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **5.11 Roads and Ports portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.





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

### **Departmental review**

#### **6.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **6.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **6.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **6.2.2 Changes to major government objectives**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **6.2.3 National Reform Agenda**

Information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **6.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's new output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **6.4 Departmental asset investment**

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

The National ICT Australia (NICTA) Victorian Research Laboratory was initially included in the Committee's *Report on the 2007-08 Budget Estimates – Part One* (table 6.1) as part of the asset investments for which capital expenditure would occur in 2007-08. However this has now been removed from the table as the department has subsequently advised the Committee that this is grant initiative and not an asset. Table 6.1, which provides information on the department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08, has been revised accordingly.

**Table 6.1:** Department of Innovation, Industry and Regional Development  
Asset investment projects

Asset investment project	2007-08 Budget (\$ million)
South West Institute of TAFE – Warrnambool Stage 3	7.7
Swinburne University – Wantirna Sustainability and Land Management	5.0
Kangan Batman TAFE – Docklands Stage 2	2.0
Nursing Centre of Excellence – Box Hill	0.5
Wodonga TAFE – Transport and Logistics Centre	0.5
Other	0.2
<b>Total</b>	<b>15.9</b>

## 6.5 Financial information

### 6.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 6.5.2 *Revenue and expenditure*

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 6.5.3 *Assets, liabilities and equity*

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 6.5.4 *Carry over funding*

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 6.5.5 Revenue raising initiatives

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 6.5.6 Departmental savings

Information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 6.6 Communication, advertising and promotion

Initial information provided by the department on the communication, advertising and promotional budget for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Revised information provided by the department in response to the Committee's request for expenditure involved in communication, advertising and promotion to include costs of professional services and consultants as well as expenditure incurred by Tourism Victoria is set out below.

In 2007-08, the department's communications, advertising and promotion budget is expected to be in the order of \$7.7 million.

In 2006-07, total communications, advertising and promotion expenditure to 31 March 2007 is \$8.7 million.

In 2005-06, total communications, advertising and promotion expenditure was \$9 million. Multimedia Victoria and Office of Training and Tertiary Education were not part of the department during that year.

Expenditure incurred by Tourism Victoria on advertising, marketing, promotion and public relations is shown in table 6.2.

**Table 6.2:** **Tourism Victoria**  
**Advertising, marketing, promotion and public relations spending**  
**1 July 2005 to 30 April 2007**

	2005-06 (\$ million)	2006-07 (to 30 April 2007) (\$ million)
Advertising	8.3	6.5
Marketing, Promotion and Public Relations	3.2	3.0
<b>Total</b>	<b>11.5</b>	<b>9.5</b>

The expected Advertising and Promotion costs for 2007-08 are expected to be in the vicinity of \$11 million.

## **6.7 Departmental workforce**

Initial details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

In response to the Committee seeking further information from the department on its estimated staffing projections, the department informed the Committee that the estimated overall staff numbers as at June 2008 is 958.4 full-time equivalent (FTE) and include Office of Tertiary and Training Education and Multi Media Victoria staff, transferred to the department as a result of machinery of government changes following the 2006 election.

## **6.8 Performance measures – changes**

Changes made to the department's output structure for 2007-08 were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **Review of portfolios**

### **6.9 Industrial Relations portfolio**

#### **6.9.1 Introduction**

The Committee received evidence from the Hon. R Hulls, Minister for Industrial Relations, on 30 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### **6.9.2 General comments**

At the budget estimates hearing the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 6.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 6.9.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **6.9.3 Key matters raised at the budget estimates hearing**

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

### **Role of the Workplace Rights Advocate**

- action to investigate allegations against WorkDirections Australia re: unfair and illegal practices under the *Workplace Rights Advocate Act 2005* (pp.3–5); and
- role of the Workplace Rights Advocate with regard to investigating WorkDirections Australia (re: the welfare and fairness for workers in Victoria) (pp.7–8).

### **WorkChoices Legislation**

- whether the department has examined the issue of which government instrumentalities represent constitutional corporations under the WorkChoices Act (pp.9–10);
- consideration given to the creation of a labour hire firm, owned by government, that is not a constitutional corporation, in order to avoid applicability of WorkChoices legislation to some government employees (pp.9–10);
- outline of how outworkers (people working predominantly from home) are protected from the unfair hardships of WorkChoices legislation (pp.10–11); and
- envisaged timetable for the commencement and conclusion of the government's media program directed at the federal government's workplace legislation (pp.11–13).

### **Other**

- ways in which the government's industrial relations election commitments funded in this year's budget will assist workers and employers in balancing work and family responsibilities – including country Victorians – and how they will provide added protection for vulnerable and traditionally low paid workers (p.5);
- whether the department will examine the detail and the potential impact of the 'fairness test', whether the test falls short of providing fairness to Victorian workers and whether there is a need for a workplace relations ministers' council (pp.5–7);
- the party that requested an investigation be undertaken of '*Bruck Textiles*' (p.8);
- level of assistance provided in recent years and proposed in the budget estimates period for owner-drivers (pp.8–9); and
- explanation of the forward estimates dealing with wages policy, together with an outline of the government's public sector wages policy (p.13).

#### **6.9.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the estimates hearing (page reference refers to the transcript in Appendix 1):

- a list of which government instrumentalities comprise constitutional corporations under the provisions of the WorkChoices Act and the number of employees of each instrumentality (pp.9–10).

A written response by the Minister to the Committee on this question is due by 2 July 2007 and will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **6.9.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **6.9.6 Documents tabled at the budget estimates hearing**

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

## **6.10 Industry and State Development portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **6.11 Information and Communication Technology portfolio**

### **6.11.1 Introduction**

The Committee received evidence from the Hon. T Holding, Minister for Information and Communication Technology, on 31 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 30 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **6.11.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 6.11.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 6.11.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **6.11.3 Key matters raised at the budget estimates hearing**

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

- impact of new initiatives and portfolio spending on productivity in Victoria (pp.4–5 of the transcript for the Finance, WorkCover and Transport Accident Commission portfolio);
- explanation of the components and benefits of Project Rosetta (pp.2–3);
- new information and communication technology (ICT) initiatives for 2007-08 (pp.2–5);
- programs in place to help attract and develop the skills of young Victorians in the ICT sector (pp.5–6);

- initiatives to attract a greater share of national ICT jobs and investment to Victoria and how those skills will be used to increase exports and revenue (pp.6–7); and
- achievements of the new \$61 million education Ultranet compared with the achievements of many private schools that use password-protected, web-based intranets (pp.7–8).

#### **6.11.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the estimates hearing (page reference refers to the transcript in Appendix 1):

- inclusion of Parliament in the Rosetta directory (p.5).

A written response by the Minister to the Committee on this question is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **6.11.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **6.11.6 Documents tabled at the budget estimates hearing**

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

### **6.12 Innovation portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **6.13 Regional and Rural Development portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **6.14 Skills portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **6.15 Small Business portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **6.16 Tourism portfolio**

### **6.16.1 Introduction**

The Committee received evidence from the Hon. T Holding, Minister for Tourism, on 31 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 30 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **6.16.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 6.16.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 6.16.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **6.16.3 Key matters raised at the budget estimates hearing**

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

- impact of new initiatives and portfolio spending on productivity in Victoria (pp.4–5 of the transcript for the Finance, WorkCover and Transport Accident Commission portfolio);
- explanation of the 'excellence in service standards' initiative (pp.2–3);
- details of the proposal for a grand prix night race including parties with whom discussions have been held, investigation into safety, estimated cost of running a night race and the associated funding arrangements (pp.3–4, 5–6);
- relationship between the increase in funding for the tourism output and the anticipation of the cost of a night grand prix (pp.5–6);
- details of initiatives to 'open up our skies' and attract international visitors to Victoria (pp.4–5); and
- information on marketing activities undertaken online and the expected benefit to the Victorian tourism industry (pp.6–7).

### **6.16.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the estimates hearing (page reference refers to the transcript in Appendix 1):

- a detailed breakdown of the tourism output funding for 2007-08 (p.7).



A written response by the Minister to the Committee on this question is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **6.16.5    *Unasked questions***

All questions of the Committee were raised at the budget estimates hearing.

#### **6.16.6    *Documents tabled at the budget estimates hearing***

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



## **CHAPTER 7: DEPARTMENT OF JUSTICE**

### **Departmental review**

#### **7.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **7.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **7.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **7.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **7.2.3 National Reform Agenda**

Information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **7.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **7.4 Departmental asset investment**

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **7.5 Financial information**

### **7.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **7.5.2 *Revenue and expenditure***

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **7.5.3 *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **7.5.4 *Carry over funding***

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **7.5.5 *Revenue raising initiatives***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **7.5.6 *Departmental savings***

Information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **7.6 Communication, advertising and promotion**

Information regarding the department's communication, advertising and promotional budget and associated spending was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **7.7 Departmental workforce**

Details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 7.8 Performance measures – changes

Changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## Review of portfolios

### 7.9 Attorney-General's portfolio

#### 7.9.1 Introduction

The Committee received evidence from the Hon. R Hulls, Attorney-General, on 30 May 2007. The Attorney-General provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour. The Committee thanks the Attorney-General and accompanying officers for their attendance and assistance.

#### 7.9.2 General comments

At the budget estimates hearing the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 7.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 7.9.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### 7.9.3 Key matters raised at the budget estimates hearing

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

##### Productivity and efficiency of the courts system

- impact of the portfolio spend on productivity, particularly new initiatives in the coming budget (p.3);
- reasons why the target number of court matters to be disposed of in the forward estimates year are going to be lower than the target and actual numbers of recent years, despite a significant financial commitment (p.4);
- whether, in relation to committal hearings, government is considering them as part of its review in terms of making the higher courts more efficient (p.5);
- exploration and future expectations of government in its consideration to move to a single criminal list for indictable matters for all courts, rather than separate lists for different courts (pp.6–7);
- action by government to ensure that enough funding is provided in the forward estimates to improve court administration and record keeping and to change the law to ensure that 'bail shopping' by violent criminals does not continue (pp.9–10);

- suggestions held that appointing inexperienced people to the bench, as part of a political agenda to increase the cultural gender and social diversity of the judiciary may, in turn, work against the clearance rate and the reduction in the hearings backlog (pp.11–12); and
- appropriateness of the mechanism used of appointing full-time or part-time retired judges to be on hand to provide advice, training and counselling to new appointees (pp.12–13).

### **Legal Services Commissioner**

- positioning of the Legal Services Commissioner within the portfolio's output structure;
- concerns held by the Law Institute and the Bar Council about the way the Legal Services Commissioner is working in that disciplinary matters are investigated and reported to the Commissioner without independent and objective follow-up, whether the government shares those concerns and proposed action to remedy the situation (p.7); and
- whether the Legal Services Commissioner publishes any statistics on the number of matters it disposes of, how many matters it receives from the profession and how they are disposed of, and whether it produces an annual report (p.8).

### **Other**

- whether the Legal Policy, Advice and Law Reform output includes the Gunditjmara settlement, how the Department of Justice achieved the settlement and the key aspects of the agreement with reference to the estimates period and moving forward (pp.5–6);
- whether the department planned to implement the recommendations of the Drugs and Crime Prevention Committee inquiry into public drunkenness (pp.5–6);
- recent statistics relating to the appointment of women to the courts, the key positions within the justice system and how this has supported a process of quality appointments (pp.8–9);
- initiatives to increase compensation payments to victims of crime, the amounts of the increases, whether the increases are part of a broader strategy to support victims of crime and whether that is consistent with the victims charter that came into effect during 2006-07 (p.10);
- progress on initiatives relating to sexual assault reforms (p.11); and
- time frame for the completion of the Moorabbin court complex (p.13).

### **7.9.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Attorney-General at the estimates hearing (page references refer to the transcript in Appendix 1):

- a reconciliation of the number of court matters disposed of (316,500 in Budget Paper 3, page 162) and the Minister's statement at the estimates hearing of over a million matters disposed of (pp.4–5);
- whether the Legal Services Commissioner publishes any statistics on the number of matters it disposes of, how many matters it receives from the profession and how they are disposed of, whether it produces an annual report, and whether such report is tabled in Parliament (p.8);
- time frame for the completion of the Moorabbin court complex (p.13); and
- question that was transferred from the women's affairs portfolio for response by the Attorney General's portfolio relating to the extent of support provided by the government for women who wish to leave the sex industry (p.13).

A written response by the Attorney-General to the Committee on these questions is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **7.9.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **7.9.6 Documents tabled at the budget estimates hearing**

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

## **7.10 Consumer Affairs portfolio**

### **7.10.1 Introduction**

The Committee received evidence from Mr D Andrews, Minister for Consumer Affairs, on 30 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **7.10.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 7.10.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 7.10.4) and unasked questions (see 7.10.5) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **7.10.3 Key matters raised at the budget estimates hearing**

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

- impact of the portfolio spend on productivity, particularly new budget initiatives (pp.3–5);
- reasons for the reduction in performance measures in correlation to an increase in funding and the value for money to consumers of Victoria for the output 'protecting consumers, promoting and protecting consumer interests' (pp.5–6);
- activities undertaken by Consumer Affairs Victoria (CAV) to regulate the practice of underquoting house prices for auctions (pp.6–7);

- quantum of auctions covered and visits made since the introduction of new laws in 2004 as part of the output ‘inspections, compliance monitoring and enforcement activities’; reasons for the low number of prosecutions; and the forward program for enforcement in 2007-08 (pp.8–9);
- explanation of initiatives for 2007-08 for the ‘residential accommodation output’, in particular, caravan parks (p.9); and
- explanation of the association between the rise in written matters dealt with by CAV with regard to complaints and the static target for the level of compliance, enforcement activities and prosecutions undertaken by CAV (pp.10–11).

#### **7.10.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- will the update of expected output figures for ‘protecting consumers, promoting and protecting consumer issues’ be available before the end of the financial year? (p.6);
- quantification of the statement, Consumer Affairs have ‘*regularly* conducted compliance work ... and had a number of blitzes in terms of inspectors going out *en masse* to supervise auctions’ since legislative changes come into place in 2004 (p.8); and
- further information on the financial counselling program and how low-income Victorians who experience this will be assisted (p.11).

A written response by the Minister to the Committee on these questions is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **7.10.5 Unasked questions**

The following questions were unasked by the Committee at the budget estimates hearing and have been referred to the Minister for a written response by 2 July 2007:

- increased government funding for financial counsellors and whether there is increased funding to the financial counselling program in 2006-07 over the forward estimates period;
- fees on fringe loans;
  - information for low income lenders to challenge fees on fringe loans;
  - funding for CAV for consumer credit case complaints;
  - the number of consumer credit court cases taken in the past year;
  - funding for CAV to meet the proposed ‘unreasonableness’ law; and
- protection of tenants from certain practices of Real Estate Agents, particularly from rental bidding.

The Minister’s written responses to the Committee will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.



### **7.10.6 Documents tabled at the budget estimates hearing**

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

## **7.11 Corrections portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **7.12 Gaming portfolio**

### **7.12.1 Introduction**

The Committee received evidence from Mr D Andrews, Minister for Gaming, on 30 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **7.12.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 7.12.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 7.12.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **7.12.3 Key matters raised at the budget estimates hearing**

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

- expected impact of budget, particularly new initiatives, on productivity in the portfolio (pp.3–5 of transcript for the Consumer Affairs portfolio);
- outline of steps underway by the government to ensure that clubs are appropriately and transparently accounting for their tax exemption through their community benefit contributions (pp.4–5);
- clarification sought on timing of recently announced appointments to the gaming review panel, the process followed for the appointments, how often the panel has met and the budget allocated for the panel's secretariat staff (pp.5–7);
- explanation on how funding for problem gambling, including funds from the Community Support Fund, will be used to tackle the issue in the future (pp.7–8);

- assessment, in quantitative terms, of the expected demand for the Gamblers Help Service and the impact of that demand in meeting the new performance target of 90 per cent of clients to receive a service within five days of referral (pp.8–9);
- in the light of findings reached by an academic on the government's forward estimates relating to future levels of problem gambling, explanation sought of the quantum of funding allocated in 2007-08 to gambling related research aimed at determining the true level of problem gambling in Victoria (pp.9–11);
- with regard to the Gamblers Help Service, outline of the recovery assistance program, the distribution of funding, how the program provides practical assistance to those affected by problem gambling and planned developments for the program (pp.11–12);
- further elaboration on a range of issues associated with the gaming review panel, its funding allocation, staffing needs, separation from resources involved with the conduct of licence reviews and likely sequence and timing of tasks (pp.12–14);
- explanation of action taken by the government to address problem gambling in the most disadvantaged areas, particularly those from a culturally and linguistically diverse background and indigenous Victorians, and of future initiatives planned in the coming estimates period (pp.14–15); and
- request for clarification on whether the five day timing target, for 90 per cent of Gamblers Help Service clients to receive help from time of referral, was tight enough for clients who need urgent assistance (p.15).

#### **7.12.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the budget estimates hearing (page references refer to the transcript in Appendix 1):

- provision of a copy of the issues paper and draft ministerial order relating to the government's proposed reform of the community benefits statements system (pp.4–5);
- clarification of the composition of the budget allocated to the gaming review panel (pp.6–7);
- breakdown of individual funding of the 17 services provided under the Gamblers Help Service facility (p.8); and
- level of resources the department anticipates providing to support the Committee in 2007-08 based on experience over the last two years (p.15).

A written response by the Minister to the Committee on these questions is due by 2 July 2007 and will be considered for inclusion in the Committee's *Report on the 2007-08 Budget Estimates – Part Three*.

#### **7.12.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **7.12.6 Documents tabled at the budget estimates hearing**

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

## **7.13 Police and Emergency Services portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **7.14 Racing portfolio**

### **7.14.1 Introduction**

The Committee received evidence from the Hon. R Hulls, Minister for Racing, on 30 May 2007. The Minister provided an overview of the Racing portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 30 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **7.14.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 7.14.6) are available on the Committee's website.

### **7.14.3 Key matters raised at the budget estimates hearing**

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

- the review into the thoroughbred racing industry (pp.2–3);
- treatment of greyhounds after they have finished racing and retired (pp.3–4);
- wagering commission rate adjustment – effect of the removal of the maximum commission rate of 16 per cent of wagering turnover (pp.4–5); and
- jockey safety and wellbeing (p.5).

### **7.14.4 Questions taken on notice at the budget estimates hearing**

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

### **7.14.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **7.14.6 Documents tabled at the budget estimates hearing**

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



## **CHAPTER 8: DEPARTMENT OF PREMIER AND CABINET**

### **Departmental review**

#### **8.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **8.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **8.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **8.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **8.2.3 National Reform Agenda**

Information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **8.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **8.4 Departmental asset investment**

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **8.5 Financial information**

### **8.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards***

An explanation of how the Australian equivalents to the International Financial Reporting Standards (A-IFRS) have impacted on the preparation of the department's budget for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*

### **8.5.2 *Revenue and expenditure***

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **8.5.3 *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **8.5.4 *Carry over funding***

The Committee in its *Report on the 2007-08 Budget Estimates – Part One* expressed its surprise that, unlike most other departments, the Department of Premier and Cabinet was not in a position to furnish an estimate of its 2006-07 carry over or the factors expected to give rise to that estimate.

### **8.5.5 *Revenue raising initiatives***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **8.5.6 *Departmental savings***

Information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **8.6 Communication, advertising and promotion**

Initial information provided by the department on the communication, advertising and promotional budget for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.

The Committee has sought further information on specific departmental budgets for communication, advertising and promotion and related comparative spending details.

*Given that at the date of preparing this report no further information had been forthcoming from the department, the Committee considers this situation to be unsatisfactory and further information will be sought for inclusion in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

## **8.7 Departmental workforce**

Full details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **8.8 Performance measures – changes**

Changes made to the department's outputs and performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **Review of portfolios**

### **8.9 Arts portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **8.10 Premier's portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.





## **CHAPTER 9: DEPARTMENT OF PRIMARY INDUSTRIES**

### **Departmental review**

#### **9.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **9.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **9.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **9.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **9.2.3 National Reform Agenda**

Initial information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department on how it is responding to the National Reform Agenda is set out below.

The department is participating in the competition stream of the National Reform Agenda by assisting in developing and implementing the Council of Australian Government (COAG) energy market reforms.

COAG has directed the Ministerial Council on Energy to implement the agreed reform program. The program includes establishing a National Energy Market Operator, an enhanced national planning function for the power transmission system, the development of national legislation and Rules for regulating the distribution and retailing of electricity and gas (apart from price regulation), and oversight and funding of the national energy market institutions, the Australian Energy Market Commission and the Australian Energy Regulator.

The department is leading the development of the national framework for distribution and retailing, and contributes substantially to the implementation working groups for the other components of the national energy market reform program.

The Department of Sustainability and Environment (DSE) is the lead agency in relation to the state and national reforms on water. While the department is working closely with DSE, any changes to legislation/regulations is the responsibility of the Minister for Water and DSE and therefore not the direct responsibility of the department.

### **9.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Information on each of the department's output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **9.4 Departmental asset investment**

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **9.5 Financial information**

#### **9.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **9.5.2 *Revenue and expenditure***

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **9.5.3 *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **9.5.4 *Carry over funding***

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **9.5.5 *Revenue raising initiatives***

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 9.5.6 Departmental savings

Initial information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department on the breakdown of savings expected from the Efficient Government policy is included in table 9.1:

**Table 9.1: Department of Primary Industries  
Efficient Government policy savings**

Initiative	2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)	Total (\$ million)
<i>Buying Smarter, Buying Less</i>	3.89	5.09	6.07	7.40	22.45
Shared services	0.59	0.87	1.39	1.72	4.58
Best practice grant administration	0.01	0.02	0.02	0.02	0.09
Fleet management	0.50	0.50	0.50	0.50	1.99
Advertising and consultancy	0.28	0.28	0.28	0.28	1.12
Other efficiencies	0.46	0.87	1.30	1.77	4.39
<b>Total department savings</b>	<b>5.73</b>	<b>7.63</b>	<b>9.56</b>	<b>11.69</b>	<b>34.6</b>

Additional information received from the department on how it expects to achieve these cost savings is detailed below.

The department is reviewing a number of options that will result in greater efficiencies and resultant cost savings. These include, but are not limited to, the following:

- reviewing all current procurement contracts and policies to ensure that the maximum value is obtained by participating in more whole of government contracts, with savings to follow from economies of scale;
- improving fleet management practices ranging from purchasing vehicles with lower running costs to implementing revised management arrangements that will achieve better use of corporately pooled vehicles;
- obtaining reductions in advertising spend mainly in the print media; and
- fully participating in the broadening of shared services arrangements to other areas of corporate activity in order to ensure that the required savings targets are achieved.

## 9.6 Communication, advertising and promotion

Initial information provided by the department on the communication, advertising and promotional budgets for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

*The Committee is seeking a further response detailing proposed expenditure for 2007-08. When received, this information will be included in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

## **9.7 Departmental workforce**

Full details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **9.8 Performance measures – changes**

Changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **Review of portfolios**

### **9.9 Agriculture portfolio**

#### **9.9.1 Introduction**

The Committee received evidence from Mr J Helper, Minister for Agriculture, on 17 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately two hours. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### **9.9.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 9.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 9.9.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **9.9.3 Key matters raised at the budget estimates hearing**

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

##### **Drought relief**

- support provided to farmers through direct cash grants and budget measures for drought support (pp.6–7);
- additional drought relief measures that the government intends to implement and the timetable for their implementation (p.7);
- timeliness with which government responded to providing advice on how to stretch fodder reserves, related extension information and the effectiveness of the related communication effort (p.8); and

- budget allocation to fund anomalies that may occur in the administration of rebate schemes or assistance measures and the time taken to resolve the anomalies (pp.18–19).

### **Fishing**

- rationale for making the significant effort to improve recreational fishing facilities in Victoria (pp.8–9) with no, or with limited benefit, accruing to primary producers such as assistance to fund the buyback of commercial fishing licences (p.16);
- whether it is time to acknowledge the need for a new quota system, to replace the existing system, and introduce new pot limits for lobsters (pp.9–10); and
- the possible provision of compensation to lobster farmers for the reduction of fishing areas through the establishment of marine parks or any reduction of quotas (pp.9–10).

### **Genetic modification and the Biosecurity Centre**

- outline of the role that the national biosciences centre, to be located at Latrobe University in Bundoora, will play (pp.10–11);
- potential impact that the National Biosecurity Centre's assistance into genetic research will have on the state's moratorium on genetically modified crops (pp.12–13);
- level of proposed consultation with consumers and farmers about Genetically Modified crops (pp.13–14);
- impact of the Biosecurity Centre on regional staff and consequently, on biosecurity response capability (p.21); and
- level of funding currently provided in the 2007-08 budget for facilities in regional Victoria to make direct on-the-ground responses (p.21).

### **Forestry**

- cost-benefit analyses associated with the new '*BOMweb*' in setting up the new auction system; and the potential loss of jobs in rural towns across Victoria due to the introduction of the new auction system (pp.14–15);
- proposed government review of the timber industry strategy (p.15); and
- overall progress of the timber industry with particular emphasis on export potential (p.15).

### **Melbourne Showgrounds**

- progress with the redevelopment of the showgrounds (pp.16–17); and
- use of the showgrounds once the 25 year period of the joint venture expires (pp.17–18).

### **Other**

- how the portfolio spend, in the coming financial year, will contribute to an increase in productivity in Victoria, particularly through the new portfolio initiatives (pp.4–5);
- means by which targeted exports, from \$7.2 billion to \$12 billion over the next three years, will be achieved, given that it has taken five years to achieve an increase of \$1 billion (pp.5–6);
- time frame for the expenditure on the portfolio's output initiatives over the four year estimates period (p.12);

- amount and detail of the total spend in the agriculture portfolio (p.12);
- means by which government intends to deliver major outputs under the ‘sustainable practice change’ and other related initiatives in terms of extending and promoting business skills and sustainable systems for farmers into the future (pp.15–16);
- envisaged additional achievements that will be made from extra funding provided for the ‘responsible pet ownership program’ (p.19);
- whether the government intends to bring the pig code of practice into subordinate legislation, and whether it will prepare its own regulatory impact statement, or rely on the Commonwealth regulatory impact statement (pp.19–20); and
- impact of the Federal Government’s exceptional circumstances interest rate funding on Victoria’s future budgets (pp.20–21).

#### **9.9.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- amount of the total spend in the agriculture portfolio (p.12);
- overall charts depicting how the timber industry is progressing (p.15); and
- level of resources the portfolio’s department expects to spend, both in terms of staffing and finances, in regards to servicing the Committee next year, having regard to experience over the last few years (p.21).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **9.9.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **9.9.6 Documents tabled at the budget estimates hearing**

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

### **9.10 Energy and Resources portfolio**

#### **9.10.1 Introduction**

The Committee received evidence from the Hon. P Batchelor, Minister for Energy and Resources, on 16 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour 15 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### 9.10.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 9.10.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 9.10.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### 9.10.3 Key matters raised at the budget estimates hearing

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

#### Energy

- concerns about the increases in wholesale electricity prices and the need for the government to commission an independent investigation, factors causing the increase in wholesale electricity prices and planned changes to retail price regulation (pp.3–5);
- the current level of investment attracted to Victoria compared with the total expected investment of \$2 billion for the 'Victorian renewable energy target' project (pp.5–6);
- expected impact on the uptake of solar power after the reintroduction of the full subsidy on solar panels by the federal budget (pp.6–7);
- initiatives to protect vulnerable consumers battling to meet energy costs, particularly bottled gas and wood prices (pp.7–8);
- examples of uses of brown coal for things other than electricity generation (p.8); and
- details of the establishment of a Victorian energy efficient target scheme and how it will encourage energy efficiency (pp.9–10).

#### Resources

- the carbon capture storage trial in the Otway Basin and the planned regulatory regime to manage these types of arrangements (pp.8–9); and
- implementation of the Rediscover Victoria Program to encourage mineral exploration (pp.11–12).

#### Other

- involvement by the energy and resources section of the Department of Primary Industries in the Ross Garnaut climate change review and staffing allocations made available by the department to this review (pp.10–11); and
- funding arrangements for the Energy Technology Innovation Strategy (ETIS) projects over the next five years (pp.12–13).

#### **9.10.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- information on the ‘code of conduct for supply’ in place for LPG suppliers (p.7);
- the impact of new initiatives and portfolio spending on productivity in Victoria (p.13); and
- the level of resources, funding and staffing costs the department expects to apply to servicing the Public Accounts and Estimates Committee in 2007-08, based on experience over the past few years (p.13).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **9.10.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **9.10.6 Documents tabled at the budget estimates hearing**

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



## **CHAPTER 10: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT**

### **Departmental review**

#### **10.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **10.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **10.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **10.2.2 Changes to major government objectives**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **10.2.3 National Reform Agenda**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **10.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Initial information provided by the department on financial information relating to its output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department relating to staffing implications for its output initiatives is set out below in table 10.1:

**Table 10.1: Department of Sustainability and Environment  
Staffing implications for each output initiative**

Initiative	Staffing Impacts
Altona Industrial Recycling Project – Stage 1	Initiative undertaken external to the department – no anticipated staffing impact.
Bushfire Recovery Initiatives	One off initiative funding, no anticipated ongoing staff impact. Major road and bridge work will be carried out by contractors.
CarbonDown	External Grant Initiative – Initiative is in partnership with VECCI, no anticipated ongoing staff impact.
Energy and Water Task Force	Continuation of existing program – no anticipated ongoing staff impact.
Expert Planning Teams	External Grant Initiative – no anticipated ongoing staff impact.
Four Wheel Driving Initiatives	Initiative funding, no anticipated ongoing staff impact with major works carried out by contractors.
Frankston Community/Sports Facilities Project	Initiative undertaken external to the department – no anticipated ongoing staff impact.
Government Purchase Of Green Power	Initiative undertaken across government departments – no anticipated ongoing staff impact.
Grants for Wildlife Shelters	External Grant Program – no anticipated ongoing staff impact.
Green Wedge Management Plans	External Grant Initiative undertaken by Councils – no anticipated ongoing staff impact.
Greensborough Redevelopment	Initiative undertaken external to the department – no anticipated ongoing staff impact.
Gundijtmara Native Title	External Payment – no anticipated ongoing staff impact.
Informing the government's Climate Change Forward Agenda	Co-ordinating Role in conjunction with Office of Climate Change, no anticipated ongoing staff impact.
Landcare Recruitment Drive	Complements existing Grant Program – no anticipated ongoing staff impact.
Leongatha Water Recycling	External Grant Payment – no anticipated ongoing staff impact.
Maritime Heritage Study	External Grant Payment – no anticipated ongoing staff impact.
Melbourne 2030 Five Year Audit	It is anticipated that this initiative will fund approximately 6 positions in the 2007-08 financial year.
Northern Grid – Promoting Interconnections	Initiative undertaken external to the department – no anticipated ongoing staff impact.
Onsite Recycling Projects at Australian Vinyls And Qenos	External Grant Payment – no anticipated ongoing staff impact.
Otways Transition	External Grant Payment – no anticipated ongoing staff impact.
Park Rangers	Continued employment of approximately 50 Park Ranger positions and establishment of approximately 15 new Ranger positions.
Rebates for Being Green	External Grant Program – no anticipated ongoing staff impact.
Regional Town Development Plans	Funding for internal costs other than staff – no anticipated ongoing staff impact.
Rural Zones – Support For Councils	External Funding Initiative to councils – no anticipated ongoing staff impact.

**Table 10.1: Department of Sustainability and Environment  
Staffing implications for each output initiative (*continued*)**

Initiative	Staffing Impacts
Shotgun Safety Education	Funding for internal costs other than staff – no anticipated ongoing staff impact.
Small Towns Water Quality Fund	External Grant Program – no anticipated ongoing staff impact.
Somers Treatment Plant/Bluescope Westernport Plant Upgrade	Initiative undertaken external to the department – no anticipated ongoing staff impact.
Stormwater and Urban Recycling	External Grant Program – no anticipated ongoing staff impact.
Support for East Gippsland Industry	Predominately External Grant Program – no anticipated ongoing staff impact.
Top 1500 Industry Program	External Grant Program – no anticipated ongoing staff impact.
Footscray Transit City	The Transit City Initiatives (Footscray, Geelong and Ringwood) will provide the continued employment of approximately 6 positions. Major works carried out by contractors.
Geelong Transit City	Refer Above comment.
Ringwood Transit City	Refer Above Comment.
Urban Parks and Paths	No anticipated ongoing staff impact with major works carried out by contractors and grants to metropolitan councils.
Water Industry Saving Package	External Funding Initiative – no anticipated ongoing staff impact.
Water Rebate Scheme (including Tanks)	External Funding Initiative – no anticipated ongoing staff impact.
Water Smart Farms Initiative	Continuation of existing external funding initiative – no anticipated ongoing staff impact

## 10.4 Departmental asset investment

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 10.5 Financial information

### 10.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 10.5.2 *Revenue and expenditure*

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **10.5.3    *Assets, liabilities and equity***

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **10.5.4    *Carry over funding***

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### **10.5.5    *Revenue raising initiatives***

Information on the department's revenue raising initiatives for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **10.5.6    *Departmental savings***

Information on the department's savings for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **10.6       *Communication, advertising and promotion***

Information provided by the department on the communication, advertising and promotional budgets for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **10.7       *Departmental workforce***

Details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **10.8       *Performance measures – changes***

All changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## Review of portfolios

### 10.9 Planning portfolio

#### 10.9.1 Introduction

The Committee received evidence from the Hon. J Madden, Minister for Planning, on 29 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately two hours. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### 10.9.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 10.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 10.9.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### 10.9.3 Key matters raised at the budget estimates hearing

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

##### Productivity

- impact of new initiatives and portfolio spending on productivity in Victoria (p.4); and
- planning of 'Melbourne 2030' to help productivity across the state (p.4).

##### Funding arrangements

- reason for the reduction in funding for planning, urban design and housing affordability (pp.5–6);
- allocation split between councils of \$500,000 to aid with zoning issues, resulting from the translation from old to new zones, and a request for additional funding and planners to complete the translation process (pp.7–8);
- details of funding for transit cities in 2007-08 and the benefit of this funding to Victorians now and in the future (pp.10–11);
- expenditure to date and in the future for establishing the electronic conveyancing system and information on trials currently running (pp.11–13);
- rationale for the reduction in funding for heritage planning protection (pp.18–19); and
- reason for the reduction in funding for land administration and property information (pp.24–25).

### Budget initiatives

- projects undertaken to date and future plans of the Growth Areas Authority (pp.6–7);
- explanation of the urban development program and its benefit for forward planning in growth areas (pp.8–9);
- outcomes expected from the Footscray transit cities program (pp.13–14);
- implementation of the Expert Planning Teams initiative and its reporting structure (pp.17–18);
- strategies implemented in coastal areas to help councils manage development and growth (p.20); and
- information on regional town development plans and how they will assist regional councils plan for future growth (pp.21–22).

### Melbourne 2030 Audit

- analysis of funding of \$1 million provided for the audit of Melbourne 2030; methodology to be used for the audit; and the specific objective of development around activity centres to be examined by the audit (pp.9–10);
- features of the audit of Melbourne 2030 (pp.14–17):
  - allocation of the \$1 million provided in funding for expenses like staff, facilities, reports and printing;
  - number of staff to work directly on the audit;
  - final reporting date;
  - public availability of the results;
  - parties responsible for overseeing the audit;
  - engagement of external consultants and employment arrangements of these consultants; and
  - consultation with stakeholders and the community.

### Reducing red tape

- status of completion of the assessment of council fees for planning applications in an effort to minimise red tape and the expected results of this assessment on current council fees (pp.22–23);
- whether sufficient data has been collected on council fees to enable the start of a regulatory impact process (pp.22–23); and
- effect on planning scheme amendments and planning permit activity numbers following the implementation of initiatives from the *Cutting Red Tape in Planning* report (pp.23–24).

### Other

- protocols in place to assess alternative proposals from the community on planning decisions, for example the proposal to decommission Lake Mokoan and funding implications of the Future Land Use Committee's request to underwrite this proposal (pp.20–21).

#### **10.9.4 Questions taken on notice at the budget estimates hearing**

The following questions on notice were taken by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- clarification of the inconsistency between information contained in the budget papers and the department's response to the Committee's questionnaire for administered Commonwealth specific purpose grants (p.4);
- a more comprehensive response to the budget estimates questionnaire in terms of changes to performance measures (p.9);
- further details of all initiatives that have been affected by the redistribution of overhead costs and the reason the redistribution has occurred (pp.18–19, 24–25);
- protocols in place to assess alternative proposals from the community on planning decisions, for example the proposal to decommission Lake Mokoan and funding implications of the Future Land Use Committee's request to underwrite this proposal (pp.20–21);
- details of which councils have been provided funding assistance to complete green wedge management plans as per table A.17, Budget Paper No. 3, p.327 (p.25); and
- level of resources and staffing costs anticipated by the department to apply to servicing the Committee's activities in 2007-08, based on experience over the past few years (p.26).

A written response by the Minister to the Committee on these questions is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **10.9.5 Unasked questions at the budget estimates hearing**

All questions of the Committee were raised at the budget estimates hearing.

#### **10.9.6 Documents tabled at the budget estimates hearing**

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

### **10.10 Water, Environment and Climate Change portfolio**

#### **10.10.1 Introduction**

The Committee received evidence from the Hon. J Thwaites, Minister for Water, Environment and Climate Change, on 15 May 2007. The Minister provided an overview of the Water, Environment and Climate Change portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately two hours. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **10.10.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 10.10.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 10.10.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **10.10.3 Key matters raised at the budget estimates hearing**

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

#### **Water Infrastructure projects**

- feasibility and cost efficiency of constructing a new dam as opposed to major water infrastructure options currently being considered (pp.5–6, 7);
- time lapse expected to occur between selection by government of the major water infrastructure project to be undertaken, of the 4 projects being considered, and its completion (pp.11–13);
- impact on the Murray Darling Basin if a new dam is constructed (p.7);
- potential wealth transfer, from the Murray-Darling Basin to Melbourne, that will be generated by the north-south pipeline (p.22);
- necessity for water trading (p.7);
- apparent reduction in the allocation of funding for water projects and infrastructure over the past 2 years (pp.13–14); and
- level of dividends to be paid by water authorities, over the forward estimates period, and whether those dividends will be allocated to major water infrastructure projects or placed into consolidated revenue (p.21).

#### **Moderating water usage**

- contingency plans in place if rain does not eventuate (pp.5–6);
- identification and extent of budgetary measures that will result in a permanent reduction in water use, particularly indoor water use, and the volume of water savings these measures are expected to achieve (pp.9–11);
- activities to reduce the level of water usage by industry (pp.6–7);
- the time lapse between allocation of funding for industry to develop a water savings plan and the completion of the plans (p.15);
- potential for the reconnection of dams (p.6);
- details of the water recycling project at Australian Vinyls' Laverton plant (*Qenos*) (p.17);
- level of advertising about water recycling compared with actual recycling projects undertaken (pp.19–20);
- outcomes of the Werribee irrigation recycling scheme (pp.20–21);



- budget provisions for the government to pay water charges for those who will not receive their full water allocation next season, if the drought continues (p.8); and
- budget provision to extend the \$1,000 tank rebate that currently applies to reticulated water to households that do not have reticulated water supplies (p.8).

### **Reducing the impact of climate change**

- the amount and purpose of funding in the budget for strategic and economic research into the impact of climate change (pp.14–15);
- budget initiatives aimed at assisting low income families to tackle climate change (pp.15–16);
- action taken by government to increase incentives for the purchase of energy efficient hybrid cars (p.11);
- details of government initiatives for the installation of solar panels in schools (p.21); and
- budget initiatives to support the development of clean coal technology in the future (p.22).

### **Other**

- impact on productivity of the portfolio spend, particularly any new initiatives (p.4);
- key budgetary measures to support the regeneration of beaches and foreshores (p.9);
- general guidance, policies and budget allocations for the maintenance of government imposed permanent fire containment lines (pp.16–17);
- write-downs of commercial native forests on the Department of Sustainability and Environment's accounts from \$258 million in 2003 to \$78 million in 2007 and the potential for further devaluations and reductions to sustainable yields to occur in the near future (pp.17–18); and
- strategies to increase tourism in Victoria's national parks (pp.18–19).

### **10.10.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- the level of resources, in terms of staffing and funding, the department expects to spend in 2007-08 servicing the Committee and its inquiries, based on past experience (p.22); and
- the progress that the Committee can expect, in the next financial year, in regard to the native vegetation permit tracking project –stage 2 (p.22).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **10.10.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

**10.10.6 Documents tabled at the budget estimates hearing**

- The Minister provided an introductory slide presentation at the estimates hearing; and
- Mr G Barber tabled a chart depicting comparative per capita water consumption between Melbourne and other capital cities.

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

## **CHAPTER 11: DEPARTMENT OF TREASURY AND FINANCE**

### **Departmental review**

#### **11.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **11.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **11.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **11.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **11.2.3 National Reform Agenda**

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **11.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs**

Initial information provided by the department on output initiatives was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department relating to the First Home Bonus and the Removal of Petroleum Subsidies output initiatives is set out below:

## First Home Bonus

Funding has been provided to extend the government's \$3,000 First Home Bonus until June 2009 and increase the bonus to \$5,000 from 1 January 2007, where the property is a newly constructed home. DTF administers this item on behalf of the state and has no staffing implications.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
100.0	119.0	11.0	0.0

## Removal of Petroleum Subsidies

This initiative is the reduction of the effective duty rate to 2.5 per cent on passenger vehicles valued between \$35,000 and \$57,009. This is in line with the rate currently charged for new passenger vehicles valued up to \$35,000. For details refer to page 346 Budget paper No.3. DTF administers this item on behalf of the state and has no staffing implications.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
-38.5	-39.2	-40.0	-40.0

## 11.4 Departmental asset investment

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 11.5 Financial information

### 11.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

This area was covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 11.5.2 *Revenue and expenditure*

Information on revenue and expenditure for the controlled and administered operating statements for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 11.5.3 *Assets, liabilities and equity*

Information on the financial position for the controlled and administered items for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **11.5.4 Carry over funding**

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **11.5.5 Revenue raising initiatives**

Initial information on the department's revenue raising initiatives for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department relating to revenue raising initiatives is set out below:

The revenue initiatives can be found in the Budget Paper No.3, Appendix A (pp.345–347).

#### **11.5.6 Departmental savings**

Information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **11.6 Communication, advertising and promotion**

Information provided by the department on the communication, advertising and promotional budgets for 2007-08 and expenditure for the previous two financial years was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **11.7 Departmental workforce**

Full details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **11.8 Performance measures – changes**

All changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## Review of portfolios

### 11.9 Finance, WorkCover and Transport Accident Commission portfolio

#### 11.9.1 Introduction

The Committee received evidence from the Hon. T Holding, Minister for Finance, (including WorkCover and Transport Accident Commission), on 31 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour and 15 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### 11.9.2 General comments

At the budget estimates hearing the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 11.9.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 11.9.4) should be submitted to the Committee by 2 July 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### 11.9.3 Key matters raised at the budget estimates hearing

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

##### Role and future of Office of the Chief Information Officer

- current role of the Office given that there is no Chief Information Officer (CIO) occupying that position (pp.5–6);
- intention of government regarding the likely appointment of a new CIO (pp.5–6);
- future of the Office given the changes due to the prior occupant's departure (pp.5–6); and
- current allocation and spread of information communication technology (ICT) functions within the Government Services Group and the Department of Treasury and Finance (p.6).

##### Occupational Health and Safety Initiatives

- the data that departments have been collecting on discrimination (pp.7–8); and
- methodology for the future collection of the data and whether the data will be published (pp.7–8).

### **Return to Work Inspectorate**

- nature of operations of the inspectorate (pp.7–8);
- number of workplaces the inspectorate monitored for the return to work plans (pp.7–8);
- inspectorate staffing levels (pp.7–8); and
- number of cases of non-compliance with return to work obligations uncovered and prosecuted (pp.7–8).

### **WorkCover and Comcare schemes**

- outline of the differences between the WorkCover scheme and the Commonwealth's Comcare schemes in terms of benefits paid, premiums paid and the inspectorial regimes (pp.8–9);
- reasons employers are leaving the Victorian system and joining the Comcare scheme (pp.9–10);
- potential impact of the Comcare scheme on the Victorian WorkCover Authority (VWA) scheme (pp.10–11); and
- VWA's worst case scenario assessment of the impact that a shift to Comcare would have on premium revenue for VWA (pp.10–11).

### **Promotion of emerging vehicle safety technologies**

- action by the Transport Accident Commission to promote emerging vehicle safety technologies, which have the potential to significantly reduce the social and economic impact of road trauma on the Victorian community (pp.11–12); and
- consideration to introducing the requirement for the interlock alcohol detection system to be installed by motor vehicle manufacturers (p.12).

### **Central Business District consolidation for the public service**

- benefits resulting from the eastern central business district consolidation for the public service, particularly the Southern Cross and Urban Workshops developments (pp.12–13);
- first year recurrent savings achieved for both developments in terms of lease and operating expenses (pp.12–13);
- the level of outgoings expected to be reduced through this project (pp.12–13); and
- residual level of leased but unoccupied space that has resulted as a consequence of the consolidation and that has not yet been disposed of either through sub-leases or leases exited (pp.12–13).

### **Victorian Government Purchasing Board**

- exemptions given by the Board from public tender and three-quote requirements (pp.16–17);
- acceptability of the significant increase in exemptions (pp.16–17);
- practices adopted at a ministerial level to address breaches of policy (pp.16–17);
- appropriateness for the Board to grant retrospective exemptions against policy when breaches are identified (pp.16–17); and
- action taken by the Minister in response to notifications of the granting of exemptions (p.17).

## Other

- predicted impact that the portfolio spend and policies will have on productivity, particularly new policy initiatives (pp.4–5);
- management of the state's unfunded superannuation liability and, as it reduces, the resultant benefits to the state (pp.6–7);
- steps taken by the government to improve risk management across government (pp.13–14); and
- implementation of Australian equivalents to International Financial Reporting Standards (A-IFRS) in Victoria (pp.15–16).

### **11.9.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- residual level of leased but unoccupied space that has resulted as a consequence of the consolidation of the accommodation for the public service (and which has not yet been disposed of either through sub-leases or leases exited) as well as future expectations (pp.12–13);
- details of efficiency gains such as lower water and energy consumption resulting from the consolidation for the public service (p.13);
- advice on the reasons for the increasing trend in exemptions to purchasers from going through the Victorian Government Purchasing Board (p.17); and
- appropriateness of the practice of giving retrospective exemptions in response to breaches of policy (p.17).

A written response by the Minister to the Committee on these questions is due by 2 July 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **11.9.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **11.9.6 Documents tabled at the budget estimates hearing**

The following documents were tabled at the budget estimates hearing:

- The Minister provided an introductory slide presentation at the estimates hearing; and
- The Minister tabled a letter from the United Kingdom Treasury indicating the UK intends to introduce IFRS for 2008-09. The letter illustrates that Victoria is well ahead of overseas countries in the implementation of IFRS (pp.17–18).

The Committee agreed to incorporate the letter into the transcript. The slides are available on the Committee's website.



## **11.10 Treasury portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.



## **CHAPTER 12: DEPARTMENT FOR VICTORIAN COMMUNITIES**

### **Departmental review**

#### **12.1 Timeliness and quality of the departmental response**

Comment regarding the timeliness and quality of the departmental response to the Committee's questionnaire was included in the *Report on the 2007-08 Budget Estimates – Part One*.

#### **12.2 Factors impacting on the formulation of the budget and associated outcomes**

##### **12.2.1 Key assumptions**

A description of the key assumptions used to develop the department's budget projections was included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **12.2.2 Changes to major government objectives**

Changes to the department's major government objectives were included in the *Report on the 2007-08 Budget Estimates – Part One*.

##### **12.2.3 National Reform Agenda**

Initial information provided by the department on the National Reform Agenda was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department on how it is responding to the National Reform Agenda is set out below.

To focus effort on the Human Capital National Reform Agenda, the Council of Australian Governments (COAG) has agreed to 11 indicative outcomes from the reforms. A number of these outcomes explicitly seek to increase workforce participation. These include to:

- reduce the number of the working-age population not participating and/or under participating in paid employment due to illness, injury or disability;
- increase the proportion of young people making a smooth transition from school to work or further study;
- increase the proportion of adults who have the skills and qualifications needed to enjoy active and productive working lives;
- improve overall workforce participation, with a particular focus on target groups, in a manner consistent with the long term interests of the individual and the economy, giving due regard to productivity; and

- increase the provision of flexible working arrangements within the workforce, in a manner consistent with the long term interests of the individual and the economy.

The department, through Employment Programs, is leading the development of a whole of government Workforce Participation Strategy that will be based on the findings of Victoria's Workforce Participation Taskforce.

The Strategy will link closely with broader Victorian Government responses to skills needs (for example, the Maintaining the Advantage initiatives, COAG VET Reform work), seeking to increase the access of people with lower skills attainment to education, training and employment pathways.

The Strategy will focus on assisting specific groups that face barriers to employment back into the workforce. These target groups include women, mature age people, people with disabilities, Indigenous people and people from culturally and linguistically diverse backgrounds. The Strategy will build on the Workforce Participation Partnerships program, the new Experience Counts program, the new Disability Trainee Scheme, and the continuation of Victoria's Skilled Migration Strategy.

### 12.3 Output initiatives – content, estimated cost (including out-years), staffing implications and expected outputs

#### Advance Program

This initiative will extend the existing Advance grants program for another four years, providing more young Victorians with opportunities to get involved in volunteering and increase the number of schools involved in the program with grants up to \$9,725 per annum to become available to all Victorian government secondary school campuses.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.5	1.5	1.5	1.5

#### Advocacy Body Support

Funding is provided to strengthen several mechanisms for youth advocacy and participation through increased funding for the Youth Affairs Council Victoria (YACVic), Centre for Multicultural Youth Issues (CMYI) and SYN FM.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.3	0.3	0.3	0.3

#### Better Pools Program and Community Sports Grants

This proposal seeks to continue the Community Facility Funding Program which contributes to community sport and recreation projects comprising the Aquatic Access/Better Pools program and the Community Sports Grants components. Funding for both programs was announced as part of *the Go for your life – the next step in the fight against diabetes policy statement*.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
16.0	20.0	20.0	20.0

### Building Capacity of Indigenous Victorians (Government wide initiatives)

Funding will continue the investment in a range of leadership and capacity building initiatives such as Governance Training and the Shepparton COAG Trial Planning Unit as well as streamlining administrative arrangements between Indigenous organisations and government.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.4	1.5	1.1	1.1

### Centenary of Women's Suffrage

The initiative will provide a series of events and activities such as public lectures, a billboard campaign, developing school curriculum materials, digital stories, and a community grants program for local women's groups and community organisations to promote and celebrate the Centenary of Women's Suffrage in Victoria in 2008.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.7	0.0	0.0	0.0

### Community Enterprise

The Community Enterprise program will build on an existing program which supports community-owned non profit business and increases opportunities for people who are disadvantaged to obtain employment, build vocational skills and increase social connections.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.8	0.8	0.8	0.8

### Community Harmony

Funding is provided to support community harmony initiatives including supporting mentoring programs to strengthen culturally and linguistically diverse (CALD) women's leadership capacity, establish a Multifaith Multicultural Youth Network and provide funding for a community education program campaign.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.5	1.5	0.0	0.0

## Community Renewal

Funding is provided for expansion of the Community Renewal program to a further two sites (Rosebud West and Chelsea) bringing the total number of sites to eight. The Community Renewal program aims to engage residents, businesses, government and local organisations to identify local issues and develop and implement Action Plans to address these priorities through ongoing participation in decision making.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.0	1.0	1.0	1.0

## Community Support Grants and Community Centres

Funding has been provided to continue the existing Victorian Community Support Grants program funded through the Community Support Fund which provides grants to community organisations and local government.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
9.7	16.7	17.4	17.4

## Connectus

This funding extends the education, training and employment opportunities for young people experiencing difficulties.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.5	0.0	0.0	0.0

## Equipment Grants for Adult Community Education Providers

Funding will be provided to improve the quality of teaching and learning resources of Adult Community Education providers and Adult Education Institutions by providing equipment grants of up to \$5,000 to purchase teaching and learning resources such as communication and computer equipment.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
2.0	2.0	0.0	0.0

### Ethnic Communities Council Victoria

Additional funding is provided to the Ethnic Communities Council Victoria to enable the Council to undertake core advocacy functions more effectively and better respond to the growth and diversity amongst the CALD communities.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.1	0.1	0.1	0.1

### Ethnic Precinct Development

Funding is provided to refurbish three major cultural precincts (Lygon, Lonsdale and Little Bourke Streets) in partnership with the City of Melbourne through establishment of a Cultural Precincts Enhancement Fund. The Fund will enable restoration of key laneways, street beautification as well as enabling communities to showcase their culture and heritage including key festivals.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.0	3.0	4.0	0.0

### Experience Counts

Funding has been provided to retain or skill up retired workers in industries with skills shortages. This will be achieved through grants of up to \$5,000 to allow retirees to undertake training. This initiative will be delivered in partnership with industry and/or union bodies and other service providers.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.0	1.0	1.1	1.1

### Extending Commemorative Grants

This proposal provides funding to support veterans' commemoration and education by extending the existing Community War Memorials Grants Program and commemorative and education related initiatives.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.5	0.5	0.5	0.5

## Financial Literacy

This initiative provides \$1 million over four years to conduct up to 150 workshops for over 2,000 women aimed at increasing women's financial literacy. The program is based on recent research indicating that women would significantly increase their financial security across their lifespan by commencing financial planning earlier. The workshops will be supplemented by a self directed learning online website tool.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.3	0.3	0.3	0.3

## Future of Local Government Project

The Future of Local Government project will reduce the impost of regulations by local governments on business and communities and increase resource sharing and service innovation between local governments. This initiative will be delivered in part through a grant program to local councils.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
2.0	2.1	0.0	0.0

## Improved Employment Opportunities (Disability Trainee Scheme)

The Disability Trainee Scheme will identify suitable training placements for graduates with a disability in the public or community sector. Targeted jobseekers will be those people with a disability who have graduated from post secondary education or training.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.4	0.4	0.4	0.4

## Libraries (Living Libraries)

This initiative extends the current Living Libraries program through an additional \$15 million over four years. The Living Libraries program provides funding on a contributed basis, usually to local government, for upgrades to existing libraries and contributions to new or mobile libraries.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
3.0	4.0	4.0	4.0



### Libraries (The Premier's Reading Challenge Book Fund)

This proposal provides \$6 million for schools and public libraries to purchase books that are endorsed as part of the Victorian Premier's Reading Challenge.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
3.0	1.0	1.0	1.0

### Local Governments Procurement Strategy

Funding is provided to develop strategic procurement for local government. The project will work to reduce councils' costs and improve service delivery.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.6	0.0	0.0	0.0

### Men's Sheds

Funding has been provided to establish a grant program to fund communities to construct Men's Shed facilities and improve older men's health.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.3	0.5	0.6	0.6

### Multicultural Community Grants

Additional funding is provided for the Victorian Multicultural Commission's Multicultural Community Grants program with a focus on supporting Senior Citizen's groups and women's and youth community groups, particularly those from new and emerging communities.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.0	1.0	1.0	1.0

### Neighbourhood Houses

This initiative provides a \$5 million grants program for improving the infrastructure supporting the Neighbourhood House program. The program operates from a variety of premises and the initiative will improve facilities and access to services including physical upgrades such as ramps, modernising information and communication technology (ICT) services, training and providing incentive funding for co-location of Neighbourhood Houses with other community services.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.3	1.3	1.3	1.3

## Reinvest the Commonwealth Games Surplus

This proposal provides funding from the Melbourne 2006 Commonwealth Games Budget savings for Victorian sporting initiatives, increasing sport and recreation participation, expanding the capacity of community sport and recreation facilities and promoting healthy lifestyles, particularly for disadvantaged communities.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
11.5	4.7	0.0	0.0

## Safer Families Training Program (part of the government wide initiative Continuing Family Violence Reform)

The Safer Families Training program will ensure a common approach to the assessment of risk of family violence across all key front line agencies such as police, courts, family violence and key mainstream services.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.0	1.0	0.0	0.0

## Skilled Migration Strategy

Funding has been provided to increase skilled and business migration to Victoria, attract and retain migrants to rural and regional Victoria by establishing two overseas offices, improving the website and undertaking other promotional activity.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
2.0	2.1	2.1	2.2

## Victoria Rocks – Big Break (government wide initiative)

Funding has been provided to facilitate the growth and viability of the local music industry through the continuation of the statewide FReeZA Central program.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.9	0.9	0.9	0.9

## Volunteering Grants

Funding has been provided to extend and broaden the scope of the existing Victorian Volunteer Small Grants program and recommence the Community Buses program to help people get involved in their local communities.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
1.5	1.5	1.5	1.5

### Workforce Participation Partnerships

Funding has been provided to continue the Workforce Participation Partnerships program for one year to help unemployed or underemployed Victorians into sustainable employment in industries facing skills shortages.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
2.5	0.0	0.0	0.0

### Koori Business Network

Funding is provided to continue the Koori Business program which addresses barriers to Indigenous people entering small business.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	2010-11 (\$ million)
0.9	0.9	0.0	0.0

### Electronic Document and Records Management System

This asset initiative provides asset investment funding to acquire an Electronic Document and Records Management System that will implement an integrated system for the capture, storage, sharing, protection, leverage and management of document record formats and information.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	TEI (\$ million)
1.7	1.8	0.6	4.0

### Rectangular Sports Stadium

Additional asset funding is provided to expand the rectangular stadium in the Olympic Park precinct to accommodate a variety of sports including football, rugby league and rugby union.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	TEI (\$ million)
-21.0	64.0	14.0	57.0

### Shrine of Remembrance

Asset funding is provided to improve the public address system.

2007-08 (\$ million)	2008-09 (\$ million)	2009-10 (\$ million)	TEI (\$ million)
0.1	0.1	0.1	0.2

Implementation plans for the above initiatives are yet to be finalised. Based on preliminary planning, the staffing impact for 2007-08 would be in the order of an additional eight staff.

## 12.4 Departmental asset investment

The department's asset investment projects for which capital expenditure is budgeted to occur in 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 12.5 Financial information

### 12.5.1 *Impact of the adoption of the Australian equivalents to the International Financial Reporting Standards*

An explanation of how the Australian equivalents to the International Financial Reporting Standards (A-IFRS) have impacted on the preparation of the department's budget for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 12.5.2 *Revenue and expenditure*

Initial information provided by the department on revenue and expenditure for the controlled items operating statement for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information from the department relating to revenue and expenditure for the administered items operating statement is included in table 12.1 below:

**Table 12.1: Department for Victorian Communities  
Operating statement**

Administered items	Column 1	Column 2	Column (2-1)/1
	<b>2006-07 Estimated Actual (\$ million)</b>	<b>2007-08 Budget (\$ million)</b>	<b>Variation  (%)</b>
<b>Income from transactions</b>			
Appropriations – Payments made on behalf of the state	0.4	0.4	0.0
Sale of goods and services	14.6	1.9	-87.0
Commonwealth grants	395.1	408.8	3.5
Fees	3.9	0.0	-100.0
Revenue from other parties and other income	2.4	0.0	-100.0
<b>Total</b>	<b>416.5</b>	<b>411.1</b>	<b>-1.3</b>
<b>Expenses from transactions</b>			
Grants and other payments	395.5	409.2	3.5
Payments into the consolidated fund	21.0	1.9	-91.0
<b>Total</b>	<b>416.5</b>	<b>411.1</b>	<b>-1.3</b>
<b>Net result from transactions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Income/expenses from other economic flows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net result from other economic flows</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Net result</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 12.5.3 Assets, liabilities and equity

Initial information provided by the department on the assets, liabilities and equity for the controlled items balance sheet for the department was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information from the department relating to assets and liabilities for the administered items balance sheet is included in table 12.2 below:

**Table 12.2: Department for Victorian Communities  
Balance sheet**

Administered items	Column 1	Column 2	Column (2-1)/1
	<b>2006-07 Estimated Actual (\$ million)</b>	<b>2007-08 Budget (\$ million)</b>	<b>Variation  (%)</b>
<b>Assets</b>			
Receivables	2.6	2.6	0.0
Inventories	4.9	4.9	0.0
<b>Total assets</b>	<b>7.5</b>	<b>7.5</b>	<b>0.0</b>
<b>Liabilities</b>			
Other	0.3	0.3	0.0
<b>Total liabilities</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>
<b>Net assets</b>	<b>7.2</b>	<b>7.2</b>	<b>0.0</b>

### 12.5.4 Carry over funding

Details of the department's estimated carry forward funding from 2006-07 to 2007-08 were covered in the *Report on the 2007-08 Budget Estimates – Part One*.

### 12.5.5 Revenue raising initiatives

Information on the department's revenue raising initiatives for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### 12.5.6 Departmental savings

Initial information provided by the department on departmental savings was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Supplementary information received from the department on the breakdown of savings expected from the Efficient Government policy is included in table 12.3:

**Table 12.3: Department for Victorian Communities  
Efficient Government policy savings**

Efficient Government policy savings	2007-08 Savings Amount (\$ million)
<i>Buying Smarter, Buying Less</i>	1.3
Shared Services	0.2
Grants Administration	1.6
Fleet Management	0.0
Advertising and Consultancies	0.6
Integrated ICT	0.5
Other	5.0
<b>Total</b>	<b>9.2</b>

Additional information received from the department on how it expects to achieve these savings is detailed below.

In relation to the request for additional information on the specific measures it needs to be noted that in relation to *Buying Smarter, Buying Less* and the Shared Services these initiatives involve the implementation of steps by the Department of Treasury and Finance (DTF). As well as each department reviewing its cost base, DTF is reviewing purchasing across government to drive costs down and establish whole of government contracts. In relation to shared services, this will require the identification of services that can be shared, reviewing current shared services, and then working through the issues with the other department which provides or will provide the services. DTF is also examining the overall framework in which the initiative will be progressed.

In relation to the other initiatives, the overall policy has been set and the review process, outlined in the Committee's *Report on the 2007-08 Budget Estimates – Part One*, is the process by which the department will achieve the savings. Each area within the department will review its cost base for 2006-07 and the 2007-08 budget for expenditures outlined in the policy. Change projects and re-engineering options will then be implemented to deliver the savings in line with the required timetable.

## **12.6 Communication, advertising and promotion**

Initial information provided by the department on the communication, advertising and promotional budgets for 2007-08 was included in the *Report on the 2007-08 Budget Estimates – Part One*.

In quantifying its 2007-08 budget and providing comparative information, the department advised the Committee that the additional information requested in relation to this question is currently being compiled and will be provided at a later date.

*The Committee looks forward to receiving the department's response in a timely manner. When received, this information will be included in the Committee's Report on the 2007-08 Budget Estimates – Part Three.*

## **12.7 Departmental workforce**

Details of the department's workforce were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **12.8 Performance measures – changes**

All changes made to the department's performance measures were included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **Review of portfolios**

### **12.9 Aboriginal Affairs portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### **12.10 Aged Care portfolio**

#### **12.10.1 Introduction**

The Committee received evidence from Ms L Neville, Minister for Aged Care, on 14 May 2007. The Minister provided an overview of the Aged Care portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

#### **12.10.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 12.10.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 12.10.4) should be submitted to the Committee by Monday 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **12.10.3 Key matters raised at the budget estimates hearing**

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

### **Breadth of Minister's responsibility**

- total budget responsibility of the Minister for Aged Care (p.3); and
- areas of the aged care and home care outputs and seniors and veterans outputs that fall within the responsibility of the Minister for Aged Care (pp.3–4).

### **Protection of the elderly from abuse**

- funds spent on elder abuse in 2006-07 and reasons why funding appears to be declining (p.6);
- number of cases of elder abuse reported in 2006 (p.6);
- envisaged date the *community education and older persons' legal service* will commence operation (pp.6–7); and
- time lapse expected until people will be able to report cases of elder abuse (p.7).

### **Facilitation of travelling by seniors**

- the number of seats made available to aged country Victorians to attend seniors' activities (p.8);
- need to ensure that, for seniors who reside some distance from Melbourne, concessions consistently apply the day before and the day after seniors events are held (p.8);
- impact on the ability of country Victorians to take advantage of off-peak travel concessions due to existing train schedules and frequency (p.8); and
- need to include the lack of availability of public transport in country Victoria as a criterion for the frail and elderly to be able to access the multi purpose taxi program (p.8).

### **Other**

- purpose of Men's sheds (purpose-built, male friendly environments where men can meet, participate in events and support each other) and how they support older men (p.3);
- initiatives and projects covered by the positive ageing program and the senior grants program (pp.4–5);
- role of the Ministerial Advisory Council of Senior Victorians and expectations from this body over the next few years (pp.5–6); and
- envisaged benefits and achievements of the Victorian Seniors Card program over the forward estimates period (pp.7–8).

## **12.10.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- the Minister undertook to provide details of the expenditure associated with addressing elder abuse during 2006-07 (p.7);
- a reconciliation of information contained in table 2.10.1 in Budget Paper No.4 (page 122) regarding output appropriations with the output summary (page 235) in Budget Paper No.3 (p.9);



- expected impact of the budget, particularly new initiatives, on productivity in the portfolio (p.4 in Mental Health portfolio transcript);
- with regards to public transport services available to senior Victorians, the Minister to detail the:
  - number of senior Victorians that have applied for a Seniors Sunday Pass since it commenced on Sunday 27 August 2006;
  - expected cost for 2006-07;
  - total output cost of this measure in the 2007-08 budget (p.9); and
- the level of services the portfolio expects to provide, both in terms of resources and funding, in servicing the Committee next year, bearing in mind its experience over the last few years (p.9).

A written response by the Minister to the Committee on these questions is due by Monday 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **12.10.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **12.10.6 Documents tabled at the budget estimates hearing**

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

## **12.11 Employment portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **12.12 Local Government portfolio**

### **12.12.1 Introduction**

The Committee received evidence from Mr R Wynne, Minister for Local Government, on 17 May 2007. The Minister provided an overview of the Local Government portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **12.12.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 12.12.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see

12.12.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **12.12.3 Key matters raised at the budget estimates hearing**

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

#### **Neighbourhood Houses program**

- future developments of the neighbourhood houses program (p.4);
- prospects for building new neighbourhood houses in new residential areas (pp.4–5);
- funding in the forward estimates for neighbourhood houses (p.4);
- impact on neighbourhood houses of the level of Commonwealth Government funding for local government (p.7); and
- number of neighbourhood houses that are partially funded for each week, those houses that in the previous year had applied for extra funding and the extent of the gap between the hours funded and the hours applied for (p.10).

#### **Impacts on Local Government income**

- proposed action by government to cushion the negative impact on local government income emanating from the government decision to unbundle water rights from properties (p.8); and
- consideration given by government to funding the proposed increase in remuneration of councils from consolidated funds as opposed to such funding being expected to be provided by ratepayers (pp.12–13).

#### **Public Libraries**

- details on the funding to be provided to Victorian public library services in 2007 and 2008 (p.9); and
- government's position on whether libraries built by local government should be joint-use facilities (pp.9–10).

#### **Other**

- breakdown between drought relief and bushfire relief and the expected level of this relief over the forward estimates period (p.6); and
- nature of state assistance provided to support local government develop community planning as a strategic approach to building stronger communities (pp.11–12).

### **12.12.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the budget estimates hearing (page reference refers to the transcript in Appendix 1):

- the Minister undertook to provide further details on those neighbourhood houses that are partially funded by the government and on those houses that are fully funded by local councils (p.11).

A written response by the Minister to the Committee on this question is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **12.12.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing

### **12.12.6 Documents tabled at the budget estimates hearing**

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

## **12.13 Multicultural Affairs portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **12.14 Sport and Recreation portfolio**

### **12.14.1 Introduction**

The Committee received evidence from Mr J Merlino, Minister for Sport and Recreation, on 15 May 2007. The Minister provided an overview of the Sport and Recreation portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **12.14.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 12.14.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 12.14.4) should be submitted to the Committee by Monday 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **12.14.3 Key matters raised at the budget estimates hearing**

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

#### **FINA Championships**

- overall expenditure on attracting and holding the FINA championships in Melbourne, total crowd attendances including interstate and international visitors, and the number of free tickets issued during the championships (pp.4–5);

- overall funding provided for the purchase of demountable swimming pools, the local communities that have been earmarked to benefit from the demountable pools program and its expected outcomes (pp.5–6); and
- amount of expenditure that would be incurred by local communities if they decided to install demountable pools from scratch (pp.5–6).

#### **Formula 1 Grand Prix**

- value to the community from the government subsidy provided to the grand prix (p.9);
- value of sponsorship of the grand prix provided by all government agencies (p.9);
- number and value of free tickets to the grand prix and the identity of the particular parties to whom free tickets have been provided (p.9); and
- method by which attendance is measured as opposed to ticket sales (p.9).

#### **Other**

- impact of the portfolio spend on productivity, particularly the impact of any new initiatives (pp.3–4);
- government proposals for encouragement of volunteers in sport through the removal of discouragements, provision of incentives and easier access to grants (pp.6–7);
- explanation and expansion on the characteristics of the *Better Pools Program and Community Sports Grants* output initiative (pp.7–8);
- clarification on the ownership of the Princes Park and Arden Street football grounds (pp.7–8);
- utilisation of the Commonwealth Games surplus and the expected progress of the benefiting projects over the estimates period (p.10); and
- base level funding provided for the Victorian Institute of Sport in the 2007-08 budget and whether any supplementary funding has been provided for preparation for the Beijing Olympics (pp.10–11).

#### **12.14.4 Questions taken on notice at the budget estimates hearing**

The following question was taken on notice by the Minister at the estimates hearing (page reference refers to the transcript in Appendix 1):

- the number of police checks that have been undertaken under working with children legislation and whether adequate reward for effort has been achieved (p.7).

A written response by the Minister to the Committee on this question is due by Monday 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **12.14.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

### **12.14.6 Documents tabled at the budget estimates hearing**

- the Minister provided an introductory slide presentation at the estimates hearing. The slides are available on the Committee's website;
- a map of Victoria showing statewide allocation of funds under the better pools initiative;
- a map showing metropolitan Melbourne allocation of funds under the better pools initiative; and
- a graph showing investment in community facilities.

## **12.15 Veterans' Affairs portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## **12.16 Victorian Communities portfolio**

### **12.16.1 Introduction**

The Committee received evidence from the Hon. P Batchelor, Minister for Victorian Communities, on 16 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately one hour 15 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### **12.16.2 General comments**

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 12.16.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 12.16.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in its *Report on the 2007-08 Budget Estimates – Part Three*.

### **12.16.3 Key matters raised at the budget estimates hearing**

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

- impact of new initiatives and portfolio spending on productivity in Victoria (p.4);
- reason for the reduction of quantity performance measure targets for volunteering grants and changes in the method of ensuring community groups are made aware of and take-up funding for volunteering grants (pp.4–5);
- ways the department is meeting its mission statement – the sustainability of Victorian communities through investing in strategies aimed at creating active, confident and resilient communities (pp.6–7);

- initiatives to help disadvantaged places in country Victoria, in particular, neighbourhood houses; the community building initiative; and the transport connections program (pp.7–9);
- details of the \$1.6 billion investment into ‘*A Fairer Victoria*’ to create new solutions and opportunities for disadvantaged people, families and communities (pp.9–10);
- analysis of the Community Support Fund including the current balance, end of financial year balance, expected inflow and dollar turnover of applications (pp.10–11);
- particulars of ‘a Computer for Every Child’ project as an example of the Citizen Engagement and Information Services output (pp.11–12);
- funding arrangements for community centres (p.12);
- purpose and method of operation of the ‘*No Interest Loan Scheme*’ (pp.12–13); and
- community enterprise funding for disadvantaged individuals trying to enter the job market (p.14).

#### **12.16.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the estimates hearing (page references refer to the transcript in Appendix 1):

- further response from the Department for Victorian Communities to the Committee’s budget estimates questionnaire in respect to question 9 on ‘communications, advertising and promotion spending’, including information on schemes such as the volunteering grants scheme (pp.4–6);
- total number of funding applications made to the Community Support Fund in 2006-07 and the proportion of those funded or ruled ineligible (pp.10–11); and
- a list of organisations that provide ‘*No Interest Loans*’ (pp.12–13).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in its *Report on the 2007-08 Budget Estimates – Part Three*.

#### **12.16.5 Unasked questions at the budget estimates hearing**

All questions of the Committee were raised at the budget estimates hearing.

#### **12.16.6 Documents tabled at the budget estimates hearing**

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

### **12.17 Women’s Affairs portfolio**

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

## 12.18 Youth Affairs portfolio

### 12.18.1 Introduction

The Committee received evidence from Mr J Merlino, Minister for Youth Affairs, on 15 May 2007. The Minister provided an overview of his portfolio at the start of the hearing. The duration of the budget estimates hearing was approximately 45 minutes. The Committee thanks the Minister and accompanying officers for their attendance and assistance.

### 12.18.2 General comments

At the budget estimates hearing, the Committee raised various matters concerning the budget estimates for 2007-08 (see Appendix 1 for transcript of proceedings). Transcripts of the estimates proceedings are also accessible on the Committee's website at [www.parliament.vic.gov.au/paec](http://www.parliament.vic.gov.au/paec). Documents provided at the hearings of the budget estimates (see 12.18.6) are available on the Committee's website. The Committee has agreed that written answers to questions on notice (see 12.18.4) should be submitted to the Committee by 18 June 2007. These answers will be considered by the Committee for inclusion in a further report.

### 12.18.3 Key matters raised at the budget estimates hearing

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

- details of the advocacy bodies to receive funding for advocacy body support under the government's commitment to *'Connect: New Ideas for Young Victorians'* and their future plans to add value for young Victorians (p.3);
- number of staff under 25 years of age employed in the Office for Youth and reasons for the decrease of about 3.2 per cent in the estimated 2007-08 output cost for the Youth Affairs output (pp.3-4);
- elaboration of the nature and value to young people of the Youthcentral website referred to in the quantity target *'Youthcentral website total page impressions'* under the Youth Affairs output (p.5);
- outline of the Advance program, how schools participate in it and reason for the increase in the targeted number of participating schools for 2007-08 (pp.6-7);
- recognition of the importance of sound coordination of programs to effective delivery of services to youth and identification of any initiatives beyond Youthcentral that exhibit this key characteristic; (pp.7-8);
- explanation of the difference between the FReeZA program and the FReeZACentral program (pp.8-9);
- the recommendation of the Youth Affairs Council of Victoria that a generalist early intervention youth service be established and the continuing focus on targeted crisis-type services for youth in the forward estimates period (p.9);
- explanation on how the Office for Youth develops and coordinates whole of government reporting and the future impact of this reporting on the youth affairs portfolio (pp.9-10); and

- clarification requested on whether any of the funding of \$2.1 million over the next four years under the positive body image strategy will be used to educate youth on the dangers of body piercing and on whether the government has any plans to introduce legislation to make it illegal for a youth under 16 to undergo body piercing without parental consent (pp.10–11).

#### **12.18.4 Questions taken on notice at the budget estimates hearing**

The following questions were taken on notice by the Minister at the budget estimates hearing (page references refer to the transcript in Appendix 1):

- breakdown into new and existing funding of the \$14 million referred in the Minister's budget day press release as funding provided for youth programs (p.6); and
- provision of an estimate of the number of schools likely to participate in the Advance program in the 2008 calendar year (p.7).

A written response by the Minister to the Committee on these questions is due by 18 June 2007 and will be considered for publication in a further report.

#### **12.18.5 Unasked questions**

All questions of the Committee were raised at the budget estimates hearing.

#### **12.18.6 Documents tabled at the budget estimates hearing**

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

- an information card outlining details of the Youthcentral website;
- a CD entitled *enroute* containing a selection of music recorded under the FReeZACentral program; and
- an information sheet describing the government's Positive Body Image Strategy 2006-2010.

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

**This report was adopted by the Public Accounts and Estimates Committee at its meeting held on Monday, 4 June 2007 in Meeting Room 4 at Parliament House, Melbourne.**



## **APPENDIX 1:       TRANSCRIPTS OF EVIDENCE**



# APPENDIX 1: TRANSCRIPTS OF EVIDENCE

## **Chapter 2: *Parliamentary departments***

## **Chapter 3: *Department of Education***

- 3.9 Education portfolio
- 3.10 Education Services portfolio

## **Chapter 4: *Department of Human Services***

- 4.9 Children portfolio
- 4.10 Community Services portfolio
- 4.11 Health portfolio
- 4.12 Housing portfolio
- 4.13 Mental Health portfolio

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- 5.9 Major Projects portfolio
- 5.10 Public Transport portfolio
- 5.11 Roads and Ports portfolio

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

- 6.9 Industrial Relations portfolio
- 6.10 Industry and State Development portfolio
- 6.11 Information and Communication Technology portfolio
- 6.12 Innovation portfolio
- 6.13 Regional and Rural Development portfolio
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- 6.15 Small Business portfolio
- 6.16 Tourism portfolio

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- 7.13 Police and Emergency Services portfolio
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**Chapter 8: *Department of Premier and Cabinet***

- 8.9 Arts portfolio
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**Chapter 9: *Department of Primary Industries***

- 9.9 Agriculture portfolio
- 9.10 Energy and Resources portfolio

**Chapter 10: *Department of Sustainability and Environment***

- 10.9 Planning portfolio
- 10.10 Water, Environment and Climate Change portfolio

**Chapter 11: *Department of Treasury and Finance***

- 11.9 Finance, WorkCover and Transport Accident Commission portfolio
- 11.10 Treasury portfolio

**Chapter 12: *Department for Victorian Communities***

- 12.9 Aboriginal Affairs portfolio
- 12.10 Aged Care portfolio
- 12.11 Employment portfolio
- 12.12 Local Government portfolio
- 12.13 Multicultural Affairs portfolio
- 12.14 Sport and Recreation portfolio
- 12.15 Veterans' Affairs portfolio
- 12.16 Victorian Communities portfolio
- 12.17 Women's Affairs portfolio
- 12.18 Youth Affairs portfolio

## **CHAPTER 2: PARLIAMENTARY DEPARTMENTS**

### **Transcript of Evidence**

*The transcript for the hearing on Parliamentary departments was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **CHAPTER 3: DEPARTMENT OF EDUCATION**

### **Transcript of Evidence**

#### **3.9 Education portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **3.10 Education Services portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **CHAPTER 4: DEPARTMENT OF HUMAN SERVICES**

### **Transcript of Evidence**

#### **4.9 Children portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 14 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

Ms L. Neville, Minister for Children;  
Ms F. Thorn, secretary;  
Mr A. Hall, executive director, financial and corporate services; and  
Ms G. Callister, executive director, Office for Children, Department of Human Services.

**The CHAIR** — I call on the minister to give a 5 minute presentation on the more complex financial and performance information in relation to the budget estimates in the portfolio of children.

**Ms NEVILLE** — Thank you, Chair.

**Overheads shown.**

**Ms NEVILLE** — Very briefly, this slide gives you a bit of an indication of the range of the increase in investment that we have made, particularly in the early years right across the board — in child health, in early childhood intervention services and of course in kindergarten and child-care areas.

The government investment in services for children and families is based on very strong policy foundations and on our very explicit focus on the disadvantaged and the needs of vulnerable children. This gives you a sense of the policy framework in which we have been working, which has culminated in the development of Victoria's Plan to Improve Outcomes in Early Childhood which the Premier launched in April of this year and took to the April COAG meeting. As I said, all our initiatives that we will talk about today have come within that strong policy and best-practice framework and have culminated in this plan, which really is about taking Victoria forward over the next 10 years in relation to early childhood services.

I will just touch now on what I think are some of the challenges in this area and how the budget has addressed or attempted to address some of the key challenges in relation to early childhood. We know we need to continue to improve access to kindergarten and child care because we know from the research that quality kindergarten programs improve a child's subsequent learning, health and behaviour, with very positive impacts being experienced later in adult life. The impact is more marked for children experiencing economic disadvantage. To further improve access, the budget funds a number of very key initiatives.

Kindergarten programs and child care and extended care in kindergarten are a key focus of this budget. We know that of those children who currently miss out on kindergarten, the largest percentage are in the long-day-care centre. The budget provides \$2.5 million this year to improve access to kindergarten for all children. This will provide the opportunity to provide 4-year-old kinder in long-day-care centres as well as encouraging kindergartens to offer longer programs to ensure that we are more flexibly able to meet the needs of working parents.

Another key focus of the budget is ensuring accessibility to kindergarten for low-income families, so \$7 million is provided in this budget to ensure that children of eligible low-income families can access kindergarten programs by increasing the kindergarten fee subsidy from \$320 to \$730 a year.

This will effectively make kindergarten free for children of eligible low-income families. The budget also establishes a child-care register. This is a result of some work that the government undertook earlier which indicated that there continues to be an undersupply of child care particularly in certain areas. This will facilitate parents who are wanting to return to work understanding where they can find a place and plan for their future child-care needs.

Another important challenge for us is how we continue to integrate our services. We are doing this because we know integrated services are more accessible and more convenient for families than stand-alone services. By making it easier for families to access the range of services they might need to help raise young children, parents are much more likely to use them when they are in an integrated facility. It also encourages positive professional development outcomes by bringing particular professionals together.

This budget also continues our investment in improving the quality of our facilities, with \$3.75 million to assist not-for-profit kindergartens and child-care centres to upgrade their facilities and do additions, renovations and maintenance. We also continue our investment in new children's hubs, with \$5 million provided in this budget — 20 million over the four years — to establish 40 new not-for-profit children's hubs which will bring together the range of early childhood services. We know that this will improve outcomes for children as well as improve the access to these services by parents.

We need to continue to work on improving the health and development of Victoria's children. Overall Victorian children are doing very well, but we need to continue to invest in measures that will improve this further, because we know that health and wellbeing in early childhood will impact on outcomes later in life. We are doing this through extending the maternal and child health Parentline as well as other parenting services, with the provision of

\$6.2 million over the next four years. We also enhance our capacity to deliver early intervention places and enhanced early intervention packages, with \$6.2 million over four years. The budget has also provided \$7.6 million over four years to continue to provide early intervention places. The budget also contains some new initiatives like the young readers program, and provides \$500 000 this year. It is about encouraging a love of reading and also supporting parents who might require literacy support.

We also obviously need to continue to focus on improving outcomes for disadvantaged children. We know some families and children need extra support to achieve good health and development outcomes, so we have a strong focus on utilising universal services in a targeted way to turn around the outcomes of disadvantaged children. One of the key areas in this budget is the extra support for young indigenous Victorians, and this program will deliver free kindergarten for three-year-old Aboriginal children who hold a concession card. It will expand the Koori Early Childhood Education Program to support the participation of three-year-old and four-year-old Aboriginal children in kindergarten, provide a new home-based learning enrichment program from three sites and also undertake a comprehensive study into the health and wellbeing of young indigenous Victorians aged between 0–18 years.

The budget also provides \$850 000 to provide sexual assault support services to children and adolescents between the ages of 0–18. This funding will ensure a greater capacity for a timely response for children who have been victims of sexual assault and help reduce the emotional and psychological impact on them and their families.

This gives an overview of some of the important services the budget is delivering in terms of achieving higher quality and more accessible early years services for our Victorian children.

**Ms GRALEY** — Minister, my electorate of Narre Warren South, which includes the city of Casey, I think has more children aged 0–4 than anywhere else in Australia, so I am very interested in asking you about children's centres. I refer to page 15 of budget paper 3 in which the government announces that it will spend:

\$35 million in grants over four years to upgrade and better equip existing not-for-profit kindergartens and child-care centres, and for children's centres where maternal and child health, child care, kindergarten and family support services can be co-located

Could you explain to the committee how these funds will be utilised and future planning?

**Ms NEVILLE** — This government acknowledges that there are many kindergarten buildings in Victoria that are about 20 to 30 years old, and individual kindergartens were established under a whole range of arrangements including contributions from local, state and commonwealth governments and also from the community. The partnership approach has resulted in local government being the owner of 67 per cent of kindergarten buildings in Victoria.

Traditionally upgrades and maintenance of premises where community-run kindergarten programs operate have been a partnership between local and state governments and the community. Whilst state and commonwealth governments have invested in centres initially, and often provided grants over time, local government has the potential to realise the value of these facilities often with little or no obligation to repay the state or commonwealth governments. Importantly local government is the beneficiary as the owners of buildings.

Far from neglecting kindergarten, early years infrastructure is a key priority for the government. The government aims to strengthen our kindergartens and other children's services by developing world-class infrastructure that is accessible to all Victorian families and their children. It also wants to promote a more integrated, holistic and collaborative early childhood framework in which these services can be delivered.

So in 2006 we provided money for minor capital works to over 1500 early years services. It included grants to 834 kindergartens to help make purchases and undertake small projects to improve their facilities and the environment in which children are learning and developing.

Recently we have committed \$15 million to upgrade and better equip existing not-for-profit kindergarten and child-care centres, so we will be rolling out that program again, and it is something that was valued by local government but also by local communities because we know that lots of parents have to raise money through fundraising, so it takes the pressure off that as well.

The budget also importantly commits \$20 million over four years to continue our program of children's centres. These will be built in areas where there is greatest infrastructure need and where there are the largest numbers of children, so in the areas that you have identified, Ms Graley.

The government is working with developers and local councillors to ensure that the children's services are in the best location to meet the needs of families, particularly in our growth corridors on Melbourne's fringe. We are also committed to ensuring that all new schools in growth areas are also able to provide space for integrated children's centres. These centres will provide a one-stop shop for families, making it easy to access things like maternal and child health services, early intervention services when required, occasional care services, long day care and other family support programs as well.

This builds on other commitments we have made through our Children First policy — \$16 million to develop 49 facilities across the state, and of those, 29 are currently open. We also provided \$7.2 million to six new children's centres specifically in our growth corridors, and also through our plan that I mentioned before, which we took to the COAG meeting in April, it looks at ways in which we can further enhance our capacity to strengthen and sustain our early years services here in Victoria.

We will continue to work with local government — it is an important player in this area. We work very closely in partnership with them and we will also continue to work in partnership with local families and ensure that they have the services where and when they need them.

**The CHAIR** — Thank you, Minister. I know you are looking to make Victoria a better place to live, work and raise a family. I am just trying to get in before Dr Sykes! Maternal and child health services are a very important part of this, and I see that on the same page we were looking at before, page 15, but also on page 284 of budget paper 3 that you are putting aside \$24 million for maternal and child health services, in additional money. Can you tell us what this money will go towards over the next four years?

**Ms NEVILLE** — Certainly the health of Victoria's children is absolutely critical in ensuring that they have the best start in life, and to ensure that Victoria is the best place to raise a child. I am very pleased to be able to report that the government has continued to focus on the issues of health of Victoria's children in Victoria's plan to improve outcomes in early childhood. It is important to acknowledge, particularly in the area of child health services, that local government in Victoria continues to be a very valuable and key player in the planning and delivery of these services. One of the four policy directions that we outlined in our plan to improve outcomes in early childhood is in the area of improvements in health. While there are many aspects to our approach to achieving the policy direction, Victoria's world-class maternal and child health service really stands out in its ability to impact on each of those areas of development in terms of health and wellbeing.

The maternal and child health service promotes a comprehensive and focused approach for the promotion, prevention, early detection and intervention in physical, emotional or social factors that affect young children and their families and contemporary community. It is unique, really, across Australia in that it is providing a universal service. It comprises this universal service and it also comprises — and you will note in the budget papers that we talk about this service as well — the enhanced service and also the maternal and child health line.

The universal maternal and child health service provides 10 key age-stage consultations, from birth to 3.5 years of age, which includes an initial home visit and consultations at two weeks, at four weeks, at eight weeks, at four months, at eight months, at 12 months, 18 months, two years and 3.5 years — for all children and for all families, and we have a very impressive participation rate. This service also provides additional support for children and families who may need it — this is our enhanced service. These activities might include additional home visits, they might include first-time mothers groups, outreach services to Aboriginal cooperatives, and also a focus around breastfeeding and how to settle babies.

In 05–06 the maternal and child health nurses provided over 528 000 consultations to children and their families. Participation rates, as I said, are very impressive — as high as 96 per cent in the first weeks of life and at 3.5 the participation rate is around 58 per cent. Participation rates at the other older-age visits have also increased over the time. We have continued to invest in this area to increase the participation rates because we know the value of monitoring a child's health and development. Rates at the 18-month visit have risen from 65.8 per cent to 68 per cent and at the two-year visit from 62.8 to 64 per cent. In addition to these direct consultations, nurses made over 50 000 referrals in the year on behalf of families to other support services that families required. Currently around 5800 families are also supported through the enhanced maternal and child health service. We also have a 24-hour service, which is the maternal and child health line. This operates 24 hours a day, 7 days a week, and has around 5500 calls a month. Use of the service from rural municipalities is also increasing and represents around 16 per cent of callers.



In addition to the funding commitments that were mentioned in the budget, the 6.2 million over four years, we have allocated money to enhance the maternal and child health line to provide practical parenting support and advice for new parents. We have also prioritised groups like new immigrants, new fathers and new arrival refugee mothers. We are also prioritising those mothers who might be suffering from mental illness, particularly postnatal depression. These services will encourage parents to maintain their relationship with maternal and child health nurses right through to the 3.5-year visit, because we know that doing that we are able to ensure that our monitoring is appropriate and we are able to respond to the needs of both the children and their mothers and broader family networks.

**Mr WELLS** — Minister, budget paper 3 at page 100, under the heading ‘Early Years Services’, has ‘high quality, accessible health and community services’ and refers to maternal and child health centres and nurses. Where is the exact funding promised in the election promise by former Minister for Children Garbutt for allergy training, in particular anaphylactic treatment? Also, the Premier said in a media release that Victoria will be mandating training for child-care workers, kindergarten and school teachers ‘to treat children with life-threatening allergies’. Can you explain to the committee how you will be training more than 70 000 staff at a cost of around \$35 per head? Thirdly, will your department be providing EpiPens to all kindergartens and child-care centres throughout the state?

**Ms NEVILLE** — Anaphylaxis is a severe allergic reaction and while allergies are widespread in our community, affecting many children, anaphylaxis is quite rare. In fact research estimates that the prevalence is around 0.43 per 100 children, with about 17 per cent of these episodes either occurring in school or in an early childhood setting.

The research indicates that there are around 25 000 before school age or school-age children who will have at least one anaphylactic reaction. Most of these children can expect to have a recurrent episode. Food allergies are the most common cause, with most children having their first allergic reaction, not necessarily an anaphylactic reaction, upon initial exposure, which is really often between 14 to 19 months of age. Of course there has been considerable community concern about the management of anaphylaxis.

Last October the Premier announced that Victoria will legislate to provide the minimum safety standards for children diagnosed at risk. In conjunction with the Minister for Education and the Minister for Skills, Education Services and Employment, I will be leading the introduction of this legislation to Parliament later this year. Victoria is the first Australian jurisdiction to propose this legislation. In 2005 similar legislation was passed in Ontario, Canada. It will require schools and early childhood services to maintain an anaphylaxis policy and to train staff. This builds on the strategies that have been in place since 2004 to assist staff in early childhood centres and in schools to manage the risk. However, with the legislation there will be no choice as to whether these staff members implement these measures. Parents will be able to have much more confidence in the response we are able to provide.

The minimum safety standards will now include a requirement for the school or the children’s service to maintain an anaphylaxis management policy which will prescribe the requirements for strategies to reduce the risk of the child’s exposure to allergy triggers and will also include individual management plans for each child who has been diagnosed at risk. It will include a communications plan and also mandatory anaphylaxis management training including how to administer the lifesaving medication. I am very confident that a legal requirement to respond to particular needs of children at risk will increase the safety of these children.

There is a requirement for ongoing training. Staff will be better equipped to understand severe allergies, to reduce the risk and be more confident in actually providing the emergency treatment if required. Funding of \$2.1 million has been identified to support the development of the new legislation and the provision of training of all early childhood staff and the majority of school teachers. This will build on the management training that has already been provided with over 8200 teachers in government schools since November 2005 and 3500 staff in early children’s services in the last six months.

We anticipate that 70 000 teachers and children’s services staff will be trained over the next four years. I think these proposals — the combination of training and legislative support — will ensure that we are able to provide a safe environment for children at risk of anaphylactic reaction in our child care and the school system.

**Mr WELLS** — Can you just identify where that \$2.1 million is?

**Ms NEVILLE** — It is in the kindergarten and child-care output.

**Mr WELLS** — Which page is that?

**Ms NEVILLE** — It was in last year's. There is no specific — —

**The CHAIR** — This is on page 101; is that correct?

**Ms NEVILLE** — It is in the total output costs under 'Kindergarten and child-care services'.

**Mr WELLS** — It has not been identified as a special program?

**Ms NEVILLE** — No. It was the Treasurer's advance in the last financial year.

**Mr WELLS** — In 06-07?

**Ms NEVILLE** — Yes.

**The CHAIR** — So that continues on as an output for the following years?

**Mr WELLS** — So you have trained so far 11 700 — the 8200 and the 350 — and you have more than 70 000 more to go? Are you going to do that over four years? Is that my understanding?

**Ms NEVILLE** — It's a four-year program.

**Mr WELLS** — Is that figure right, that you are going to do it at a cost of \$35 per head? Is it \$2.1 million divided by 70 000 or thereabouts?

**Ms NEVILLE** — That is provision that has been made. I might refer to the executive director just in relation to how the specific figures were calculated.

**The CHAIR** — It might depend on the course and how many attend a particular course.

**Ms NEVILLE** — It is group training programs. So the unit cost can actually be quite wide. They are group training and that is how they are being operated.

**Mr WELLS** — I just want to confirm that figure is right — \$35 per head is what has been allocated?

**Ms NEVILLE** — \$2.1 million has been provided to operate it.

**Mr WELLS** — For over 70 000 staff?

**Ms NEVILLE** — The training.

**Mr WELLS** — And the EpiPen — the allocation of the EpiPens to child-care centres and kindergartens?

**The CHAIR** — I think they bring their own.

**Ms MUNT** — The children have their own.

**Mr WELLS** — That is what the question was: will the department be providing it, or will it be an issue for the locals to provide it?

**Ms MUNT** — Children usually have their own.

**Ms NEVILLE** — I will take that on notice. The priority here is obviously the introduction of the legislation, the provision of training to ensure that the staff are able to use the equipment in the first place and understand the risks. We want to ensure all our schools and all our child-care centres have the policy in place to better manage anaphylactic reactions in children. That is the priority of the government. The money has been allocated for the training.

This is also a partnership with parents. Parents are the ones who work with us, and we want them to work with us in relation to risks that confront their children.

**Mr WELLS** — Do I understand that it is going to be the responsibility of the child's parents to provide the EpiPen?

**Ms NEVILLE** — I have said I would take that question on notice, but my understanding is that a child with an anaphylactic risk would always have one on their person; I think a child would always have one on their person. We would not want to discourage that because obviously a child will not always be in an early childhood centre or in a school.

**The CHAIR** — There are many forms of preventative medication. The minister has taken that question on notice.

**Ms MUNT** — I am particularly interested in the protection of women and children, and sometimes men, from family violence. On page 274 of budget paper 3, under 'Continuing Family Violence Reform', mention is made of a whole-of-government approach to family violence reform. Could you explain how these initiatives will work under this reform program?

**Ms NEVILLE** — Our government is continuing the family violence reforms we put in place to ensure that we are better able to respond to the safety needs of women and children and increase the accountability of men for violence. We have provided a commitment to new family violence legislation. This legislation will aim to improve the responsiveness of the justice system by replacing the current intervention order system with a scheme that specifically targets family violence.

New legislation will recognise that there are different forms of violence, place a clearer focus on the safety of victims and maximise the choice for women and children to remain safely in their own homes. Support for women and children at court will also be increased and will prevent direct cross-examination of victims by perpetrators of family violence.

Further investment in the government's new approach to family violence was announced as part of the 07–08 budget process, so \$2 million over two years will be allocated to implement the Safer Families Training program. This aims to provide a very consistent approach in terms of risk assessment and ensuring an effective and professional response for family violence victims. As I said, we will also have stand-alone family violence legislation which will be enacted as part of a comprehensive response to the Victorian Law Reform Commission's recommendations on family violence.

There will be \$3.7 million over four years provided to prevent victims being cross-examined by unrepresented defendants. We also have the family violence courts and courts-directed counselling programs located at Ballarat and Heidelberg magistrates courts which will be continued for a further two years.

As part of a significant increased investment in community legal centres, \$3.8 million over four years has been provided to fund a network of 7.5 dedicated family violence community lawyers to support victims of family violence, as well as an additional position at the Aboriginal family violence prevention legal service. These reforms, as I indicated, are part of the government's approach in improving responses to victims of family violence.

**The CHAIR** — Thank you, Minister, it is a very important area.

**Dr SYKES** — Minister, I have quite an interest in kindergartens. We have at least a dozen small or small-medium kindergartens in the electorate of Benalla, and interestingly one of the issues with our small rural kindergartens is fluctuating numbers. For example, Moyhu had under 14 kinder participants last year but are up to 28 this year. The other thing that is interesting is that the Benalla electorate is one of 10th poorest in state based on disposable family income or gross family income, and that financial position has been exacerbated by recent events — floods, fires, drought and frosts. So we obviously welcome the low-income support measure you have brought in, \$320 going up to over 700, but I would draw to your attention that there are still a large number of other families that may be above that threshold qualifying for that increased support that still battle to meet their fees and also to conduct ongoing fundraising activities to meet basic operational costs and capital works programs at the kinders.

There is also an issue that you may be aware of and that is particularly with the smaller kinders there is the issue of the admin parents committee where there is a turnover each year because the students are in the kinder for only one year and with a small pool of expertise to draw from you can end up with it being very difficult for parents to manage the kinders and that can create frustrations equally for the teachers as well. One of the opportunities to address the issue is to have co-location with primary schools. I know in some areas there is some bond with co-location and with voluntary admin support being made available by primary schools.

I have two questions. First of all, what is your position on encouraging increased cooperation between kinders and primary schools in terms of co-location and providing some admin support? And secondly, what would be your preparedness to review the funding formula to ensure that parents of the smaller rural kindergartens do not have to put so much time into fundraising for basic operating costs and capital works?

**Ms NEVILLE** — Perhaps if I address the second question that you have raised first. The government is strongly committed to ensuring that all children have access to a year of kindergarten regardless of where they may live, which is why we provide a higher per capita grant rate to meet the needs of particular rural communities. We acknowledge that there are particular issues in small rural communities. So we have a rural funding rate which is 24 per cent higher than the standard rate. We also have a small rural rate which is actually 82 per cent higher than the standard rate. These are applied to services where it is the only funded kindergarten program in a particular rural city or town.

This is designed to assist those smaller communities where there may be potential impact on the viability of the kindergarten. Also last year 34 per cent of all children attending kindergarten in a rural region received a kindergarten fees subsidy which reduces the fees for families. This was also added to in relation to drought communities where additional subsidies were also provided. Basically for many rural families free kindergarten was provided.

We have been very proactive about trying to address the challenges facing rural kindergartens. A range of initiatives that we have implemented include 24 new children's centres and kindergartens in rural communities that provide a range of all the childhood and specialist services under one roof and particularly focus on under-resourced and disadvantaged communities. The percentage of rural kindergartens that have also benefited from being managed within a cluster continues to increase and is now 63 per cent. The cluster management model is a key element of being able to take the pressure off the volunteer committees and also provide peer support to kindergarten teachers. That is particularly valuable in small rural communities.

Rural community kindergarten programs have shown very strong leadership in fact in the uptake of cost and management arrangements; as I said, 63 per cent actually compared in Melbourne with 31 per cent. So they have seen the value of that, and this budget provides an increase in the kindergarten cluster grant up to \$7000 per location, so that will further enhance the capacity of rural kindergartens to get the benefit of working together.

Also just in terms of recruitment and retention — because that is obviously one of the really key challenges in our rural communities, and we work very hard to encourage recruitment and also retention of kindergarten teachers in rural communities — we provide through the department seven rural employment grants to encourage teaching graduates to take up employment in rural communities, and this grant is being offered again in 2007. We also commenced a pilot project in Loddon Mallee region for final-year early childhood teaching students to access teaching placements in rural kindergartens, thereby introducing them to local employers and teachers. This was offered in 06 to eight students in Barwon South West, Loddon Mallee and Gippsland.

Just in relation to cooperation with the education department, as I indicated when I spoke about our commitments around children's centres, one of the things that we are certainly encouraging is how we might better work with schools to provide children's centres, where appropriate, on school grounds, and that will work in some communities and in others it will not. The real driver there is about what it is that parents need and where they need those services. That will be the key determinant, but obviously we will look at opportunities to enhance the cooperation between the education department and the provision of early childhood services.

**The CHAIR** — Thank you, Minister. We have time for just two more quick questions.

**Mr PAKULA** — On page 101 of budget paper 3, Minister, there is \$170.2 million as the output for kinder and child-care services. I do not want you to re-prosecute a campaign argument, but the opposition argued during the campaign for the movement of kindergartens to the control of DoE, and I heard the argument for that, and I am

generally interested in what you say are the arguments for the retention of kinders within DHS as distinct from moving to DOE. I would just like a brief summary of those reasons.

**The CHAIR** — All right, and relating it to the estimates too, please, Minister.

**Ms NEVILLE** — There is a range of major reports that have been undertaken both in Australia and overseas that have emphasised the importance of early childhood development, in terms of child safety, in terms of their health and in terms of their learning development and wellbeing. Certainly the latest brain research says that learning starts in fact from the day we are born. The very early years — the first three years — are in fact the most important for learning. That is when the foundations for the future are laid, and these years are a time when the brain develops much of the wiring, and much of the wiring is actually laid down.

The experiences and relationships a child has, plus the nutrition and health, can affect this enormously. Positive experiences help the brain to develop in healthy ways. So every child needs safe and engaging environments to support their development and learning, including time with other children, including time with attentive adults. Providing kindergarten programs in the year before children start school is a key way in which the Victorian community supports this early learning. Victorian parents value that kindergarten education as an important opportunity for the child and also a transitional bridge into school, but still distinct from it — it is not just a bridge and it is not just a transition into school. Although kindergarten is not compulsory in Victoria we do continue to have high participation rates. As I said, kindergarten is and should be part of a broader early-years picture; it is not just a precursor to school.

That is why we as a government and myself as a minister strongly believe that kindergarten must be administered through the same department that is responsible for overseeing other vital early youth services such as maternal and child health, health care and early intervention.

That is why we have a strong emphasis on funding integrated services; that is why we try to bring together under one roof, where we can, maternal and child health services, early intervention services, long day care and kindergarten. As I indicated earlier, most of the children who are not participating in four-year-old kinder are not participating because they are in a long-day-care setting.

The reality for parents is that they want services that support their children from 0 to five in an integrated way, and all of those services contribute to building healthy children. Kindergarten will also contribute to a transition to school, but it is an important component of early years provision.

**The CHAIR** — In my area some of them are not participating because they cannot afford it, particularly the ones in public housing, so we need to address that as well.

**Ms NEVILLE** — That is why we have the subsidy.

**Mr BARBER** — So it was not just the opposition that argued who should go to the DOE, it was the Australian Education Union as well. Another thing that union would be concerned about, I would imagine, would be the entitlements, including sick leave and long service leave, of workers in the sector. In 2001 the Kirby review — yes, I do my research, with the limited resources I have available —

**Mr PAKULA** — That actually was not what I whispered, but I will tell you after what it was, Greg.

**The CHAIR** — The last two questions were meant to be quick questions.

**Mr BARBER** — Okay, a quick question: the 2001 Kirby review of preschools commissioned by your government said that DHS should, and I quote:

take immediate steps to identify and cost the options for safeguarding the long service leave and sick leave entitlements of preschool centre staff.

Has that been done, and are there any plans in this budget to do that research or, alternatively, to in fact create a centralised leave provision fund to guarantee those workers' entitlements?

**Ms NEVILLE** — If I could just also indicate the range of organisations that actually support the continued administration of kindergartens and early childhood: Community Child Care, Early Childhood Australia,

FKA children's services, Lady Gowrie Child Centre, Centre for Community Child Health and Victorian Council of Social Services. So it is a policy that is well supported by experts in the early years services. That is why we also acknowledge the important role that kindergarten teachers play in terms of delivering approved outcomes for children.

So we need to continue to improve the quality of our kindergarten professional staff. That is why we have also focused our attention on professional development and skill development with an additional \$4 million provided in this budget to do that. We have also got a commitment to pay parity with primary school teachers through our award process. Certainly the issue of long service leave entitlements is a longstanding one. I will make a couple of comments, but I might ask the executive director to add to this if there is anything to add to this.

**The CHAIR** — I think if you need to add to it, add to it on notice.

**Ms NEVILLE** — Certainly we have acknowledged that there are problems with it, and we are trying to work our way through that with stakeholders. It must be remembered that we do not actually employ the kindergarten staff; they are employed by a range of organisations. We fund the kindergarten as a contribution to the cost. We fund per capita on the basis of the child, but we do not actually employ the kindergarten staff. Until 1994 we were in fact responsible for long service leave and sick leave entitlements, including maintaining the records. Prior to that we had a central payment process. But from January 1994 when the system was altered, the funding moved to a per capita basis. But we did retain the liability for providing long service leave and sick leave in terms of the accrued entitlements up until that particular point in time.

The kindergarten funding guidelines require services to put aside the funds for long service leave and sick leave — that is, the people that employ the kindergarten teachers. Cover is available should that be required once staff use those entitlements. We assist kindergartens with this process by funding governance training and support. But it is fair to say that each of the stakeholders are involved here, KPV, AEU and local government employers, have a different view in relation to how we best safeguard this. So we are working with these stakeholders to try and achieve a consensus view. The department will continue to do that, and hopefully this issue can be resolved shortly. I do not know if the executive director wants to add anything.

**Mr BARBER** — It sounds like a no in terms of action this year.

**Ms NEVILLE** — We are trying to work through with the consensus of the stakeholders, who all have a very different view.

**The CHAIR** — I just have one question on notice here regarding the early intervention places, which I will provide to the secretariat which will then advise the minister of that. I thank the witnesses for their attendance.

**Witnesses withdrew.**

## **Transcript of Evidence**

### **4.10 Community Services portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **4.11 Health portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **4.12     Housing portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 17 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 R. Wynne, Minister for Housing;  
Ms F. Thorn, secretary;  
Mr A. Hall, executive director, financial and corporate services;  
Dr O. Donald, director of housing and executive director, housing and community building; and  
Mr R. Jenkins, manager, corporate planning and performance, Department of Human Services.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee on the budget estimates for the portfolios of housing and local government. On behalf of the committee I welcome Mr Richard Wynne, Minister for Housing and Minister for Local Government; Ms Fran Thorn, Secretary; Mr Alan Hall, executive director, financial and corporate services; Dr O. Donald, executive director, housing and community building; and Mr Rob Jenkins, manager, corporate planning and performance, of the Department of Human Services. Departmental officers and members of the public and the media are also welcome.

According to 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 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, under the provisions of the Parliamentary Committees Act, protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege.

All evidence given today will be recorded. Witnesses who speak at the hearing will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee within three working days from receiving the proof version. 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 now call on the minister to give a presentation of not more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the housing portfolio.

**Mr WYNNE** — Thank you very much, Mr Chairman and members of the committee. Thanks for the opportunity to present to you today. As you indicated, Mr Chairman, I have in support today Fran Thorn, who is the secretary of the department and Owen Donald, who is the director of the Office of Housing.

**Mr DALLA-RIVA** — We have seen Fran once or twice.

**Ms GRALEY** — She is our friend now.

**Mr WYNNE** — Fran is a friendly contributor to this debate, and Owen Donald will assist as necessary to elaborate on the answers.

**The CHAIR** — Good. You have 5 minutes.

**Mr WYNNE** — Five minutes exactly? I will spin through it.

**Mr WELLS** — Spin being the operative word, Minister?

**Mr DALLA-RIVA** — Spin being the operative word.

**Mr WYNNE** — This is clearly a good start to proceedings!

**Overheads shown.**

**Mr WYNNE** — The first slide talks about our budget commitments, and as members will be aware the government has committed \$510 million to improve and grow social housing and invest in homeless assistance. As you know, this is an historic investment by the government. It is the largest one-off investment by a state government, and we are immensely proud of that in the budget.

There will be a \$200 million boost for public housing to redevelop and replace stock in poor condition that does not meet the needs of people currently on our waiting list — it is relatively inflexible stock — and the creation of a \$300 million investment fund to increase social housing supply by leveraging non-government equity to deliver new rental housing for low-income Victorians. This follows a \$60 million financial commitment in Labor's financial statement 3 and 240 million for growing social housing.

I indicate that the budget also targets \$9.6 million towards homeless assistance, with funding allocated to lift homeless support standards and some new initiatives to support young people in housing crisis. The \$200 million boost will deliver 800 public housing units over the four years. In addition \$300 million will build upon our successful strategy for growth in housing for low-income Victorians. Of this, \$60 million will provide 350 additional social housing units for low-income singles and families, made up of 120 dwellings for single people and 230 dwellings for low-income families; and \$240 million will go towards demolishing, redeveloping and replacing properties that no longer meet current demand patterns or are in poor condition.

An additional 1200 new rental homes will be purchased or built and will be owned and managed by housing associations. We will work with housing associations to really try to push the government dollar further and maximise returns to the public and social housing sector. As I have indicated, \$9.6 million is going into homelessness as well.

In 2007–08 approximately 1150 new homes will be provided through funding of \$100.4 million for acquiring new public housing, \$90.7 million in capital funds for the housing associations, and \$17.6 million for redevelopments. As indicated here, I have been out and about since the budget and we have announced some very significant developments in Norlane, Ballarat, Bacchus Marsh and Bendigo, and in Roberts Street, Northcote as well.

**The CHAIR** — You are welcome to come to my electorate, too, Minister.

**Mr WYNNE** — We will be coming to a whole range of electorates. In fact, probably all members around the table here in some form will be getting an outcome from this really significant investment by the state government.

Turning to the next slide, ‘additional state funding for housing’, the 2007–08 state budget allocation provides a major injection, as I have indicated. I am a bit wobbly with colour, Mr Chairman, unfortunately, so I am a bit jammed up here. The bottom line is commonwealth, so commonwealth dollars are essentially flat. The next line up is the state contribution, including the internal budget of the Office of Housing by way of rent and income. The third, the additional spike, is the contribution made above and beyond that by the state government since we came to power. What the colours are I cannot tell you — red, purple and mustard, I am told, so do your best with those.

**The CHAIR** — It is good to see where you are cutting the mustard, Minister.

**Mr WYNNE** — Thanks very much, Mr Chairman. It is important to stress that the commitment of the state is above and beyond our commonwealth-state housing obligations — \$450 million up till 30 June this year, above and beyond our state obligations.

The next slide again indicates the additional state investment in housing. That is another way that that is represented. You will see there in 2006–07 going forward the growth that we will get over that period of time.

This slide is actually quite important, because it indicates two things. It basically indicates that we have significant ageing stock. If you can read that clearly, the left graph indicates that ‘58 per cent of housing stock is more than 20 years old’, so there is a skewing of the stock; you can see that on the slide. On the right-hand side is an indication of the really massive investment that this government has made since it came into power in terms of our maintenance and physical improvement program, and I will talk further about that as we go on.

**The CHAIR** — Very good.

**Mr WYNNE** — Homeless assistance is the second-last slide, Mr Chairman. In that respect the government, I think, has got a very proud record as well — a significant investment in homelessness, with additional funds allocated again in 2007–08. The chart shows that, I think, very clearly, and it is in stark contrast to the efforts of the former government in relation to homelessness. We will be contributing 57 per cent of SAAP funds over the course of the current agreement. I am sure members will be aware that in the negotiation of the last agreement, which was a fifty-fifty agreement, we could not strike an agreement with commonwealth around that, and the state was required to increase its effort by a further \$13 million.

We have got additional investments through our homeless strategy, our Youth Homeless Action Plan. Our 2007–08 target for SAAP support has increased by 1285 support episodes — that is, support provided for homeless people — and that is a very good result.

In conclusion, Mr Chairman and members, Victoria has invested and continues to invest significant amounts in public and social housing above and beyond the commonwealth–state housing agreement. It has been a major investment by the state — an historic investment by the state, I would submit, Mr Chairman — of \$510 million. It is the largest investment by a state housing authority ever to public and social housing, and new funds in 2007–08 will enable us to acquire more homes, improve the housing asset and enhance our responsiveness to homelessness.

I think this is a good, robust response by the state, and I would finish by saying that over the four years of this government we will commit \$1.4 billion to supporting low-income people in public and social housing.

**The CHAIR** — Thank you, Minister, I very much appreciate that. You, I am sure, are well aware of my views on public housing. It is a very important sector.

**Mr WYNNE** — I am.

**The CHAIR** — I would just like you to look at your portfolio and what impact the portfolio spend will be having on productivity, particularly the new initiatives that you are announcing.

**Mr WYNNE** — Thanks very much, Mr Chairman. As I indicated in my slides, the policy objective of the government is to reform the public housing system to ensure that it is fiscally viable, economically efficient and an improved amenity for the people who we are here to serve, while achieving overall growth in the Victorian social housing sector through the development of housing associations. There are two parts of this strategy: to ensure we have a robust public housing system and that we have investment in housing associations as the other delivery arm for housing.

The 2007–08 budget has introduced specific measures to improve the productivity of social housing, and the leveraging of assets by housing associations is a very important element of that. This approach, of course, builds on the work of my predecessor in the strategy for growth for low-income Victorians and, in our view, increases the provision of housing options by leveraging non-government assets in partnership with housing associations. We believe this has the potential, Mr Chairman, to deliver between 25 and 30 per cent more housing units than could otherwise be achieved under just straight government investment alone.

The second element of that is the utilisation of commonwealth rent assistance, and housing associations will be able to achieve more financial sustainability as they will be able to access subsidies such as commonwealth rent assistance, but, as I am sure you and the members of the committee are aware, it is not available to tenants who are in public housing.

The third is the reduction of asset maintenance liability. As I indicated, the disposal of older maintenance-intensive properties and the replacement with new stock will have a significant impact in terms of the budget and obviously the capacity to generate funds back into the public housing system generally. So I would submit that these reforms do improve the productivity of social housing and importantly will ensure its viability into the future particularly through the involvement of housing associations through our strategy for growth.

There are just a couple of other points I want to make. Since the announcement of our strategy for growth by my predecessor, Candy Broad, in December 2003, there have been a number of milestones that actually do support those initiatives. The first is the amendment to the Housing Act which provides a framework for the registration and regulation of housing associations. That is actually very important. Housing associations operate within quite a regulated environment, and that is important from the point of view of their long-term viability and their capacity to attract funds from financial institutions. Financial institutions want to know who they dealing with; they want to know what the regulatory environment is within which the housing associations are operating, and that was I think a very important initiative to put in place.

Obviously the Office of the Registrar of Housing Associations was established to implement the new regulatory provisions, so that is a second arm of that, and a registration pilot where we invited 17 agencies to seek registration in October 2006. To date, as I am sure many of you are aware, six agencies have been registered as housing associations.

As a package I think this provides a very good example of how the government is seeking to provide a comprehensive response to housing provision. It is about ensuring that we have a strong, robust public housing system. It is to ensure housing associations have got a strong regulatory environment within which they are



operating to the satisfaction of financial institutions, particularly in terms of attracting support and thirdly of course as I indicated earlier, support for the homeless sector as well.

**Mr WELLS** — Minister, before I ask my question, when is the public housing waiting list for March 2007 quarter going to be published?

**Mr WYNNE** — Sorry, Mr Wells, I will have to take that on notice.

**Mr WELLS** — Surely one of these guys will know.

**The CHAIR** — It does not actually relate to the estimates.

**Mr WELLS** — No, but it is an interesting question seeing we looked at the graphs and slides.

**The CHAIR** — Just take it on notice if you do not have an immediate answer.

**Mr WYNNE** — Sorry I do not have that, but I will get it for you, Kim.

**Mr DALLA-RIVA** — October 2010, I think.

**Mr WELLS** — Are we going to follow that up during this hearing?

**Mr WYNNE** — Yes — during the hearing?

**Mr WELLS** — Is it possible to find out during the hearing?

**Dr DONALD** — We will make an attempt.

**Mr WYNNE** — We will try.

**Mr WELLS** — Minister, I refer you to page 105 of budget paper 3 and the 2005–06 funding of 281 million and the 2006–07 expected funding of \$554 million spent on long-term housing assistance. Now I believe that that also includes all the maintenance contracts, of which three worth 52 million have been awarded to GJK Facility Services. I also understand that GJK Facility Services has previously held contracts with the Office of Housing. Can the minister advise if during the period that they have previously been contracted have they been subject to any penalties for non-performance of aspects of these contracts and, if so, have they been fined? Can the minister also indicate in relation to the forward estimates whether GJK Facility Services have had the appropriate accreditation with the ISO AS NZ SNISO 1401 standards, that they have adhered to those standards during the periods of the past and forward estimates?

**The CHAIR** — Minister, in respect to the answer, please, in respect to the forward estimates in the budget.

**Mr WYNNE** — Thank you very much, Mr Chairman. Mr Wells, as you would be aware, matters pertaining to tendering and contracts for the provision of services to the Office of Housing are matters that pertain to the responsibility of the director of housing. In that respect I have no direct involvement in the tendering of those particular services. As you are well aware, there is a clearly articulated process and guidelines through the Victorian Government Purchasing Board for tendering of these contracts which are overseen by independent probity auditors. But the specific matters you seek advice on in relation to those tenders, I will ask the director of housing to respond to.

**The CHAIR** — I just want to make a comment with respect to the question. The first part of the question does not relate to the estimates; the second part of the question does.

**Mr WELLS** — Just to clarify my question then: I guess what I am getting at is that if we are going to give contracts to a particular company which is going to be in the forward estimates, it is important for the committee, or for us in opposition, to have an understanding that they have adhered to all the accredited standards as set out by the tender process. I am also very keen to find out whether there have been penalties for non-performance in the past and what has been done to adjust the tender, maybe, in some aspects to ensure that it does not happen in the future.

**Dr DONALD** — The tender process undertaken in relation to the maintenance and gardening contracts for public housing in Melbourne follow a standard procedure in the Office of Housing, and indeed throughout the Victorian public service, that is deeply compliant with DHS and more significantly with the Victorian Government Purchasing Board requirements. That means, amongst other things, that the process needs to be scrupulously fair, it needs to take account of past performance in consideration of the relative merits of various contenders and to that extent any previous experience with any tenderer is taken into account in the assessment of their claims.

In this particular case, because of the size of these contracts, the process was compliant with the arrangements for such sized contracts. They involved amongst other things the appointment of an independent probity adviser; an openly advertised tender in print and online on the government tender website; a pre-tender industry briefing; extensive tender documentation; the establishment of an evaluation panel of three members; the assessment of a set of weighted evaluation criteria, published, scrupulously measured, recorded and ultimately compounded to give an overall assessment; a review, as I have already indicated, of contractors' past performance as indicators, amongst other things, of likely future performance. Details of successful tenderers then are placed on the government tender website and unsuccessful tenderers extensively debriefed. So to go to the matters raised — —

**The CHAIR** — I am happy for you to talk about the process, I do not think it is appropriate to talk about individual companies in respect of actions which have taken effect in the past.

**Dr DONALD** — The only matter that is outstanding then is in relation to the qualifications and our efforts to establish the quality standards applied in various organisations and I can say that that was assessed in all cases, and I would be perfectly happy if it were appropriate to elaborate on the way in which quality standards were assessed in each case.

**Mr WELLS** — Okay, so just to clarify this point, and I understand the Chair's ruling, but we could have a case where a previous company has had penalties for non-performance yet had received another contract worth \$52 million in the forward estimates period.

**Dr DONALD** — My hands are tied. The Chair has ruled on the question.

**Mr WELLS** — We really need to find out how the taxpayers money is being spent on a situation like this. I understand the Chair's ruling, but we are talking about the forward estimates which is in line with the Chair's ruling — that is, has the company in the forward estimates period received fines for non-performance in the past? So we are looking at the credibility of this contract.

**The CHAIR** — I am happy for the process to be discussed in terms of the credibility of the protocols and the way the process goes forward, and of course to ensure that companies in the future will perform their jobs properly. As part of that you might take on board what the deputy chair has said in terms of in your process including as one of the things you judge where do they include ISO standards et cetera. That seems to be quite a reasonable thing to do.

**Mr WELLS** — And the fact that they have been penalised for non-performance in the past but have received another contract in the forward estimates period.

**The CHAIR** — I think the awarding of the contracts occurred in the past, and it is something which we can take up in the public accounts. I guess you can expect a question on that in public accounts when we send the questionnaire out.

**Mr WELLS** — It just leaves the lot hanging in the wind, I am afraid.

**Mr PAKULA** — I should say at the outset, Minister, that the Footscray housing association resides next door to my office, so I certainly hope there is a ministerial visit to my electorate some time before too long.

**Mr WYNNE** — It could be very soon.

**Mr PAKULA** — That is very good to hear. I also refer to page 105 of BP 3. In December 05, Minister, you announced a redevelopment of public housing in Carlton involving the demolition of 192 flats and the creation of 200 new apartments for low-income families and safe new homes for nearly 800 families. It would be worthwhile if you could update the committee on the progress of the Carlton redevelopment and other major projects.

**Mr WYNNE** — Thanks very much, Mr Pakula, for your question. This a big development. The Carlton redevelopment is one of the biggest redevelopments the government has undertaken, after Kensington. We are committed to a significant program — as I indicated in our slide presentation — of redevelopment of older public housing estates. The \$250 million Carlton housing redevelopment at this stage is our biggest, as I indicated, and it will transform the face of Carlton and we believe provide a safer and more comfortable environment for low-income families where they are going to have quality public housing.

The Carlton development is planned to deliver approximately 795 new homes — 246 public and 549 private — in an integrated residential development across the existing estates of Rathdowne, Drummond, Elgin and Nicholson streets area. If people think about that area, it is the site on the city side of the old VicRoads building which has been renovated for private housing, to put it in context, and the former Queen Elizabeth centre site in Keppel Street. There are three sites involved in this. The redevelopment of the Carlton public housing portfolio will see the replacement of 192 run-down, three-bedroom walk-up flats with 246 new, well-designed homes for low-income Victorians.

As I am sure members of the committee know, one of the core elements of our strategy is to look for opportunities to refurbish and redevelop some of the old walk-up stock. As I indicated, we will be engaged in the redevelopment of Roberts Street, Northcote, and we are progressively going around looking for opportunities to redevelop some of our oldest and most run-down, often concrete, stock.

Following a really extensive consultative process and research, the mix of units in the Carlton redevelopment has been specified as 121 one-bedroom; 72 two-bedroom units; 33 three-bedroom and 20 four-bedroom units. There is a spread of units which we want to be reflective of people who have resided on the Carlton estate in the past and who may in the future want to come and reside in this area. It represents a total of 444 bedrooms and we believe it will house approximately 700 to 750 residents. As I indicated, we have very much skewed the stock distribution to what the waiting list demand is. The waiting list demand is essential, not exclusively but significantly, for one-bedroom units, and then it scales up to the larger family units as well.

I think that there are couple of other important points. We have had a really excellent relationship with the City of Melbourne which has done a terrific job in supporting us through the planning process for this. There has been a strong and active engagement with the community which is very, very interested in what the potential outcomes are for the area, and we are in continuing discussions with a range of welfare organisations in the area which have got an interest in wanting to be further involved in the estate's redevelopment. One of them certainly is the local community health centre which is currently located on Lygon Street to the north of the site. It is very interested in coming onto the estate and being more integrated into the activities that are happening on the estate, and of course we welcome the opportunity to have further consultations with organisations such as the local community health centre as well.

The other thing I would say, Mr Pakula, is our policy in relation to people who are current residents on the estate is that all of their costs are met when they move out of the estate. We do not expect our tenants to bear any burden in relation to moving off the estate for a period of time whilst the estate is redeveloped. Certainly if they remain ministry-of-housing eligible, they have first option, first priority to return to the estate once it is redeveloped.

This is really, I think, a terrific redevelopment opportunity for the estate. It is well progressed. Just so I can indicate where we are in the process, we have finished the planning process with the City of Melbourne; developers were invited to lodge an expression of interest in October 2006; expressions of interest are being evaluated for short listing at the moment; and the redevelopment works are expected to commence in late 2008. So we are well progressed. We are getting down through the expressions of interest process down to a short list of potential tenderers who will be asked to develop their proposal further. So, it is a very exciting project.

Just before you go further, I have some advice from the director of housing. The March waiting list figures will be available for release within the next couple of weeks.

**Dr SYKES** — Minister, I would like to congratulate the government on the funding boost for public housing. I am particularly interested in what is the commitment to public housing in country Victoria — and I am talking beyond Bendigo, Ballarat and Geelong — and in particular the provision for appropriate support services. You sort of touched on that in your previous answer, but just by way of background, in country Victoria there are often shorter waiting lists for public housing than there are in Melbourne, so there are often people relocating to

country Victoria to totally unfamiliar areas simply to get a roof over their heads. In doing that they often have limited or no family connections in the area and very poor if any social networks. They are often high-needs families and as a result they overtax our local support services and community goodwill. The types of services that get put under pressure include our community health services, our public transport and neighbourhood centres. So, there are two parts: one is the commitment and actual physical construction in country Victoria, and secondly, the support services.

**Mr WYNNE** — Thanks, Dr Sykes, for the question. It is always good to talk about our commitment in country Victoria because as you know we actually have quite a large stock of public housing which is non-metropolitan — 31 per cent of the stock owned by director of housing, public housing, is located in rural and regional Victoria. So it is a large amount, compared to 27 per cent of the general population and approximately 20 per cent of applicants on the waiting list.

So in that respect we are very committed to ensuring that we maintain a strong and viable presence for public housing in rural settings. The waiting lists are variable across all of the regions, but nonetheless we certainly, as I indicated in the slides, have got a number of proposals that we have already announced, including Ballarat, Geelong and Bacchus Marsh, and more proposals will emerge through our redevelopment strategies both in metropolitan and in rural settings for public housing refurbishment and redevelopment. So in that context I am also keen to ensure that we have a situation where people are supported in their community. That is really the second aspect of your question.

We do provide a very significant support program. It is a program which is called the social housing advocacy and support program, and the government is committed to ensuring that public housing tenants are supported. In that respect we have committed assistance for social housing tenants to sustain their housing and prevent homelessness through \$6.1 million in 2006–07 to support public housing tenants. As you well know, some of those services are allocated both in metropolitan and in regional settings. For instance, the Rural Housing Network in Hume is an example of where we have a specifically targeted program to tenants who are living in that area.

But I think it is also fair to say as well, Dr Sykes, that part of your statement was that we are creating a burden upon existing services. I am not sure that is right. I think a very positive contribution is made by public housing tenants. A very positive contribution is made through the investment in public housing, particularly in regional settings, and we want to ensure two things, as I indicated from the outset of my presentation: that we have a strong, robust public and social housing sector through the investment we have made — and that is both in metropolitan and regional settings — because when you invest in public housing it is not only providing stable, long-term accommodation to people, but when you are investing in redevelopment it is also providing jobs. And people forget about that. They forget about the fact that the investment by the state in public and social housing has got a really significant impact in terms of the construction industry generally, and that is important.

**Dr SYKES** — We welcome that — —

**Mr WYNNE** — And that is important.

**Dr SYKES** — But it does not detract from the position that extra demands are put on our community health services and other support services, particularly our community public transport systems, and when we come to local government you will be well aware that local government in my particular area, but also in much of country Victoria, is cash strapped so there is pressure on us to provide those services recognising the positives that you have mentioned.

**Mr WYNNE** — Okay.

**Mr SCOTT** — I refer the minister to the long-term housing assistance output cost on page 105 of budget paper 3. Could you advise the committee on the recent \$510 million investment in social housing? I know you touched upon it earlier, but it is such a significant investment that I think it will be useful for the committee to have the detail.

**Mr WYNNE** — Thanks very much for your question, Mr Scott.

**Mr SCOTT** — I am hoping for some Preston and Reservoir activity as well.

**Mr WYNNE** — This is a bidding war! Indeed in fact the Preston-Heidelberg-Reservoir area is a classic example of where there are wonderful opportunities for the state to work in partnership with local government and to work in partnership with the private sector to look for opportunities, particularly in some of those broadacre estates to look at redevelopment opportunities.

As I indicated in my slide presentation, I was down in Corio-Norlane, which is really a bit of a mirror of the Reservoir, Heidelberg and Preston area, where there are large conurbations of public housing — a lot of it old, a lot of it concrete, some of it weatherboard and a lot of it past its useful economic life. It is a very big drain on the maintenance budget of public housing, so you have got to look to the opportunities that come from that to redevelop public housing — to redevelop it in a way that is really 21st century and that is going to provide quality ongoing housing for the communities that we were all elected to serve.

In that respect the \$510 million is broadly divided into the following two components: a \$200 million boost for public housing, so that 800 new and redeveloped houses may be provided, and clearly your area along with many others is an ideal candidate; and \$300 million to be targeted towards increasing social housing supply and building sector sustainability. It does incorporate our 2006 election commitment, which was \$60 million to expand affordable housing by 350 homes.

**The CHAIR** — You have exceeded that.

**Mr WYNNE** — We have exceeded that with another \$240 million, Chair — another \$240 million to grow social housing. This funding will, as I indicated earlier, be targeted to our successful strategy for growth in housing for low-income Victorians through housing associations, and we expect another 1550 homes will be constructed over the next four years. Overall this new funding will deliver 2350 new and redeveloped social housing properties across both metropolitan and provincial Victoria, Dr Sykes.

**Dr SYKES** — Beyond Bendigo, Ballarat and Geelong?

**Mr WYNNE** — Yes. As you know, Dr Sykes, my good friends in Benalla very much look forward to any opportunities we have got up in that part of the world — Mansfield, Shepparton and all good folk up that way. We will be looking for opportunities for redevelopments right across the state. The director of housing has just about fallen off his chair at this stage!

So in relation to the \$510 million, it is about those two major investments, but it is also about our investment in homelessness as well. In that respect I direct Mr Scott to the \$7.5 million which will be used to create a new program to provide a combination of accommodation and support for young people in housing crisis. That, I think, really goes to the sum of what Dr Sykes was dealing with earlier with his question — that is, that where you provide housing for vulnerable people there is a support structure that comes in behind them to assist them. That is particularly the case with young people in housing crisis, and we have got \$7.5 million extra to put into that. A further \$2.1 million has been committed to lift homeless support standards and to ensure that we support people who are working in the homeless sector as well.

I do need to say though that this is a counterpoint. The counter point is that we are playing significant catch-up. The commonwealth-state housing agreement over the last 10 years has seen the net commitment of the commonwealth decrease by \$900 million. That is conservatively 4500 public housing units that we do not have.

**Mr BARBER** — Kevin Rudd will fix that. There will be no more excuses.

**Mr WYNNE** — Mr Barber, thank you very much for that.

**Mr BARBER** — He will get my second preference!

**The CHAIR** — Minister, can we concentrate on the estimates?

**Mr WYNNE** — What? Are you not giving them to the socialists this time?

**The CHAIR** — Minister, on the estimates and the budget, please.

**Mr WYNNE** — Let the record show, Chair, that — no, I am not going there!

**The CHAIR** — Mr Barber will have his chance in a minute.

**Mr WYNNE** — I am sure he will; I will look forward to it. He has thrown me off! The simple reality is that we are 4500 public housing units behind. It is a massive task for us to pick up the disinvestment by the previous government, particularly in our high-rise towers. Apart from general maintenance across our 44 towers over the life of the previous government, only \$7 million was spent — over 44 towers. It is an extraordinary —

**The CHAIR** — Let us concentrate on the estimates.

**Mr WYNNE** — It is an extraordinary legacy, Chair. It puts in context the catch-up that we are trying to achieve. It is a proud record of this government and one that I think serves us well in terms of being positioned for the next commonwealth–state housing agreement negotiation, because that is absolutely fundamental to how we go forward from here. Victoria is very well positioned. We are going to the housing ministers meeting, I think, in early July in Darwin. Victoria could not be better positioned to really be saying to the commonwealth, ‘Our money is on the table, our commitment is on the table. It is a long-term commitment of this government — 450 million above and beyond the commonwealth–state housing agreement to date at 30 June, plus this historic one-off \$510 million investment. Commonwealth, where are you? Where are you for the long term?’.

We want to have a cooperative relationship with the existing federal government and indeed we seek some direction from the alternative government as well. Where does it stand in relation to supporting public and social housing? And where does it stand, secondly, in relation to the critical issues of supporting people in the private rental market? That is the other area of real challenge. In that respect I say that we are in good shape in Victoria. We will be certainly going to those discussions with the federal government in Darwin with an optimistic frame of mind, but we are looking for some direction from it prior to the election, because we cannot do it on our own. Victoria and all of the states are part of a commonwealth–state housing agreement. It is an agreement between federal and state governments. Our commitment is on the table, Chair.

**The CHAIR** — We are trying to get another four questions on housing.

**Mr BARBER** — Minister, it is about this issue of the assessment of family tax benefit from 11 up to 15, which I am sure you have been asked about a couple of times now. The only information we have really got is DHS’s media release, which suggests that the majority will pay no more than \$3 a week.

**Mr WYNNE** — Yes.

**Mr BARBER** — If \$3 a week is a 1 per cent increment, then I am guessing that is for someone who is on about \$300 a week family tax benefit. Can you give us a breakdown or a frequency distribution, if you like, of the different amounts of family tax benefit that your tenants are receiving, in some broad gaps, so that we can see how much each rent increase would be for each person and, from that, can we work out roughly how many dollars, obviously, you are going to be sucking out of these people? How much of that additionally goes back to the Treasurer under the original Stockdale agreement for repaying of this debt that the Office of Housing has over the forward estimates period?

**Mr WYNNE** — Thank you very much, Mr Barber. As part of the government’s announcement in relation to the historic commitment of \$510 million, we indicated in that announcement that there would be a modest increase in family tax benefit, which is derived as part of the rent formula. It has been 11 per cent for a number of years, and it tops out at five children and no more — so after five children there is no impact. The fifth and subsequent children will continue to be exempt from assessment. These changes will affect 18 000 households — so it is about 28 per cent of all households. As I indicated in the press release, it is important to note that for 90 per cent of affected households their increase will be in the order of \$3 or less per week in the first year.

Despite the increase, a concessional assessment of family tax benefit means that households with children will pay significantly less than 25 per cent of their household income in rent. I will give an example. In the first year of increased assessment of family tax benefit from 11 to 12, a typical single-parent household with one child under 13 will pay about 19.5 per cent of their household income in rent. That clearly represents a very modest increase. Obviously, in addition, the more children there are in a household, the lower the proportion of income that is paid in rent.

A typical single-parent household with five children will receive a rent increase of approximately \$5 per week in the first year and pay just over 16 per cent of their household income in rent. I am happy to provide you with a fuller distribution of those. We will take that notice and we will get back to you in relation to the spread and how that works out over the four years.

The other aspect of that that I think is potentially very exciting, as I indicated in our announcement, is the opportunity to harness the significant purchasing power of the Office of Housing and to see whether we can deliver back to tenants some real gains through the process. We are going to be working with VCOSS and the Victorian public tenants union as well to see what opportunities might be available to harness the Office of Housing's purchasing power. We purchase a lot of whitegoods, for instance. We will see if we can offer potentially some discounts that may be accessible to public housing tenants. So that is potentially quite an exciting opportunity that might arise from this.

But 11 to 15 pretty much brings us in line with the eastern state housing authorities. There are different ways that they treat family tax benefits, but that is essentially the answer. But I take on notice the specific matters you have raised and we will get back to you with the detail of them.

**Mr BARBER** — And do you know the total amount of dollars this is going to — —

**Mr WYNNE** — Sorry, the total amount of dollars is about \$6 million after a full four years.

**The CHAIR** — Six million per year?

**Mr WYNNE** — Six in year four, when it is fully implemented. All of those funds go back into the public housing system.

**Mr BARBER** — Except for the bit that goes back to the Treasurer through this historic Stockdale agreement. Can you tell us how much that will be over the next four years — the repayment of the debt?

**The CHAIR** — You can take it on notice.

**Dr DONALD** — There is no debt under the Stockdale agreement. Under the previous government the debt was expunged. There is an annual payment to the Treasurer which is determined each year — the nominal amount in the forward estimates — whether that is imposed in each year is a matter for the Treasurer.

**Mr BARBER** — So there is nothing in the coming year?

**Dr DONALD** — I did not say that. There is expected to be a payment in 2007–08 at this present time.

**Mr BARBER** — And how much is that?

**Mr WYNNE** — That is yet to be determined.

**Mr BARBER** — How do you determine that?

**Mr WYNNE** — That is yet to be determined with the Treasurer.

**Ms GRALEY** — In the last couple of days when the Minister for Water, Environment and Climate Change and the Minister for Energy and Resources were here, I raised the issue of the impact of climate change on the poor and the disadvantaged. It is a rather big issue. I refer you to page 105 of budget paper 3, which details long-term housing assistance, and I am interested in knowing what the government is going to do in terms of water saving and energy efficiency initiatives in the social housing area.

**Mr WYNNE** — Thanks very much, Ms Graley. We have responsibility, like all other sections of government, to show leadership in relation to climate change, water saving and energy efficiency. It is important that public housing shows its way as well. In that respect we have a pretty good story to tell. We have constructed 2866 new 5-star homes since February 2001, and they are figures as of March this year. Our physical improvement program has included 10 233 public housing dwellings since April 2003, incorporating energy-efficient elements such as dual-flush toilets and ensuring that our public housing is well insulated.

I would point members particularly to the work that we have been doing on our public housing high-rises. As I indicated earlier, it is a very sorry record of the previous government in relation to our high-rises, but if you drive past them they are very visible, you see them, you see those floors, the windows being changed. That is a floor-by-floor renovation that we are undertaking of all of our public housing high-rise estates. It is a big ongoing program — it is a 10-year program — and we are about a third of the way into that. That is really trying to both upgrade the quality of housing in high-rises but also put in energy-efficient and compliant aspects into the properties as well — dual-flush toilets, the low-flow showers, making sure that the units themselves, particularly around the windows, are properly insulated in terms of heat loss and so forth. It is a good investment.

As my colleague Mr Barber would know, the Atherton estate is a model project.

**Mr BARBER** — A good program.

**Mr WYNNE** — Thank you very much. It is a model project of water conservation, where on the Brunswick Street side of the estate, through the Department of Sustainability and Environment, we were given a grant to pilot a water-saving program. So we capture the rainwater off the high-rise, which is then stored and reticulated through and into the gardens, the common spaces on the estate. We have also installed a greywater recycling program as well off the high-rise there, and we are just waiting for EPA final approvals, and then that water will also be used to sustain the common areas and the garden areas. It is a fantastic program and one that really is quite groundbreaking in terms of what we have been able to do. The AAA-rated shower heads and dual-flush cisterns in the balance of public housing, as indicated by Ms Graley, it is estimated will save 2822 megalitres of potable water per annum once the program is fully implemented.

We are in there, we are in the game, and we ought to be in the game of water conservation, trying to show leadership in our own right. We are very conscious of the need to be a part of that ongoing program. In that respect it is a good record, it is one that I think is something that public housing and social housing ought to be able to point to as a significant contributor to water and energy-saving initiatives.

The final thing that I would say is that we recently completed a really fantastic apartment project called K2. The K2 apartments comprise 96 units at Raleigh Street in Windsor and feature real cutting-edge, environmentally sustainable design principles and comprehensive energy and water management aimed at reducing and achieving extremely low greenhouse emissions.

This is a good start. They are excellent programs that we can point to on the Atherton estate and the K2 development. This has got to be the way forward for us in terms of how we build and refurbish public housing.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the increase in housing stock. You mentioned 800 new units of public housing, 1550 units of social housing — a total of 2350.

**Mr WYNNE** — Yes.

**Mr RICH-PHILLIPS** — Against that, how many of those units will be demolition and rebuild, how many will be renovation, and how many will be new purchases? Then offsetting that, how many disposals?

**Mr WYNNE** — For 2007–08 our commitment of \$0.5 billion, as I have indicated, includes \$200 million over the four years to provide 800 redeveloped and new public housing units to boost the supply of public housing; \$300 million to create the investment fund, which I indicated, \$60 million of which is for 350 additional social housing units. The investment fund will also commit \$240 million over four years to dispose of 1200. The proposition is that if we have a static situation, we will over that period dispose of 1200 units. Some of those will be in developments like Roberts Street in Northcote, the Carlton redevelopment and other redevelopments we will do which ought to be counted in that. But our criteria for that is that these would be properties that are either too expensive to maintain, they may be in areas of relatively low demand, inappropriate to our clients or in fact very appropriately located for redevelopment as well.

Our minimum position is that we will dispose of and/or redevelop 1200 units of public housing, but I put that in the context of the status quo situation we are in now. Obviously my presentation to you today has really been about wanting to ensure that we are seeking a cooperative arrangement with the commonwealth through the next CSHA — that is in the investment fund — because we are interested in seeking to have a much more cooperative arrangement with the commonwealth government for joint-venture opportunities. So there is a potential, with a



good CSHA outcome, that we will lift the net result for public and social housing over the four-year period with a new, renegotiated commonwealth-state housing agreement.

**Mr RICH-PHILLIPS** — As to that 1200, have you yet identified the areas where those disposals will be? Has that work been done yet?

**Mr WYNNE** — Not at this stage, but I will be happy to provide that information at a future forum.

**Mr RICH-PHILLIPS** — Will the proceeds go back to housing?

**Mr WYNNE** — All of it back into housing.

**Mr DALLA-RIVA** — Minister, I refer you to BP 3, page 105. It relates to housing assistance, in particular long-term housing assistance, and my question relates to the housing associations in terms of where they are at. I want the committee to find out what conditions the government has placed on housing associations with regard to the tenant mix they must take. In particular, is it correct that the only condition placed on housing associations by the government is that their tenants be eligible for public housing?

**Mr WYNNE** — Yes, absolutely. Thank you very much for the question, Mr Dalla-Riva. All of the tenants who will reside in housing association housing must be ministry-of-housing eligible. We would expect that they will be taking people off the public housing waiting list, not in full but in part, because they are looking for a mix of residents across income groups, obviously from the very lowest — people who are on statutory benefits — through to people who may be on a mixture of part-time work and benefits as well.

**Mr DALLA-RIVA** — Just for clarity, Minister, on the government's housing website there are frequently asked questions. In particular question 33 asks:

Isn't there a danger that public housing will become the residual welfare sector providing accommodation for those in greatest need only?

The Office of Housing says:

No. The Office of Housing will require housing associations to accommodate a proportion of applicants from its priority waiting list so the choice of providers will be expanded beyond public housing for these people.

What we are trying to get clarity on is you said, to my understanding, that it is only for those who are on the long-term waiting list. Is that different from what is in the Office of Housing question, or are we not at the same level of understanding? In other words, the mix, you said, is from those purely on the long-term waiting list. But my understanding, from the Office of Housing advice on the website, is that they are saying, 'No, we expect a variety, so we do not end up with a "residual" welfare sector environment'. So I am just getting some clarity on it, that is all.

**Mr WYNNE** — We expect the housing associations to take people off the public housing waiting list. Essentially, they will be taking people off the public housing waiting list but there is an opportunity for them to have a mix. I think you, Mr Dalla-Riva, suggested that we do not want to make the public housing sector a residual sector?

**Mr DALLA-RIVA** — Yes.

**Mr WYNNE** — That is certainly not our intention. Our intention is to have a strong and robust public and social housing sector. In that context we are keen to ensure that opportunities are provided to our residents to get employment, because that is really at the heart of how you lift people. We have a very good record through our neighbourhood renewal program of offering the opportunity for people to get training and employment which, of course, then changes the mix of how their rent is treated. You may have somebody possibly in a part-time rent situation. They will certainly be getting family tax benefit as well, so there will be a mix of income coming into the household. In that respect, that is what we are looking for. We are looking for a mix of income for people in public housing but also in housing associations as well.

**The CHAIR** — Thank you, Minister. I thank the witnesses for their attendance.

**Witnesses withdrew.**



## **Transcript of Evidence**

### **4.13 Mental Health portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 14 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

Ms L. Neville, Minister for Mental Health;  
Ms F. Thorn, secretary;  
Mr A. Hall, executive director, financial and corporate services; and  
Dr R. Vine, executive director, mental health and drugs, Department of Human Services.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the 2007–08 budget estimates for the portfolios of mental health, children and aged care.

On behalf of the committee I welcome Ms Lisa Neville, the Minister for Mental Health, Minister for Children and Minister for Aged Care. I also welcome Ms Fran Thorn, Secretary, Department of Human Services; Mr Alan Hall, executive director, financial and corporate services; and Dr Ruth Vine, executive director, mental health and drugs. I also welcome departmental officers, members of the public, and members of 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 may 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. I should note that the committee will be looking at the guidelines and trying to make sure that they are consistent, following what happened last week.

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 who speak at the hearing will be provided with a proof version of the transcript, to be verified and returned within three working days of this hearing, and in accordance with past practice the transcripts and PowerPoint presentation will be placed on the committee's website.

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

I ask that all mobile telephones be turned off, and I now call on the minister to give a 5 minute presentation on the more complex financial and performance information related to the budget estimates in the portfolio of mental health. Thank you, minister.

**Ms NEVILLE** — Thank you, Chair, and good afternoon to committee members. I thank you for the opportunity to discuss the state budget in relation to mental health, and I am pleased as Victoria's first mental health minister to have the opportunity to do that and to give PAEC an opportunity to really scrutinise the mental health budget and the drugs budget.

#### **Overheads shown.**

**Ms NEVILLE** — I have some slides which provide, firstly, an outline of the commitments in the mental health and drug and alcohol area that the government has made. I will go briefly around the impact those investments have made to our service system. I will also talk briefly around the priorities and challenges moving forward and the ways in which the 2007–08 budget contributes to meeting these challenges.

Mental health has been a key priority for the government, with significant new investment in our service system as well as reform to ensure we are able to meet the growing demand for services and to ensure an appropriate focus on early intervention and prevention. As part of our recognition of the importance of this as a health and community issue, the government successfully put mental health as a key priority on the national mental health agenda. As part of this, we provided a commitment of \$472 million towards implementing the national mental health action plan. This funding is across five years, 2006–11, and funding provided in the 07–08 budget adds to this commitment.

The additional investments that we have made have resulted in significant increases in outputs. For example, the number of clinical beds that are available in Victoria has increased from 1972 in 1999–2000 to 2133 in 05–06, giving us the highest number of beds per capita in Australia and enabling us to treat an additional 9000 people. Our capacity has also grown, enabling us to work with more community clients, which chart 1 illustrates. We have also seen an 18 per cent growth in community contacts and a 30 per cent growth in the psychiatric disability rehabilitation and support services — that is, our system's capacity has expanded to meet growth.

Our investment has also been combined with the development of new service models that enable a greater capacity to meet demand but also deliver more appropriate treatment and care to those living with a mental illness — for example, the development of the prevention and recovery care services, which are step-up, step-down short-term

residential services; also the development of the youth early psychosis program for young people and the conduct disorder service for children; as well as the development of primary health teams supporting GPs. As a result of these investments and new service models, we have seen improvements in service access and effectiveness — for example, reductions in long emergency waits and readmission rates. Most services in Victoria have reported unplanned readmission rates below the target of 14 per cent and, despite increasing demand, there has been a 21 per cent decline in numbers of mental health patients who are waiting 24 hours in the emergency department.

Chart 2 illustrates where we have increased demand in the system but where we have successfully put in new practices and triage practices in EDs, combined with new beds, and the benefits to patients who had previously been waiting long term in an emergency department now moving through more quickly. This has been at Southern Health.

Of course, there are a number of priorities and challenges moving forward. We are in the process at the moment of developing a whole-of-government mental health strategy to address the needs of Victorians with a mental health issue. Some of our priority areas which form part of that strategy include our focus on strengthening our prevention/primary intervention effort. We also know that intervening earlier delivers better outcomes and enables, particularly for young people and children, the opportunity to turn their lives around.

Other priorities include the delivery of more beds, both in acute and community, enhancing our emergency responses and ensuring our workforce capacity, both in terms of retention but also in terms of skill development of our workers, particularly in relation to drug and alcohol capacity.

The budget contributes to meeting this challenge in a number of ways: by building new and improved facilities and expanding and improving our mental health system. It strengthens our early intervention capacity, supports our emergency departments to respond to mental health presentations, improves access to new inpatient and PARC facilities and of course provides additional support to carers of people with a mental illness. The \$26.6 million in capital works forms part of the LFS3 commitments to provide \$120.5 million over four years to build new and improved mental health facilities. It consists of 25 beds at the Northern Hospital, three new PARC facilities which equates to 40 places at Deer Park, Preston and Broadmeadows, as well as enabling preliminary works to commence redevelopment of the veterans' mental health facility at the Heidelberg repat.

The budget also provides 42.2 million to expand and improve services, enabling the statewide rollout of the very successful Youth Early Psychosis program, the opening of acute beds at Maroondah and also a 20-bed PARC facility. It provides mental health services at the Craigieburn day health service, increases our capacity in the psychiatric disability rehabilitation services sector and also provides a one-off \$7.5 million to assist the non-government sector in building and amenity works.

We will move on quickly to drugs. The drugs budget positions the drug and alcohol sector to tackle emerging issues such as ice and alcohol, and recognises that the drug treatment system is facing new challenges where poly-drug use is the norm. It reflects a range of new commitments including the development of the Victorian amphetamines strategy particularly to tackle the emerging drug issue of ice. It provides money for a campaign to raise awareness around cannabis and amphetamines targeted at young people. It also contains a new four year whole-of-government focus on prevention and strengthening our capacity to respond to risk and protective factors. It also sees the development of the Victorian alcohol action plan, as well as a new drug sector blueprint to improve the robustness of our sector.

The DHS budget for 2007–08 is \$116.8 million — \$19 million for prevention and \$97.8 million for treatment. This includes \$35.6 million for the Victorian Drug Strategy and also contains recurrent funding for previously one-off funding provided through the Drug Rehabilitation and Research Fund — programs such as Mirabel and parent support programs.

Just briefly, this slide indicates where the Victorian Drug Strategy priority funding is going in terms of treatment, local drug hotspots, family support programs and the capacity to boost prevention. This is part of a whole of government \$201.3 million drug strategy which includes the Department of Justice and the Department of Education. This just gives an overview of the mental health and drugs budget. I will hand back to you, Chair, and I am happy to take questions on the mental health and drugs budget.

**The CHAIR** — Thank you, Minister, for that presentation. I might note that we started about 5 minutes late so we will allow about 40 minutes for questions. I want to start off — and perhaps you will want to take this

over the whole of your three portfolio areas — in terms of your portfolio spend. How is it going to impact on productivity, particularly any new initiatives you might have in terms of improving productivity in Victoria?

**Ms NEVILLE** — Sorry, Chair, you wanted to me to talk across the three portfolios?

**The CHAIR** — You might as well; it will save me asking the question three times.

**Ms NEVILLE** — So this is just in relation to the productivity question?

**The CHAIR** — Across the board.

**Ms NEVILLE** — I will, firstly, just broadly talk about mental health and drugs. In terms of contribution to productivity, the budget has an emphasis on prevention and diversion, so avoiding higher downstream costs in both mental health and in drug treatment services. There are particular programs that contribute to that, things like the Youth Early Psychosis program which is all about reducing disability in the longer term; reducing the use of tertiary mental health services and other services like police; prevention and recovery care services similarly, ensuring more appropriate targeting of treatment which again reduces readmission rates into hospitals, again reducing the downstream costs.

Specifically in relation to children there are a number of particular issues. As we know, one of the biggest deterrents for women entering the workforce is access to child care. Our budget provides a number of ways in which we can at a state level, given we do not have responsibility, try and improve access to child care — for example, through the provision of children's centres, trying to bring together integrated services right across the state. We have 20 new ones advised to be built over the next four years. Similarly in the area of children we know that if we invest early in children, the better the outcomes for those children, the better the opportunities for them to be productive adults and contribute to our economy and also, obviously, to our community. This budget has a very strong emphasis on early years investment, on access to child care, on early childhood health services, on access to kindergarten programs and the important transition year into school.

Similarly, obviously, in relation to aged care, perhaps one of the biggest issues confronting the Australian and the Victorian economy in the future is the ageing of our population. When I get to my presentation around aged care we can have a look at the ways in which the government is looking at encouraging the participation of older people, not only back into the workforce but also more broadly into our community.

**Mr WELLS** — Minister, in the house the Premier stated that mental health is a worldwide problem, and it is growing. He also stated that it is a growing problem in Victoria. You said late last year that mental illness directly affects about one in five people in their lifetime, but touches many more of us. I refer you to budget press releases put out by DHS and Labor's election commitments which show that only \$35.7 million of Labor's election pledge of \$128.7 million is contained in this budget and its forward estimates. If mental illness is indeed a growing problem touching many Victorian families, why is it that you are delivering less than 30 per cent of your election promises in this budget?

**Ms NEVILLE** — Thank you for your question; it is an important one. As I indicated in the presentation, we committed as part of our commitment to the national mental health strategy \$472 million over a five-year period from 2006 to 2011. This budget commences the delivery of our LFS commitments, and in fact goes beyond those commitments. Those LFS commitments are a four-year program. In terms of capital we are delivering around a quarter of our capital commitments of \$120.5 million. As I said, the budget overall — the mental health budget — the \$68.8 million is on top of the \$472 million we provided in last year's budget. In fact since coming power we have increased investment in mental health from \$453.2 million to \$819.1 million — an 81 per cent funding increase. I think this indicates the high priority we place on continuing to expand and improve our mental health services.

The investments that we have made have injected new resources into supporting mental health reform processes, as well as increased access to both community and bed-based mental health services. This budget invests a further \$8.4 million in this year in recurrent funding and, as I mentioned previously, this is delivering on and enabling us to roll out our youth early psychosis program right across the state, strengthening our early intervention capacity. It also realises our commitment that was made through LFS3 to roll out in our hospital emergency departments better mental health teams to support people with a mental illness who are in our emergency departments. This will enable us to roll that out across all our major emergency departments. It also opens new beds at the Maroondah



Hospital and new PARC facilities. It realises our commitment to carers of people with a mental illness by providing that funding.

It also very importantly provides additional capital funding. One of the key issues in relation to meeting demand and improving our capacity is to actually be able to provide additional acute and community-based beds. If you look at where we have had huge successes in responding to demand, say, in our emergency departments, it has been a combination of both reforming the system as well as investing in new capital requirements. That is why this budget has such a strong focus and in fact over the next four years we have such a strong focus on improving our capital capacity. It is, as I said, absolutely appropriate to do so in order to enable us to provide appropriate care when it is required by people suffering from a mental illness.

**Mr WELLS** — Minister, I just want to follow up: one of the biggest ticket items in the election promises was the 73 mental health beds in the Dandenong Hospital, but there was no funding allocated to that in this budget. When do you expect that to kick in seeing it was your no. 1, or the largest allocation of beds?

**Ms NEVILLE** — As I said, overall over a four-year period we have committed \$120.5 million to build new beds — acute and community beds; PARC facilities. This budget delivers on the first component of that four-year commitment which is the 25 beds at the Northern Hospital as well as opening and building of new PARC facilities. Obviously the decisions in relation to what capital is funded depends on the planning stages of different projects and also issues around prioritising those concerns. But this is a four-year project. It will inject an enormous amount of new beds. I should also point out that I have spoken a little bit about the new beds we put into the system that were opened as at the end of last year. This year alone, in 07-08, we will also have another about 90-plus beds coming on stream. So we have invested substantially in new acute and community beds, and it is actually paying dividends in terms of being able to meet increasing demand for mental health services.

**Mr WELLS** — Sure. When do you think the Dandenong one will start?

**Ms NEVILLE** — As I said, it is a four-year program, and this year's program is around 26.6 million.

**The CHAIR** — It will be some time over the next four years.

**Ms MUNT** — Minister, can I refer you to page 14 of budget paper 3 under the heading of 'Mental health and drug and alcohol services'. You touched briefly in your presentation on a stronger investment in prevention and particularly mentioned ice. It seems to me that ice is an emerging threat; it is a new threat that we are seeing. I have had anecdotal evidence that this is arising as a threat. Could you please outline what you plan to do to tackle this emerging threat, and in particular in relation to ice?

**Ms NEVILLE** — The government is certainly concerned about the illegal use of amphetamines including crystal amphetamines — ice. The most recent data that we have got from 2004 suggests about 3.2 per cent of Australians and 2.8 per cent of Victorians had used amphetamines in the previous 12 months. Now, we are below the national average but we are still concerned to ensure this does not get a foothold in our community. I am particularly concerned, though, that of the data we have available, 1 in 10 young people aged between 16 and 24 have reported using methamphetamines in the past 12 months. That is why in February this year the Premier and I launched a package of responses which constituted what we called a pre-emptive strike against ice. The intention behind this was to ensure that this was not able to get a serious foothold here in Victoria. As I said, our figures are below the national average, but we are concerned to keep that there.

The package contained a number of components. We established a new amphetamines task force that I chair, and this will provide expert advice and develop a long-term strategy to tackle ice and amphetamines in Victoria. This strategy has been developed in consultation with the alcohol and drugs sector. Users and families will also be important components of developing the framework for a comprehensive and coordinated statewide response to amphetamine use. We have also committed money — as I indicated in my presentation, \$1 million — to a statewide public awareness campaign targeted at young people between the ages of 16 and 25.

This will be focused around amphetamines and cannabis but also highlighting the particular mental health risks associated with the use of these drugs. The other components of the package to tackle ice use include the preparation of effective treatment guidelines, which I was pleased to launch back in March of this year; new police powers and new laws to crack down on amphetamine dealers and manufacturers. We have also provided an extra four years of funding to our local drug hot spots, which I also mentioned in that presentation.

However, we know that there is more that we can do, particularly to assist families who are worried about the potential risk for their children. This was in fact one of the earliest results that came out of the task force — during its consultation the task force felt that we needed to strengthen our support for families.

In response to this feedback, today I am very pleased to advise the committee of some further funding in our next steps in the war on ice. This funding comprises \$100 000 to provide parents of teenagers in Victoria with an information brochure outlining the risk of ice and where to get help; \$30 000 to train staff and volunteers of the Family Drug Helpline and the drug information line with up-to-date information about ice; and also \$100 000 to train alcohol and drug workers in the use of clinical guidelines for the treatment of methamphetamine addiction — which we launched back in March.

We know that this funding will make a difference, and of course all of these actions come on top of solid progress that we have made in the banning of the sale of ice pipes, which led to 925 pipes being seized earlier this year. We also introduced a random saliva test to detect drivers travelling under the influence of methamphetamines and cannabis. Together we believe these actions will work pre-emptively to ensure that this highly addictive and dangerous drug does not get a foothold here in Victoria.

**Ms MUNT** — Minister, I would just like to thank you for making that announcement and putting those measures in place; they are very welcome.

**The CHAIR** — Thank you, Minister. We do not get too many announcements in front of our committee. They are normally done in the context of the budget itself.

**Dr SYKES** — Minister, my interest is in the budget priorities from a mental health perspective, and I should say The Nationals very much welcome the establishment of a mental health minister and look forward to working with you. I guess our interest is in what statistics and what rationale underpin the allocation of funding in the country and the city.

From my country perspective, I am aware of a number of issues that you may be able to help quantify. I understand for example that young male suicide rates are very high in country Victoria compared with the city. I am very aware that the current drought — not the recent drought, but the current drought — is still causing massive mental health issues, and in the last three days — over the weekend — I had a number of phone calls from people who are clearly at the end of their mental, as well as their financial, tether. Minister, I gave you that CD. Have you had the opportunity to listen to it?

**Ms NEVILLE** — I haven't yet, sorry. But I have got it with me.

**Dr SYKES** — For the benefit of the other members of PAEC, it is a CD written by a fellow — Jim Carlisle, and it is headed *I Just Want Five Minutes of your Time*. What he is asking for is people to listen to him and understand the mental trauma that he is going through. Jim is lucky because he can put his words to music and get the message out there, but what he does is represent — he is the tip of the iceberg in terms of the problem that is out there. In spite of some of the initiatives that are on the table, the current needs far exceed the ability to service them.

There is a mental health first aid program which is going well — I think 'coaching the coaches'. If you have got any more money, it would be very much appreciated if you could further support that. I know that you made some money available recently in Shepparton for an early psychosis service, but of the 95 new acute beds that you put in place — basically Melbourne-based, with some in Geelong — I am unaware of any of them being in country Victoria. I guess my question to you is: the need out there is overwhelming at the moment; what is in the budget to help address this need in country Victoria?

**Ms NEVILLE** — There is a range of issues. We could talk for a long time on that. Firstly, I was in Shepparton last week talking about the issue of suicide, and certainly one of the high-risk groups are young males in rural communities; no doubt the highest there is in terms of suicide.

About 500 Victorians take their lives every year. For that, for males we estimate there are around 30 to 50 suicide attempts; for females it is around 150 to 300 attempts. Of course for every one of those suicides there is a long effect to families and to communities, which is where the Coach the Coach program was initiated. In that community we had seen, out of the 12 Goulburn Valley football league clubs, eight clubs had lost someone to

suicide. It is a very high rate for males. Some of those community programs, like that, and those community responses are very important.

I would like to talk about mental health and wellbeing as everyone's business. It is not just government's business; it is community business. Particularly in relation to early intervention and prevention, we all need to be party to that. We all need to be looking for the signs, we all need to be able to look at the risk factors, particularly for young people, whether it is in our schools or whether it is in our football clubs. Obviously our sporting clubs provide a real opportunity to be able to pick that up.

That is where the Mental Health First Aid program, which has been rolled out through those sorts of programs — there is a similar one in Geelong — and also through our drought-affected communities will be so important because it enables in places where people, particularly young people, congregate, professionals will be able to actually look for risk signs and actually ensure that those young people are better supported.

In relation more broadly to the issue of the budget and its support for rural communities, clearly this government has, right across the board, a very strong commitment to delivering for all communities in terms of its service provision, regardless of where they live. That is no different in relation to services that support people who live with a mental illness.

Out of our overall mental health budget, about 26 per cent of the budget is allocated to rural Victoria, which equates similarly to the population spread. But rural areas have benefited. In fact the Youth Early Psychosis program that you talked about was rolled out across rural areas before it was rolled out across metropolitan areas. That was partly in response to the fact that we wanted to really enhance being aware of the risk in rural communities around suicide and really enhance our capacities in rural and regional Victoria to identify young people who are at risk of developing a mental illness or who are at the early stages of psychosis, to be able to get those services on the ground as quickly as possible. I am pleased to say it is now rolled out and operating right across rural and regional Victoria with huge success.

We have also put a huge emphasis on the delivery of some of our community care beds — I should call them prevention and recovery services. It is an incredibly important initiative. I talked about it being a 'step up, step down' system, so it operates not only to ensure that people who are in our acute system, in an acute bed, who are actually recovering but not quite well enough to go home actually get the support they need before they go home but also to be able to be used where the community has identified it being a risk of an acute episode actually getting some additional support, preventing an admission into hospital.

It is not just good in terms of savings in relation to acute beds and meeting that demand but actually provides much more appropriate treatment and care to people at particular times in the spectrum of their mental illness. For example, the first PARC service actually opened in Shepparton, so it was opened in a regional community in Victoria. We have also got some to commence later this year in Bairnsdale, in Bendigo and in Geelong as well. So we have prioritised the delivery of those PARC services in rural and regional Victoria.

We think that a combination of some of our early intervention programs combined with these new beds will actually enable better quality of services in those rural and regional communities as well as a greater capacity to respond to what is a growing demand in our community for these services.

**Mr PAKULA** — Minister, when you go to budget paper 3, page 89 talks about client contact targets for drug treatment, and page 77 talks about clients targets for mental health, but it does not talk about specific groups. I am just wondering whether there are services that look after clients that have both drug problems and mental health problems and, if there are, could you detail to the committee what they are?

**Ms NEVILLE** — That is a very important question because what we do know at the moment is of these new people entering the mental health service, 50 per cent have an alcohol and drug problem, and the government has recognised this in the appointment of a Minister for Mental Health who also has responsibility for drug services and treatment programs in Victoria. At that level we are trying to provide leadership in terms of how we can better respond to people in our community who have both a mental health problem and a drug and alcohol problem.

We have committed over the last five years more than \$30 million for dual diagnosis service enhancements, which is really what you are talking about. It is our capacity to work with people who have both problems, and these are aimed at improving access to services as well as outcomes for people experiencing both a mental health problem

and an alcohol and drug problem. We certainly recognise that people who experience these dual problems are at increased risk of a whole range of poor outcomes — physical illness, social isolation and self-harm, and suicide is also one of the outcomes if you do not respond to these issues.

The interactive nature of mental illness and alcohol and drug use requires that people with such difficulties have timely access to appropriate treatment and care, regardless of whether they seek help through the mental health service system or whether they seek help through the drug services system. There is basically no wrong-door approach.

We produced a policy document in relation to dual diagnosis called the key to actions and priorities for service development. This provides guidance for service leaders and managers responsible for ensuring that dual diagnosis treatment and care becomes basically part of the core business within both mental health and alcohol and drug services.

As I said, we have the new mental health and drugs division and we are working through that now to see how we can provide leadership in growing collaborative relationships that do exist but need to be strengthened between mental health and drug and alcohol agencies.

Some of the initiatives that we have funded are dual diagnosis teams that are working across both mental health and alcohol and other drugs services across the state. Dual diagnosis positions have also been established within mental health mobile support and treatment teams and within our youth residential rehabilitation services. We have expanded psychiatric input and the education and training capacity of the dual diagnosis teams to a statewide education and training unit. We also have dual diagnosis clinical guidelines for the alcohol and drug treatment sector, currently under development, which recognises dual diagnosis as a service priority area. Dual diagnosis policy directions and service redevelopments are focused on ensuring effective treatment is core business for both mental health and alcohol and other drug services, and I am confident that we are moving strongly in the right direction in this area.

**Mr BARBER** — I would like to ask about PDRSS if that is all right. Back in 2005 the Auditor-General said that the proportion of mental health patients being readmitted within 28 days was 17 per cent and increasing. His note was that that suggested that the community supports were inadequate. In this year's budget you have given PDRSS an increase of about 3.1 per cent, taking into account inflation and obviously growing population. That is said by those agencies to be a real decrease — they put it at about 6.5 per cent — and Psychiatric Disability Services of Victoria called the budget announcement 'a lost opportunity'. Given that it is so obviously penny wise and pound foolish to be treating people in the hospital system if they can be supported to stay in the community, why did you give a real decrease of funding to that program?

**Ms NEVILLE** — As I indicated earlier, the government as part of our national mental health strategy, committed \$472 million, which commenced in 2006, to 2011. That 472 million goes across a range of areas in terms of delivering on the capacity to expand our service system including growth funding that was provided to the PDRSS service system.

I suppose the mental health system needed additional funding across a number of areas. It needed to increase its core capacity in beds both in terms of acute and community beds. It needed to be able to improve the way it responded to emergencies through our emergency departments. It also needed to improve its capacity in handling the mental health services, so our CAT teams, our CAMs, our adult mental health service teams, and it also needed to improve our capacity in terms of rehabilitation programs which is really what the PDRSS system delivers. All of that is required in terms of the continuum of care for people who live with and suffer from mental illness in our community.

Across both the commitments that we made last year as part of the national mental health strategy, but also combined with this budget, that is what we are doing right across the board. So it is not either-or; it is about building capacity all of those areas. So, for example, this year we delivering on our capital. A big part of what we committed during the election was the capital redevelopments, because our acute system, our inpatient system, is running at very high-capacity. It is 99, 100 per cent our beds, all the time. We needed to continue to build up capacity. We needed to continue to support people in the emergency department, because that is where appropriately people in crisis respond, and we needed to focus more attention on early intervention and prevention which in the longer term is what is going to keep people well and out of needing an acute system. So that is what

this budget has contributed to that, contributed to opening more beds. It has also contributed some growth within the PDRSS system and last year's budget as part of our national mental health system contributed significant investment in the area. I am confident we are meeting the whole range of reform areas we need to; we are investing in all of those areas. This money that we are providing is in addition, as I said, to the 472 million commitment that we made and will continue to try and meet all of those responses and we know we need to because that is the continuing care that people with mental illness require.

**Mr SCOTT** — Minister, I want to raise an issue which has been touched upon both in your presentation and a number of your answers, but to provide some more detail. On page 77 in budget paper 3 there is a reference to admission from emergency departments. What new initiatives will the government undertake to enable services to better manage mental health presentations at hospital emergency departments? I would like some specifics details — it has been touched on in a broad sense — but some details on that in this budget.

**Ms NEVILLE** — Basically about 5 per cent of presentations to emergency departments are people who have a mental illness, and certainly there has been a growth in demand within the emergency department for services from people who have a mental illness, but that growth is basically consistent with overall growth within demand for emergency department services. But we certainly know that to we need to improve outcomes for people with mental illness who present to our emergency department. We need to be able to respond better, and there has been a very strong focus over the last two years by the government in improving those waiting times.

This budget has provided \$8.36 million to expand and improve mental health services generally. It includes the \$2 million or what would be \$8.3 million over four years to ensure that we have specialist mental health teams located at all our major emergency departments across the state. This is to ensure they can provide better care for clients and better manage the overall growth in emergency department presentations. The allocation in the current funding builds on what was \$1.75 million allocated in 06–07 to expand those teams in our emergency departments.

This enabled hospitals to work towards a 24-hour, 7-day-a-week mental coverage in emergency departments or augment their existing services. This new funding will ensure that all emergency departments in major hospitals can access specialised mental health support. The strengthened emergency department response is one of a number of strategies that we have put in place to better manage demand for our acute services and divert demand from the acute sector where that is appropriate.

Other initiatives include the development and establishment of mental health services which provide counselling, referrals and intensive treatment for people in Melbourne's north and particularly the Craigieburn Health Service, which is one of our new day hospitals. The development, as I have talked about, around the prevention and recovery care beds, which again both move people through, enable people to be discharged from their acute bed when required that they not be quite well enough to go home and similarly to prevent people actually needing an acute hospital bed. This has enabled a greater throughput in our emergency departments as well.

The funding boost for emergency departments forms part of a package of initiatives that will expand early intervention and prevention capacity for young people and provide greater capacity in bed and community services. As I said earlier, we have increased funding overall to mental health by about 81 per cent and this has been significant. A large part that has been about trying to better manage and provide better emergency responses to people who are having a significant mental illness crisis. Some of them are important strategies we have put in place. It is not just about beds, but it has also been about practice opportunities, and I talked a little bit about what is happening in the Southern Health area where we have improved triage, we have used our mental health teams combined with new beds to actually enable a huge improvement in the waiting times for people in our emergency departments. I think all these initiatives will ensure that people get the appropriate care at the right time, and we know what is important for people who present to an emergency department is that they are seen as quickly as possible in terms of improving their outcomes and that is where the trend is going here in Victoria.

**Mr DALLA-RIVA** — Minister, I refer you to page 77 of budget paper 3 in respect of mental health clinical care, and in particular the line item 'Pre-admission community care'. I note that the revised target from 06-07 to 07-08 is from 65 per cent to 60, and if you turn the page in terms of footnote (d), which is relevant to that performance measure, it explains that the reductions is — and I quote:

The target for 2007-08 has been reduced because ongoing demand growth will make it difficult to maintain existing performance.

I find that quite unusual. Given the situation, why has Labor, in fact you as minister, only pledged half the \$20 million for PARC facilities you promised in the election, with only three funded out of the six promised. In drawing your answer to that particular point, whilst I understand your comments earlier in relation to the PARCs affiliated with Maroondah Hospital, Frankston and the Monash Medical Centre will be funded with the four-year rollout, I draw reference to what will the government do differently to ensure all six PARCs get up and running in an acceptable time frame after receiving funding when you take in contrast the Alfred PARC which is still not operational three years after being funded.

**Ms NEVILLE** — As I indicated during my presentation, Victoria has been able to achieve the highest number of beds per capita in our investment in both community and acute mental health beds. We have seen an increase from 1972 beds to 2133 beds in the period from 1999-2000 to 2005-06. In addition to that I also mention that in the 07-08 period we had an additional around 90 — in fact if you take into account the additional beds in the Thomas Embling it is about 108 new beds that will come online over the next 12 months.

This budget has allocated \$26.6 million for capital development for bed-based services in this financial year and is part of the \$120.5 million commitment that we made in the OEFTI campaign for a four-year program of capital development in this state.

In this budget we will deliver new beds at the Northern Hospital but also 40 new PARC beds — Deer Park, Preston and Broadmeadows. These services are the first stage of our rollout of \$120.5 million. But, as I indicated, there are new PARC services that will be coming on line in the 07-08 period, and all up a total of just over 90 beds will be coming on line.

In addition to that, we have also provided additional money to open old beds, so we have got five additional beds that will be opening at Maroondah. We have also invested in mental health services at the Craigieburn health service. Those five additional beds at the Maroondah Hospital are the first stage of the development, and overall an additional 20 will come on line in about 09. We are also opening new aged mental health beds at the McKellar Centre, and also there will be 10 new beds available for vulnerable women in North Melbourne through the Regina Coeli community crisis support centre.

**Mr DALLA-RIVA** — So all those — —

**The CHAIR** — You need conclude this quickly — —

**Mr DALLA-RIVA** — We had 45 minutes, Chair, we are still not in the 45, but that is all right. Given you have got all those things coming on board, would you have not have expected the performance measure to be slightly higher than the 60? I commend you for having an admission in the budget paper that you are not going to achieve it — probably the first that I have seen — but it also makes me worry that, whilst you are talking about a lot of beds to take the capacity for growth, you still do not have enough for the coming year to meet the demand.

I guess that is what I am trying to get at. While I am hearing what you are saying, is there anything in the short-term prospects to actually maintain at least the performance measure that it was in this current financial year?

**Ms NEVILLE** — Certainly a range of our services — for example, youth early psychosis services is exactly that. It is trying to intervene as early as possible. One of the areas that we know requires additional reform in Victoria — and, as you know, the Victorian government had the Boston Consulting Group do a report on performance and areas for future reform for the mental health system in Victoria.

One of the key areas that it focused on was the need to invest in early intervention and prevention services. Our investment in things like the Youth Early Psychosis program will hopefully assist, I suppose in a sense, before you even get to that point. What we are trying to do is keep people as well as possible prior to their entering into hospitals. What this indicates is that this is somebody who has received assistance within, I think, the seven days prior to their being admitted to a hospital.

What we are actually wanting to see is a continuum of care that is much earlier than that. That is where a lot of our emphasis is on, and certainly in this budget the Youth Early Psychosis program is something that we believed needed to be rolled out right across the state in order to achieve better outcomes, which will not necessarily show up in the those figures, but it is actually stopping people getting to that particular — —

**Mr DALLA-RIVA** — Chair, just one — —

**The CHAIR** — We are really 5 minutes over time.

**Mr DALLA-RIVA** — The Minister is actually out a million dollars, and I think it is important just in the context — page 268; I just want to get clarification on budget paper 3. In relation to continuing the commitment in 2007–08, you have said \$26.6 million in capital works to build new and improved mental health facilities, 25 beds at Northern Hospital and the 40 new PARC places. On the budget paper the only calculation I can get to is 25.6 on TEI. So I just want to put on notice — —

**Ms NEVILLE** — Sorry, what figure did you say — —

**Mr DALLA-RIVA** — Page 268 — you have got mental health, Northern Hospital 16 million TEI and PARCs 9.6, which in my calculation — unless mathematics has changed — is 25.6, and in your presentation and what you just said before, it is 26.6.

**Ms NEVILLE** — It is actually the \$1.5 million to commence the preliminary works for the veterans mental health system.

**Mr DALLA-RIVA** — It still does not balance. Maybe you can take that on notice.

**The CHAIR** — That can be taken on notice. I thank Dr Ruth Vine for her attendance.

**Witnesses withdrew.**





## **CHAPTER 5: DEPARTMENT OF INFRASTRUCTURE**

### **Transcript of Evidence**

#### **5.9 Major Projects portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **5.10 Public Transport portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **5.11 Roads and Ports portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



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

### **Transcript of Evidence**

#### **6.9 Industrial Relations portfolio**





# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 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 R. Hulls, Minister for Industrial Relations;  
Mr W. Hodgson, acting secretary; and  
Mr T. Lee, deputy secretary, industrial relations, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I now welcome Mr Warren Hodgson, Acting Secretary, Department of Innovation, Industry and Regional Development, and Mr Tim Lee, deputy secretary, industrial relations. I 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 industrial relations.

**Overheads shown.**

**Mr HULLS** — The first slide simply shows the output group for Industrial Relations Victoria, which advocates IR frameworks that encourage high-performance workplaces in public and private sectors and minimise industrial disputes.

The next slide shows the budget of Industrial Relations. The innovative and high performing workplaces output budget of \$14.5 million for 07–08 is about 0.65 per cent of the total DIIRD budget, so it is a fairly small part of the budget.

Key achievements in 06–07 saw the implementation of a number of legislative initiatives which are set out there, including restoring unfair dismissal rights for public sector employees and smaller workplaces and protecting award conditions of public sector employees that were in operation pre-WorkChoices. Also we have developed an ethical purchasing policy in conjunction with DTF. We have worked with DOJ to enable Victorians to quickly and easily access dispute resolution mechanisms via the Dispute Settlement Centre of Victoria.

The next slide shows that we are committed to pay equity. We continue to implement the recommendations of the *Advancing Pay Equity — Their Future Depends on It* report. In 2006 we looked at the specific work and family issues facing regional Victorians to promote best practice in partnership with regional businesses.

The next slide deals with further key achievements, including outworkers legislation. We are developing in conjunction with employers and unions a mandatory code of practice for outworkers to ensure award compliance within the clothing industry. We are also assisting outworkers to upgrade their skills. We have organised training programs in partnership with industry for this particular purpose.

There is the owner-driver legislation. The transport industry and forestry industry councils have produced and distributed various publications to assist their members. We have also amended the Long Service Leave Act to preserve the long service leave entitlements contained in federal awards.

The workplace rights advocate continues to investigate illegal, unfair or otherwise inappropriate IR practices. It provides free, independent information and advice to Victorian workers and employers. The educative capacity of the advocate has enabled more than 3600 Victorians to obtain information via its dedicated telephone advice line. There are almost 5000 complaints and queries that have been raised.

The next slide, just very quickly, shows some of the further key initiatives, including our Victorian workplace pay and conditions standard and amending the equal opportunity act to protect employees from discrimination.

The next slide talks about establishing the working families council to champion the issues of working families, and sets out the fact that we are committed to protecting employees from unscrupulous employers making unauthorised deductions from employees pay. Legislation is being worked up at the moment in relation to that.

The next slide talks about strengthening the registration system for labour hire and temporary employment businesses, and also obviously negotiations are under way or will be under way in relation to public sector agreements.

The final slide is a summation. Basically the priorities of IRV continue to be advocating better and fairer IR frameworks; promoting innovative and sustainable modern workplaces; protecting working conditions of Victorians; providing information through the workplace rights advocate; promoting cooperative public sector industrial relations regime; and also assisting working with families.

**The CHAIR** — Thank you, Minister. Industrial relations is obviously very much a topic of the day. We are actually dealing with it in the context of the budget and the forward estimates in the state of Victoria.

**Mr WELLS** — Minister, I refer you to budget paper 3, page 140, and the so-called innovative and high performing workplace output, which includes the workplace rights advocate which you have mentioned. I also refer you to your second-reading speech for the Workplace Rights Advocate Bill 2005 where you said:

The workplace rights advocate will also examine instances of unfair or illegal practices, with the potential for employers who engage in such practices to feature in reports to this Parliament.

And I also refer you to recent media reports alleging that WorkDirections Australia illegally stripped its Victorian workers of key award conditions including removing penalty rates, overtime and allowances for an extra 45 cents an hour. WorkDirections workers are required to work half an hour's unpaid overtime each day, leaving them \$1200 worse off each year; 58 workers, more than a quarter of its Victorian workforce, were underpaid total of \$70 000; WorkDirections staff in Victoria were paid less than New South Wales employees, and a Victorian worker was sacked after standing up to a bully boss over disgusting and inhumane treatment.

I ask: if these allegations are true, they would fall into the definition of unfair and illegal practices under the Workplace Rights Advocate Act 2005, and will you exercise your power under section 5(2) of the Workplace Rights Advocate Act to require that these allegations be investigated, or does the fact that these companies are owned by the wife of the federal opposition leader, Kevin Rudd, mean that they qualify for a Labor's 'mate exemption'?

**The CHAIR** — Thank you, Deputy Chair, for that question. Minister, I would like you to only take that into consideration insofar as it relates to the estimates and as it relates to the budget, and insofar as it relates to the protocols of the organisation rather than the particular events in the past.

**Mr WELLS** — On a point of order, this investigation will probably be ongoing over the estimates period, so I would argue that the question put forward is relevant to the estimates and that the minister should answer accordingly.

**The CHAIR** — I have given my ruling on this, Minister.

**Mr HULLS** — I am pleased that you have read the legislation because you will know that the workplace rights advocate is an independent body, and from memory you opposed it, interestingly. So on the one hand you are saying that you oppose the workplace rights advocate, yet on the other hand you are saying that I, as minister, should direct the workplace rights advocate, that you oppose, to do certain things; so I am a bit perplexed by that.

**Mr WELLS** — Maybe if you answer the question, we can get to the bottom of this.

**The CHAIR** — Deputy Chair, let me chair this meeting, thank you.

**Mr HULLS** — Perhaps you have done a backflip and you are now deciding to support the workplace rights advocate, which is probably worth a media release.

The fact is that from the media reports that I have seen, the company you refer to employed workers on common-law contracts of employment, as opposed to AWAs, and I know that you support AWAs. I remind you that, unlike AWAs, employees on common-law contracts are entitled to award provisions like overtime, like penalty rates, like public holiday pay. If workers on common-law contracts are underpaid against an award, they are entitled to back pay.

Media reports that you have referred to indicate that once an underpayment was discovered, the employer sought to correct that error and to back pay all affected employees. The workplace rights advocate that you refer to and that you oppose is an independent statutory office that is not swayed by political considerations. I understand from the reports I have read that the matter you refer to is currently being investigated by the federal Office of Workplace Services, and that there has not been a complaint received by the Workplace Rights Advocate in relation to this matter.

I have to say that the position of these workers that are referred to in media reports is in stark contrast to workers employed under AWAs, which you support. Since WorkChoices — if we are allowed to call it that; formerly known as WorkChoices — was introduced, employees on AWAs can have award entitlements scrapped and not receive any compensation at all. Even the Prime Minister has finally admitted what we have been saying all along, that AWAs undermine working conditions, and no matter how many changes to name are made by Howard and

Hockey to WorkChoices, they cannot erase the truth that WorkChoices, AWAs, have led to the exploitation of workers. I think that answers your question. There is a difference between the reported conditions of employment that you refer to as common-law contracts, and AWAs that you support.

**Mr WELLS** — Let me clarify a point.

**The CHAIR** — Very quickly, please.

**Mr WELLS** — You have mentioned a couple of times that it is an independent statutory body.

**Mr HULLS** — Yes.

**Mr WELLS** — But I draw your attention to section 5(2), where it says:

The WRA may carry out his or her functions and exercise his or her powers at the request of the Minister ...

— that is, you, Minister. Have you or have you not directed or asked for the WRA to investigate what is happening at WorkDirections, or is there an exemption because they are Labor mates?

**The CHAIR** — In regard to the — —

**Mr WELLS** — I am just asking. You have said it is a statutory independent body, and quite clearly you do have the power to investigate.

**The CHAIR** — I think that is a question which is more for the Parliament than for this committee. Ms Graley, please.

**Mr WELLS** — Hang on. Why don't you answer that part of it?

**Mr HULLS** — I am happy to answer any question you ask.

**Mr WELLS** — You kept on saying it is an independent statutory body.

**Mr HULLS** — Indeed.

**Mr WELLS** — But you do have the power.

**Mr HULLS** — I have been consistent in my approach to the workplace rights advocate in relation to every matter that has been dealt with by the WRA — that is, I have not attempted to impinge upon the independence of the WRA in any way, shape or form. Individuals can make complaints to the WRA; the WRA will then decide, using his independent statutory powers, whether or not to investigate. I have not directed the WRA in relation to any matter. I have been consistent since the WRA was set up.

**Mr WELLS** — But if it was John Howard's brother, you would investigate.

**Mr HULLS** — I repeat, I have been consistent.

**Mr WELLS** — No, if it was John Howard's brother, you would investigate.

**Mr HULLS** — I have been consistent.

**Mr WELLS** — You would use your power under section 5(2)?

**Mr HULLS** — Kim, you are in la-la land if you think that is the case.

**Mr WELLS** — That is what the legislation says.

**Mr HULLS** — I have been consistent.

**Mr WELLS** — Don't you mean what it says in subsection (2)?

**Mr HULLS** — I will continue to be consistent.

**The CHAIR** — This discussion is irrelevant to the estimates hearing as it has been proceeding. Ms Graley, please.

**Ms GRALEY** — Minister, I would like to talk about an issue that is very important to all Victorians, especially in my electorate of Narre Warren South, where people are very busy trying to balance family and work, working very hard and trying to bring up happy families. I refer the minister to budget paper 3, page 140, that outlines IRV's outputs and deliverables, and I also refer to page 4 of DIIRD's response to PAEC's questionnaire that summarises initiatives funded in this year's budget. I would like to ask you, Minister, how will the Victorian government's IR election commitments funded in this year's budget assist Victorian workers and employers in balancing work and family responsibilities — including country Victorians — and how they will provide additional protection for vulnerable and traditionally low-paid workers?

**Mr HULLS** — Thanks very much for that. We are committed in Victoria to a fair industrial relations system that does get the balance right. Our commitment means getting the balance right by looking after the needs of Victorian workers and their families, providing fair and decent conditions of employment, supporting cooperative workplaces and obviously considering the views of businesses, workers and their representatives. Work is already under way in a significant number of areas in our legislative program. Our IR agenda includes expanding the Equal Opportunity Act to protect employees from discrimination if they question their wages and conditions of employment. This is necessary to provide protection for those many Victorian workers who have lost any redress for unfair dismissal under the Howard government's 'don't call me WorkChoices' but WorkChoices regime. A bill giving effect to that has already passed in the Parliament.

We are expanding and strengthening the Equal Opportunity Act — and this gets to the nub of your question about work-family balance — so that working parents will not be discriminated against at work for trying to find a decent balance between their work and family responsibilities. We do not believe that the federal government has been proactive enough in this particular area.

Also, in relation to the work-family balance aspect, we had an election policy with an emphasis on protecting family time, and we have allocated \$730 000 over four years to establish and operate a Working Families Council. That council will work with stakeholders to champion the issues of working families by helping employers improve working conditions and allowing employees to better balance work and family, and this gets back to the first question I was asked when I came here. That is all about ensuring more productive workplaces. If you can have more flexible workplaces by offering work-family balance initiatives, obviously those workplaces become more productive.

In particular, research that was undertaken recently in regional Victoria shows that it is not just work and family balance that employees are seeking, it is work, family and community balance, because in many regional parts of Victoria employees want to have time off to volunteer for the CFA, coach the local footy club or whatever. So IRV is working with stakeholders — and that report has now been published; I launched it a couple of months ago — to ensure that employers understand the need to balance work, family and community activities in regional Victoria. It is about getting that balance right. It is about promoting those champions who can offer better work and family balance, but particularly those champions in regional Victoria who are indeed getting that balance right.

**Mr PAKULA** — The fairness test, Minister, has had a bit of publicity recently.

**Mr BARBER** — Does it relate to the estimates?

**Mr PAKULA** — It will.

**Mr BARBER** — Bring it on.

**Mr PAKULA** — My view of it has been that it is like putting on lipstick on a pig, but that is just my view.

**The CHAIR** — Onto the estimates, please.

**Mr PAKULA** — Budget paper 3, page 140, outlines IRV's activities in advocating for high-performing cooperative workplaces. As I said, I have my own views on the fairness test, but I wonder whether as part of that output the minister's department will examine the detail and the potential impact of the fairness test, as it's

Orwellian title describes it, whether the fairness test falls short of providing fairness for Victorian workers and will the department advise the minister on whether there is need for a workplace relations ministers council?

**The CHAIR** — Minister, your answer should relate to the estimates in the budget and ongoing work by your portfolio.

**Mr HULLS** — Sure. In relation to page 140 of budget paper 3 that you have referred to, that does outline IRV's activities in advocating for and facilitating innovative, high-performance cooperative workplaces. Obviously, being the biggest user of the federal IR system, anything that happens federally is absolutely crucial to what happens and what we do here in Victoria. The two are interlinked. Other states have their state systems; we do not, so I think it is a pretty important question.

The Howard government announced changes to WorkChoices in early May. Legislation incorporating the so-called fairness test was introduced into the federal Parliament on 28 May, just a couple of days ago. I have asked IRV to provide me with a comprehensive briefing dealing with this legislation. But preliminary assessments of the so-called fairness test showed that it is limited and highly subjective — for example, the Prime Minister has been unwilling to guarantee that no employee will be made worse off than under the relevant award as a result of this test. Further, the test, it appears, only applies at a time when an employee enters into an AWA. This means of course that if circumstances change — for example, more weekend work is demanded by the employer than was agreed at the time the agreement was made — the employee has no right under the legislation to get fair compensation.

I guess my opinion is probably the same as yours; I think it is a Clayton's test, and it has confirmed that non-monetary compensation can be used to offset loss of award entitlements such as penalty rates, overtime payments and shift allowances. We do not know what that means, but we have heard reports that that can mean the offering of a car parking space. It could mean the offering of the employment itself. It appears that under the current regime that is being promoted, the mere offering of employment will constitute compensation for loss of award entitlements. I think that these changes fail to deal with the general unfairness found in the WorkChoices package. This point — and it gets to the second part of your question — does need to be brought home loud and clear to the minister, Joe Hockey.

Normally we have two workplace relations ministers council meetings a year. They are held biannually. They allow for a fair exchange of ideas and material between state, territory and commonwealth ministers. They are probably more important for Victoria than the other states because of our interlinking with the federal system. In the 12 months since last year's PAEC we have met just once — that was in September 2006, when Kevin Andrews was the minister, and it was the day before the Grand Final. Why? Because obviously he did not want any media attention, I suspect, on that meeting.

I have written to Joe Hockey about urgently convening a meeting. I have written to him on a number of occasions. It appears that he is in hiding because he knows that his Office of the Employment Advocate has stopped publishing data in relation to AWAs. They have not stopped collecting the data, and we know that data that they have collected and stopped publishing has just been leaked to the media. These are the issues that need to be raised with Hockey.

The data shows that 76 per cent of AWAs removed shift loadings, 70 per cent of AWAs removed incentive payments or bonuses, 68 per cent abolished penalty rates, 67 per cent abolished substitute days for public holidays, 53 per cent abolished public holiday payments, 59 per cent removed annual leave loading and 52 per cent of AWAs abolished overtime payments.

**Mr WELLS** — This is what is happening at WorkDirections.

**The CHAIR** — As it relates to the —

**Mr WELLS** — This seems to be the same as what is happening at WorkDirections, what you have just read out.

**Mr HULLS** — The bottom line is — if I can use this forum to tell Hockey to come out of hiding and get down to Melbourne; we are happy to host the meeting here in Melbourne.

**Mr WELLS** — I wonder what he is going to say about WorkDirections and what your role is in regard to trying to sort that out.

**Mr PAKULA** — What about the behaviour with you people supporting every workplace in the country?

**Mr WELLS** — I wonder what would happen if he actually came out — —

**The CHAIR** — Minister?

**Mr HULLS** — I am happy to have the discussion, and if Kim Wells is known to Joe Hockey, I would urge him and other conservative members of this committee — that is, conservative party members of this committee — to get on the blower to Hockey and to tell him to come out of hiding.

**Mr WELLS** — But you will not do it to the Workplace Rights Advocate office.

**Mr HULLS** — And tell him ‘Come down and meet Hullsy in Melbourne’.

**Mr WELLS** — You have got the right to do it.

**Mr PAKULA** — Keep talking about IR, Minister.

**Mr WELLS** — You have got the right to do it, to ring them up and get them down to WorkDirections.

**Mr HULLS** — Hockey and Hullsy in Melbourne together: we want to have a discussion about WorkChoices.

**Mr WELLS** — You need to get down to Frankston.

**The CHAIR** — Thank you, Minister.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about budget paper 3 page 140 and the workplace rights advocate. In Parliament you said in relation to an investigation by the WRA into Bruck Textiles:

The fact that we have a workplace rights advocate receiving a complaint in relation to whether a collective agreement is better or worse than the award conditions is one of the reasons why we set up the Office of the Workplace Rights Advocate, and it is absolutely appropriate for the workplace rights advocate to investigate it.

You then went on and said that the WRA has a duty to conduct such inquiries.

In relation to Mr Wells’s question on WorkDirections Australia you drew a distinction between a common-law agreement and an AWA. But the legislation that sets up the WRA refers to practices that are illegal, unfair or otherwise inappropriate industrial relations practices. Greg Combet has come out today and said that what happened at WorkDirections Australia is unfair.

**Mr PAKULA** — You are quoting Greg Combet? You are in a parallel universe, Gordon!

**Mr RICH-PHILLIPS** — If the WRA will not investigate WorkDirections Australia for unfairness in accordance with the WRA act, does that not demonstrate that it is not genuinely interested in the welfare and fairness for workers in Victoria and is simply a tool to attack AWAs?

**Mr HULLS** — That is a silly question.

**The CHAIR** — That question is pretty much a hypothetical, but insofar as it relates — —

**Mr WELLS** — We have related it to his comments in Parliament.

**The CHAIR** — Insofar as it relates to the budget and the estimates and the protocols regarding that office, Minister.

**Mr HULLS** — It is a silly question because — I am not saying you are silly, but I think the question is silly — the fact is that on the one hand you oppose the workplace rights advocate, but now you are suggesting that I direct the workplace rights advocate to do something, or if I do not — —

**Mr WELLS** — Your legislation allows it.

**The CHAIR** — Let the minister answer, please.

**Mr HULLS** — Or, if I do not direct the workplace rights advocate, isn't the workplace rights advocate being a naughty boy for not investigating something that you believe should be investigated?

**Mr WELLS** — No, it is only if it is a Labor mate — you won't investigate it.

**Mr HULLS** — You referred to the issue of Bruck. The reason you have referred to the issue of Bruck is because ridiculous and false allegations were made in the Parliament in relation to what occurred concerning Bruck. I did not direct the workplace rights advocate in relation to Bruck. I have said that I remain consistent, you either have independent statutory authorities or you do not. My view is once you have the minister interfering with those authorities — —

**Mr WELLS** — But your legislation allows that. It says here, in subsection (2) — — .

**The CHAIR** — The minister is answering the question.

**Mr HULLS** — There will be questions about, 'You directed on this occasion but not that occasion'. I have full faith in Tony Lawrence in conducting the Office of the Workplace Rights Advocate.

In relation to the functions of the WRA, it is true that those functions are not confined to legality of industrial relations practices but do extend to considerations of fairness. The WRA was asked to investigate the terms of a proposed non-union agreement offered by Bruck Textiles in April 2007 to its employees.

**Mr RICH-PHILLIPS** — Asked by who?

**Mr HULLS** — The interim report set out the concerns held by the WRA and the proposed agreement and information provided to employees by Bruck. The interim report, as I understand it, compared the proposed agreement to the existing terms and conditions of employees and set out a number of reductions in existing conditions. A ballot then took place at Bruck on a proposed agreement. That took place in April of 2007. That proposed agreement was rejected by a significant majority of employees. As a result, the CEO of Bruck, a gentleman by the name of Alan Williamson, then went on to the media and made some extraordinary comments.

**The CHAIR** — Just confine it to the processes, please.

**Mr HULLS** — I do not back down from the position of this government, that employees have the right to receive information which enables them to make fair and informed decisions when faced with proposed agreements that may reduce their existing entitlements under WorkChoices. In relation to the company you have referred to, I have not directed the WRA in relation to that matter. If a complaint is received, the WRA will make a decision as to whether or not he decides to investigate.

**Mr RICH-PHILLIPS** — In relation to Bruck, you said it was investigated in response to a request. Who was the request from, was it an employee-initiated request?

**Mr HULLS** — My understanding is complaints were received from TCFUA and a Bruck Textiles employee.

**The CHAIR** — Yes, that is well recorded.

**Mr SCOTT** — I refer the minister to budget paper 3, page 140, that outlines activities in advocating for 'cooperative workplaces that contribute to Victoria's economic development'. What has been done in recent times and what will be done during the budget estimates period for owner-drivers, a group of workers who have traditionally worked under extreme pressure for relatively low pay?

**Mr HULLS** — Thanks for the question. I am pleased to say that the Owner Drivers and Forestry Contractors Act commenced full operation from 1 December last year. This legislation is based on a small business model of light touch regulation, designed to address the information imbalance that exists in the transport and



forestry industries. It is the first legislation in Australia, I am pleased to say, to actually take this approach in the transport and forestry industries.

Under the legislation, significant achievements have been made, including the publication of the Owner Drivers and Forestry Contractors Code of Practice, an information booklet for owner-drivers, various rates and costs schedules for both the transport and forestry industries, and a model contract for owners-drivers.

I am pleased to say that all this work has actually been undertaken with the unanimous support of industry council members. In January this year another significant milestone in the work of the councils was completed with a massive distribution of these and other publications to the industry and the public. This included 17 000 rates and cost schedules and 12 000 information booklets and various other documents.

I think this outcome is a win for all stakeholders — fairer practices resulting in more sustainable businesses helping to modernise this crucial sector of Victoria's economy, as well as protecting and educating owner-drivers. What is being achieved with owner-drivers and forestry contractors in the transport and forestry industries is entirely consistent with our industrial relations policy, and that is trusting those in the industry, unions and employers, to work together to demonstrate maturity, goodwill, cooperation, collaboration and to aim for outcomes that benefit the entire industry.

I am pleased that these reforms have been supported. I note that the opposition basically indicated that these owner-driver laws are typical Labor socialist policy — more regulation and more red tape. I have to say that is not the view of the industry. The industry is unanimous in its support for what we have done.

**The CHAIR** — Thank you, Minister.

**Mr BARBER** — I am interested in getting some information about which arms of the government — government-owned entities and so forth — represent constitutional corporations under the meaning of the WorkChoices act. There is a big list of them on page 50 of budget paper 4, but then there are all the others, like Melbourne Water, that are not part of that sector. Firstly, has your department looked at that?

Secondly, are you considering in this coming year doing what was done in New South Wales, which was effectively to create a labour hire firm which was owned by the government that was not a constitutional corporation and to put the workers who are working for Sydney Water and TAFEs and so forth into that to avoid WorkChoices for some more government employees?

**The CHAIR** — Minister, insofar as it relates to your portfolio?

**Mr HULLS** — It is a very good question, and I am happy to get Greg further information in relation to the first part of his question. I guess his question really relates to the High Court result and the impact of the High Court decision that was handed down on 14 November.

It is true that the commonwealth chose to reject cooperative federalism and instead used the corporations power to impose what I believe is its radical IR agenda on the states and on the Australian people. I think the High Court decision has the potential to reshape the federation for years to come, and that was noted by two of the High Court justices who vigorously rejected the radical expansion of commonwealth power. We support a unitary system of industrial relations; we have made no secret of that, but we believe in one that is fair for both employers and employees.

The government has not considered going down the path that you have raised. However — —

**Mr BARBER** — Meaning you have not formally considered it as a government or at cabinet level?

**Mr HULLS** — No, we have not. Having said that, the government has, as you know, now introduced, I think, 12 pieces of legislation to ameliorate the worst aspects of WorkChoices, and we will continue to look at ways to do that. Some people have said to us, for instance, that the best way to really ameliorate WorkChoices is to withdraw your referral of power and re-establish a state system.

**Mr BARBER** — Trades Hall Council has said that?

**Mr HULLS** — They have, some members of Trades Hall Council have said that, but I made the point to them time and time again that they only need to read the High Court decision. Doing so will have no impact at all, in effect, because the High Court decision basically means that the federal government can legislate to overtake state IR systems. So our policy is one of cooperation and collaboration.

We have introduced a wide range of measures to protect public sector employees from the effect of WorkChoices. We have passed legislation, as you know, to restore unfair dismissal rights. We have policies that promote collective bargaining with public sector unions rather than individual bargaining AWAs. We renegotiated the VPS agreement with the CPSU prior to the commencement of WorkChoices to protect public servants from the worst aspects of that legislation, and we will continue to look at ways that we can, as I said, ameliorate the worst aspects of WorkChoices.

There has been no formal investigation by the government in relation to the issue that you raised, but that is not to say that we will not continue to look at ways to lessen the effects of WorkChoices on Victorians, and in particular public sector workers in this state.

**Mr BARBER** — Thank you, Chair, so if the first part can just go on notice — about the list — —

**Mr HULLS** — Yes.

**Mr BARBER** — And if there is a way to actually work out the number of employees under each of those rather than my having to look up all their annual reports, that would be great as well.

**The CHAIR** — Okay, I am not so sure about the second one, but certainly the first one. We do have, in our estimates questionnaire, questions about staff.

**Mr HULLS** — The distinction here is a bit different to New South Wales because we have actually referred the power, but I am happy to get the material to you.

**Ms MUNT** — I cannot believe I am sitting here listening to the opposition talk about workers' conditions and protections — —

**Mr WELLS** — Get on with it!

**Ms MUNT** — After sitting in the last Parliament and listening to the debate on the outworkers legislation — —

**Mr WELLS** — Is there a question on it?

**Ms MUNT** — Given that Industrial Relations Victoria advocates on behalf of an innovative, high-performing and cooperative workplace, could you, Minister, please outline how the outworkers are protected from the unfair hardships of WorkChoices?

**Mr HULLS** — It is an important question, because, as we know, outworkers are an extremely vulnerable workplace group. They are largely an invisible workforce. They are predominantly migrant women, often working alone in their homes. The Victorian government has introduced a range of measures to protect outworkers from exploitation and also to provide them with sustainable alternative employment opportunities in the face of downturn in the TCF industry.

To help us with this task we set up the Ethical Clothing Trades Council of Victoria. We did that some three years ago. In 2003 we introduced the Outworkers (Improved Protection) Act to ensure outworkers in the Victorian clothing industry received their lawful entitlements, and in 2005 we made amendments to that act to strengthen those protections.

WorkChoices, I have got to say, threw that very important protection into question by creating a loophole where contractors do not have access to award conditions. That is because WorkChoices moved many outworker entitlements from federal awards to the Australian Fair Pay and Conditions Standard, which only protects outworkers who are described as 'employees' and not 'contractors'. I guess that distinction adds yet another layer of complexity to the workplace laws in this country. Worse, it actually allows unscrupulous operators to create sham contracts to avoid their obligations.

**Mr WELLS** — And we have seen them.

**Mr HULLS** — That is the reality.

**Mr WELLS** — We have seen them; I think we may have mentioned them when we started — —

**Mr HULLS** — Once again, we stepped in to clean up this unholy mess.

**Mr WELLS** — No, you haven't, not in all cases.

**Ms MUNT** — You opposed the outworkers legislation.

**Mr PAKULA** — You never supported one piece of legislation to protect workers' rights — never once; not one piece of legislation.

**Mr WELLS** — You pick and choose the ones you want; you work out whether they are a mate or not.

**The CHAIR** — Order! The minister to answer the question, please.

**Mr PAKULA** — You hypocrite!

**Mr WELLS** — If it's a mate, you won't!

**Mr HULLS** — Legislation we have introduced will ensure that outworkers continue to receive the same wages and conditions as federal award employees, because new laws, which were introduced into state Parliament on 22 May — which I hope will be supported by the opposition with their new-found interest in outworkers and vulnerable workers; I hope they support this piece of legislation — will safeguard the terms and conditions of all outworkers, whether they are labelled independent contractors or employees.

As well as ensuring that outworkers receive decent wages and conditions, as a government we are assisting outworkers to upgrade their skills and to overcome language, qualification and social barriers that face them so that they can have opportunities to get better jobs or indeed start their own businesses. IRV, in partnership with industry reps, community organisations, registered training organisations, the TCFUA, local councils and the Department for Victorian Communities has actually developed a series of education and training courses with a focus on areas of skill shortage in vocations of interest to outworkers. Training includes things like child care, family day-care training, pattern making and design, aged-care training, dry-cleaning through RMIT and hospitality courses as well.

I have got to say that I was pleased to see — and some of you may have seen it occur in Parliament House two weeks ago, I think — a graduation ceremony for outworkers. The former outworkers were celebrating the completion of retraining at the William Angliss Institute of TAFE in the hospitality industry. The passion with which these people qualified and received their certificates was something to behold. We will continue to support the most vulnerable workers in our community, and outworkers are amongst the most vulnerable.

I just hope, finally, that the opposition gets on board with this type of legislation, because we have introduced, I think, 12 pieces of legislation to assist workers against the onslaught of WorkChoices, and every one of them has been opposed by Kim Wells and people in his party.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 140 again — the estimates of the innovative and high-performing workplaces — and in particular the total output cost of \$14.5 million into the forward estimates. I note that in a press release on 25 March this year you launched a television advertisement, and as part of that press release you said:

The new WRA campaign will feature television, radio and press advertisements, which will run over the coming months.

This was in response to the federal government's industrial relations reforms. So we have \$14.5 million of money in that area, in the output costs. My questions really relate to the anticipated commencement of the media program attacking the federal government. When do you propose that you are going to start using Victorian taxpayers money? When will you expect it to conclude in the forward estimates?

Will the \$14.5 million of taxpayers money be spent on the blatant political advertising campaign on behalf of the ALP? In response to the question I ask you to consider the recent Auditor-General's report *Government advertising* of September 2006, in which he made it very clear in terms of publicly funding publicity activities. He said:

Material should not intentionally promote ... politically partisan or biased manner, which places party advantage above the public interest.

Material should not be designed to influence public support for a political party ...

Material should not attack or scorn, for its own sake, the views, policies or actions of others, such as the policies and opinions of — other —

parties or groups.

Given that there are clear guidelines laid down by the Auditor-General, that there is \$14.5 million of money available to the government, that you are also ready to launch an attack on the federal government through your on admission in a press release — —

**The CHAIR** — Come to a conclusion; you have repeated yourself.

**Mr DALLA-RIVA** — I will come to the point. Will the government seek reimbursement from the ALP for the money it is spending on the ALP's behalf?

**The CHAIR** — Minister, insofar as the question relates to your portfolio, the last bit was irrelevant. I also refer the minister to the answer of the department to question 9 of our estimates questionnaire.

**Mr HULLS** — Can I just say, Richard, it is a gutsy question. It really is. It is gutsy because it shows that you do not know how to read budget papers for a start. It is gutsy because what you have tried to do is link the entire IRV budget of \$14 million to an advertising campaign. For goodness sake!

**Mr DALLA-RIVA** — I want to know how much it is.

**Mr WELLS** — How much?

**Mr HULLS** — I will tell you, and you will start weeping. The fact is that the entire budget of IRV is \$14.5 million. That was an increase of \$1.4 million over the 06–07 budget. The workplace rights advocate budget is \$3.2 million, and that is included in the \$14.5 million. I have already said during the display what IRV does and how that \$14.5 million is spent, so it is absolutely farcical to be suggesting that \$14.5 million has been set aside for an advertising campaign.

**Mr DALLA-RIVA** — I did not say that.

**The CHAIR** — The minister has the floor to answer the question.

**Mr HULLS** — It is true that there have been three tranches of advertising to date, with a fourth to commence shortly, to promote the services of the workplace rights advocate. In assisting Victorian employees and employers obtain information about the employment entitlements and obligations under WorkChoices, the workplace rights advocate has conducted an advertising campaign. The launch campaign — and I launched it at the beginning of April 2006 — involved the expenditure of \$910 000. It included regional television commercials, radio and press advertising, as well as signage on Melbourne trams. By the way, this figure has been out there; it is not new, just in case you thought it was.

The advertisements ensured that the most vulnerable groups of Victorian employees under WorkChoices knew where to get help if they were faced with, for example, unfair AWAs, termination of employment or reduced entitlements. The launch campaign was later extended in June 06, with two weeks of advertising on metropolitan TV. The cost was \$250 000.

The third tranche of advertising was conducted in October 06 with radio and press advertising in regional and metropolitan centres for two weeks. This involved expenditure of \$104 000. A new advertising campaign will begin shortly, with TV, radio and press advertising in regional and metropolitan centres. Up to \$400 000 has been budgeted for this campaign.

Can I say that the WRA's expenditure can be favourably contrasted with the \$55 million spent to date by the federal government in promoting its WorkChoices legislation. The federal government spent close to \$5 million in one week advertising its Clayton's fairness test.

Let's get real about this. We are about promoting the role of the workplace rights advocate and ensuring that employees — particularly vulnerable young people in regional Victoria — who have questions and concerns about any agreement they are being asked to sign, know where to go. I have given you the estimate of the cost of that advertising campaign, which pales into insignificance when you consider the campaigning and the cost of the campaigning conducted by the federal government.

**Ms GRALEY** — I would like to talk about the public sector EBA wages. It is of interest to all PAEC members that one of the pressures facing Victorians is surely the major public centre enterprise round about to get under way. I was wondering if the minister could explain the forward estimates in the budget relating to wages policy and outline the government's public sector wages policy?

**Mr HULLS** — Thanks for that question. It is an important one because we are going to an EBA round. Our public sector wages policy reflects, I think, a commitment to fiscal responsibility. It encourages service delivery improvements and real productivity gains to ensure budgetary sustainable outcomes. The policy in the budget funded sector took full effect on 1 July 04 and is based on the following principles: firstly, departments and agencies have the responsibility of managing wage costs as part of their overall budget; secondly, overall department budgets are indexed appropriately to ensure the maintenance of real wages; and thirdly, outcomes above the maintenance of real wages will be sourced from real and sustainable productivity improvements.

Our wages policy provides that wages can be increased by 2.5 per cent for inflation and 0.75 per cent for service delivery improvements. Any additional increases above that must be proved through demonstrated and sustainable productivity improvements.

Our policy covering agreement making in the public sector applies to budget funded departments and agencies and non-budget funded utilities, statutory authorities and government-owned businesses in the water, finance, sport, recreation, tourism and art sectors, as well as a number of regulatory bodies. The policy — and this is the important part of it — is underpinned by a requirement to produce service delivery improvements and real productivity gains to ensure sustainable outcomes.

We are going to an EBA round now. Negotiations have already started with the police; they are about to commence I think with the ANF, with the nurses; and I think all parties are aware what our policy is. We had a policy last time and that led to sustainable outcomes, and we hope that the current round will also lead to sustainable outcomes as well.

**The CHAIR** — Thank you, Minister. That concludes the consideration of budget estimates for the portfolios of Attorney-General, Racing and Industrial Relations. I thank the Attorney-General and departmental officers for their attendance today. It has been a very comprehensive session. There are a number of issues which need to be followed up with you and there may be some other questions which the committee will forward to you at a later date. The committee requests that written responses to those matters be provided within 30 days and they will form the basis of the consideration for a future report of this committee.

**Witnesses withdrew.**



## **Transcript of Evidence**

### **6.10 Industry and State Development portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **6.11 Information and Communication Technology portfolio**



# 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 your 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 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.**

## **Transcript of Evidence**

### **6.12 Innovation portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **6.13 Regional and Rural Development portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **6.14 Skills portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **6.15 Small Business portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **6.16      Tourism portfolio**



# 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 Tourism;  
Mr W. Hodgson, secretary; and  
Mr G. Hywood, chief executive officer, Tourism Victoria, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I welcome Mr Warren Hodgson, Secretary of the Department of Innovation, Industry and Regional Development and Mr Greg Hywood, chief executive officer of Tourism Victoria.

A total of 30 minutes has been allocated to the portfolio of tourism, and I call on the minister to give a brief presentation of not more than 5 minutes, or even less, on the more complex financial and performance information that relates to the estimates for the portfolio.

**Mr HOLDING** — Never let it be said I can't take a hint, Chair — I will go as quickly as I can. I should say by way of introduction that I am joined by Warren Hodgson, the Secretary of the Department of Innovation, Industry and Regional Development and also Greg Hywood, the CEO of Tourism Victoria. I would like to acknowledge and welcome them both.

**Overheads shown.**

**Mr HOLDING** — The first slide simply underscores the importance of tourism to the Victorian economy. It drives a lot of economic activity. It employs a lot of people. It is very important in regional Victoria. It contributes a lot in state tax revenue. I also just note that every international tourist who visits Australia and who visits Victoria and every dollar they spend has an impact on the national accounts as if it were an export. In a sense any strategy that is built around promoting exports, which is unambiguously the focus of the Victorian government, must include a strong tourism element to it and an international tourism element to it also.

We can see here some of the key achievements in 2006–07. There has been a launch by the previous minister of our 10-year Tourism and Events Industry Strategy. You can see that we have had some success in recent months on aviation access. I am happy to talk more about that; that is a very important issue to Victoria. You can see also a significant increase in international visitors. I talked about international visitors being important from an export perspective; it is good to see some strong numbers there. Our Tourism Excellence program is important. Also there has been the success of the Victorian tourism operators at the Australian tourism awards. We won eight awards, which is a record. That was more than any other state or territory.

**The CHAIR** — Excellent.

**Mr HOLDING** — Don't think we are not competitive! We have key priorities going forward. There is an ongoing focus on aviation capacity and the development of a nature-based tourism strategy which we will be releasing later this year. Obviously we had very significant bushfires earlier this year. Assisting communities recover from that from a tourism perspective has been very important. Our ongoing efforts to increase visitation to regional Victoria are significant. I know if Dr Sykes had been here, he would have asked me about that.

**The CHAIR** — I'm sure.

**Mr HOLDING** — Maintaining Victoria's position as the events capital of Australia is also very important. I am happy to take questions on that. There are some key budget initiatives. You can see there was a significant investment in the budget. Some of that is around major events, but also there is a very significant investment in regional tourism as well as our ongoing efforts to promote our brand offshore. That is it.

**Ms MUNT** — You have outlined the importance of tourism to the state's economy; it is a billion-dollar contributor to the state's economy. It is of course very important to keep those tourists coming. I actually noticed a lot of buses out the front here every day — international tourists who have come to Melbourne.

**Mr HOLDING** — Or protesters; one or the other!

**The CHAIR** — No, they're tourists.

**Mr BARBER** — Some are both.

**Mr HOLDING** — True — they are!

**Ms MUNT** — I know that they are interested in not only looking around the state but in the excellent facilities we have to offer. I noticed a line item on budget paper 3 page 266, under 'Excellence in service standards'. There has been money allocated for this program 'Excellence in service standards'. I was wondering if you could explain what that is. Does that support the provision of excellent tourist services?

**Mr HOLDING** — It is recognised that as much as we work to promote Victoria interstate and offshore and bring tourists and visitors here, it is important that when people come they have a positive tourism experience. It is no good attracting them in huge numbers if people come and have a lousy experience. That is reflected in the work that the Victorian government is doing to attract new investment in our tourism industry — that is, to attract new hotels, to attract new investment in infrastructure, to improve the nature-based tourism experience, to improve walking tracks in national parks or interpretive centres at different assets. But it is also reflected in the support that we can provide for tourism operators who are seeking to improve their standards. There is a range of things that the government is doing in this area. I just wanted to draw attention to a couple of them.

The first is our Tourism Excellence program. We launched a Tourism Excellence strategy in April 2006. We were the first jurisdiction anywhere in Australia to do this. An important part of this strategy is a set of modules which are gradually being released across Victoria which provide tools for tourism operators to use to improve their standards, to work on the sorts of things they do to improve and encourage excellence in the industry, to encourage best practice, to encourage tourism operators to look at what others are doing and to incorporate those innovations into their own businesses. We put aside \$1 million in the most recent budget to support this initiative, and that is an important part of the resources that we are providing to tourism operators.

Other things that we do to promote tourism excellence include the strong support that we provide tourism operators who seek to compete in statewide or national awards. I mentioned before the eight awards that Victoria won at the Australian Tourism Awards earlier this year in Sydney. I know it is easy to scoff at these things. Sometimes from time to time people say the tourism industry is littered with different award schemes in place, but these national awards are the nationally recognised Australian awards for tourism. They carry with them significant prestige, and the companies and the tourism operators — some of them are government agencies, but most of them are private sector organisations — that are recognised by them achieve significant status from that. Their employees certainly take great pride in having their product recognised in that way, and the process of going through the awards evaluation has an impact on the product that these tourism operators provide. In order to be successful at the national awards you must have won the state-based award for that sector, so all of these organisations and operators have won their relevant state-based award before they go onto the national awards. All of them have gone through a very, very rigorous process of having their tourism product tested and considered by their peers, effectively, in identifying the excellence of the product.

We think there are a lot of things the Victorian government can do. We have been doing some things in terms of supporting greater skills acquisitions, working with OTTE and others to improve skills in our tourism industry. We have been working on the Tourism Excellence strategy — the rollout of those modules across Victoria. We have been working with tourism operators to improve their performance in terms of tourism awards, tourism excellence in Victoria and interstate, and we are very, very pleased with the quality of the product that we are seeing and the results that our tourism operators have achieved across Australia.

**Mr BARBER** — Hopefully I am addressing the minister for the grand prix?

**Mr HOLDING** — Yes.

**Mr BARBER** — Obviously the losses from that event have been rising, and I am interested in what the government's stop-loss position. But maybe you could just tell us in relation to this proposal for a night race who have you talked to about this proposal, what estimate is there for the cost of running a night race, and who is expected to pay for that?

**Mr HOLDING** — Firstly, we have not received a proposal for a night race.

**Mr BARBER** — That was not the question I asked. I said: who have you spoken to about it?

**Mr HOLDING** — Not having received a proposal, it is not surprising therefore that we have not had extensive discussions

**Mr BARBER** — But there have been some.

**Mr HOLDING** — We have not received a proposition which says this is what we would like to do. Obviously I have had some informal discussions with the grand prix corporation itself, with the Australian Grand Prix Corporation. We have not received any proposition internationally from the international organisers of the

grand prix, but there has been media speculation around it, and the government has said throughout that process two things. One is that we are yet to receive a proposition so it is very hard for us to ascertain a cost or to reflect on the infrastructure that would be required to support a proposition like that.

The second thing that we have always said in relation to a night grand prix is that we will make a decision on whether or not to have a night event in Victoria based on what is in the best interests of Victorians. That is the test that we will use. Whilst we will listen carefully to whatever representations and presentations are made to us, you would expect us to make a judgement based on the best interests of Victorians, and that is what the government will do.

**Mr BARBER** — So there are no estimates on costs that have been developed?

**Mr HOLDING** — We have not received a proposition, so we are not in a position to know what would be proposed, and therefore what it might potentially cost. It is very hard to cost what you have not received.

**The CHAIR** — We understand that, Minister.

**Mr PAKULA** — Minister, on page 146 of budget paper 3 I note that the target for international visitors has risen over the forward estimates period, I think, since the 2006–07 target. I would imagine that a key factor in growing national visitor numbers is increasing the direct flights into Melbourne, so I am interested in what initiatives are being undertaken to open up our skies, particularly in regard to the key target markets that we might have.

**Mr HOLDING** — That is a very good question, and it is a question which has occupied the mind and the attention of not only the Victorian government in recent years but also the Victorian tourism industry more generally. We know there is a point at which we cannot grow our industry any further if we do not get access to more direct flights. There is a point at which the benefit that flows from things like the significant investment that the government is making in the new convention facilities at Southbank will not be realised if we are not able to significantly increase Victoria's aviation access arrangements in relation to direct international flights.

We know in recent years there were some very challenging developments. We saw a reduction in direct-flight services to Melbourne by Qantas, and we have seen other operators either reduce or remove services that had been provided. Austrian Airlines has been a more recent case in point, but there were other airlines as well. So the Victorian government has embarked on a strategy of endeavouring to attract more direct flights to Melbourne, and we have seen in recent years some very considerable success in that area.

The first is the announcement by Qatar Airways, which we are very pleased about. It has recently been granted air rights allowing it to fly daily to Melbourne, whilst Emirates has been granted an additional 35 services per week from Dubai to Australia, allowing it to build upon its existing double-daily Melbourne services.

We saw the announcement that I made with the Premier on Tuesday — that Qantas would be providing two additional direct flights from Melbourne to Shanghai each week — and we welcome that. It is an important reinstatement of a service which existed previously.

We have also seen an announcement by Indian Airlines, who will be flying from Delhi via Singapore to Melbourne later this year, initially with services coming in from four other Indian cities to support that flight through Singapore. It is a very important development in a rapidly growing market for us. In fact looking at India as a market alone, we have seen huge increases in recent years. It is a market that is estimated to grow 17 per cent per annum over the next 7 to 10 years. It is our fastest-growing market. It is predicted to grow faster than China, so having those direct services coming into Melbourne from India is very important if we are to capture the benefit of that and see as many of those visitors as possible coming to Victoria as part of their Australian tourism experience.

We are going to continue to work in this area. We were obviously pleased to see the announcement by Tiger Airways to establish a presence in Victoria. Although this relates more to domestic services than it does to international services, there is significant scope and potential there. We are continuing to work with Qantas on opportunities to increase their direct services, and we see this as an area where we need to do more work on the federal government.



Essentially the federal government has the key to unlocking international air service agreements. To date there have been some routes that it has protected, we think, quite significantly to the detriment of Victorians, and we will continue to put pressure on the federal government to open up those air routes to Victoria, to make it easier for people to come and visit our state and, frankly, also to provide greater choice for Victorians who wish to travel overseas.

They ought not have to travel through Sydney to access other locations. It adds cost, time and inconvenience to them, and opening up these services is important, not only from our tourism industry's perspective but also in terms of our international competitiveness, investment, promoting trade and promoting our international student activities, which are considerable.

This is an area that the Victorian government will continue to prioritise. We have achieved some success in recent months, and we will continue to put pressure on the federal government to open up Australia's skies and to provide more direct services into Victoria. We have got carriers that want to fly here; they should be allowed to do so.

**The CHAIR** — Thank you, Minister. We share your concern about the Sydney-centric nature.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 146, under the heading 'Marketing Victoria'. Under 'Tourism' it shows the total output expenditure for 05-06 to be \$53.7 million, which is a blow-out of \$14.6 million on top of the original target of \$39.1 million as referenced in the 06-07 budget paper 3 at page 157.

Minister, last year's budget paper said the target for 2006-07 was \$46.2 million. In this year's budget paper this target is shown as \$48.5 million, with an expected outcome of \$72.1 million — a blow-out in excess of \$25.9 million or 56 per cent. Is the dramatic increase in the budget — this follows on from Mr Barber's comments — the result of the government's anticipating the cost of a night grand prix?

In particular I refer back to the question — you did not answer it — does the government support a night grand prix? We did not get a definitive answer, yes or no. You said you had had 'not extensive discussions' in relation to the night grand prix. Specifically, who have you or the Premier spoken to regarding the night grand prix or the future of the grand prix in Victoria; has any investigation taken place, preliminary or otherwise into the safety of holding this grand prix at night; and do you think it is worth the money meeting Mr Ecclestone's demands, given that the Auditor-General has found that the 05-06 grand prix produced a net loss to the state of \$6.7 million?

**The CHAIR** — I find the question a little confusing, I must admit. You started off talking about output costs and you ended up repeating a previous question. Minister, to answer insofar as it relates to the estimates and your previous answers.

**Mr HOLDING** — I will have a go, Chair. There has been a whole series of questions that Mr Dalla-Riva has asked in relation to this, and it is all premised on government having received a proposition for a night grand prix — what is it going to cost, what are the safety implications and who have we met with. I have made it clear that the government has not received a proposition for a night grand prix.

**Mr DALLA-RIVA** — But you said 'not extensive discussions', so there must have been some discussions, Minister.

**Mr HOLDING** — No, I did not say 'extensive discussions'.

**Mr DALLA-RIVA** — I wrote it down.

**The CHAIR** — I think you used the word 'informal' discussions.

**Mr HOLDING** — Precisely. Saying 'extensive discussions' is absolutely putting words in my mouth, because I never used those words; I said 'informal discussions'. You would be surprised, there having been speculation in the newspapers and in the media about a night grand prix, if I had not raised it with the chairman and said, 'What is the situation in relation to this?'. He made it clear that no proposition has been received by the international grand prix organisation, and on that basis it makes it very difficult for us to cost a proposition that we have not received, and it makes it very difficult for us to consider what safety implications, amenity implications or whatever there might be for a proposition which has not been received by government.

You are asking what discussions we have had. Those discussions which I have described are the discussions that I have had in relation to a night grand prix. They are the only discussions I have had in relation to a night grand prix.

**Mr DALLA-RIVA** — Those discussions you have had with the other people, have they been threatened by Mr — —

**The CHAIR** — He mentioned a particular discussion.

**Mr HOLDING** — I mentioned that I have had a discussion with the chair of the Australian Grand Prix Corporation.

**Mr DALLA-RIVA** — Right. So you do not support a night grand prix; is that fundamentally where you are at?

**Mr HOLDING** — Your having said that I have had extensive discussions, to which I said ‘No, that’s not right’, you now turn around and say, ‘So you don’t support a night grand prix’ — based on what?

**Mr DALLA-RIVA** — I am asking: do you support it or not?

**Mr HOLDING** — The government has said we have not received a proposition. Until we receive a proposition, it is very difficult for us to evaluate whether or not a night race is in the interests of Victorians. What I have talked about is the criteria we will use to make a judgement when and if we do receive a proposition, and it is possible that we may never receive a proposition. But when and if we do receive a proposition, the judgement we will use and the criteria we will use to make an assessment is whether or not it is in the best interests of Victorians.

**Mr DALLA-RIVA** — But you must be anticipating some loss, because the forward estimates in the budget are far in excess of previous years.

**Mr HOLDING** — This has got absolutely nothing to do with a night grand prix, and I am stunned, Richard, that do you not understand this.

**Mr DALLA-RIVA** — No, just the grand prix in general, given the — —

**Mr HOLDING** — We have re-signed the agreement for 2007, we have re-signed it until 2010, and the costs connected with that re-signing are embedded in the forward estimates, like you would expect them to be.

**Mr WELLS** — Can I ask, just to clarify very briefly — —

**Mr HOLDING** — And, I might add, they have nothing to do with a night race. We have re-signed until 2010, and I am amazed that everyone wants us to renegotiate our grand prix the year after us re-signing it, the very year we have just re-signed it for a further four years.

**Mr BARBER** — No, we want to make sure you are not doing that.

**Mr HOLDING** — There are a range of different views.

**Mr WELLS** — The only issue I want to clarify is this: do you as minister support a night grand prix?

**Mr HOLDING** — I have not received a proposition yet.

**Mr WELLS** — No, that is irrelevant. It is whether you support the concept of a night grand prix.

**Mr HOLDING** — I am not in the business of saying I support or do not support something, sight unseen. It would be an extraordinarily foolish person who said that. Let us wait for a proposition. We may get one; we may not. If we get one we will evaluate it and make a judgement based on whether or not it stacks up for the Victorian people. If it does not, then we will not be supporting it.

**The CHAIR** — Thank you, Minister, and we are into good governance as well.

**Mr SCOTT** — The question I have for you, Minister, is regarding the [visitvictoria.com](http://visitvictoria.com) website and online tourism marketing. Again in budget paper 3, at page 146, there is an anticipated increase in the hits to the

website, reflecting an increase in online marketing activities. What sorts of activities will be undertaken in online marketing, and how are they expected to benefit the Victorian tourism industry?

**Mr HOLDING** — Thank you very much for that question, Robin, and you identified visitvictoria.com. Quite appropriately it is a leading-edge destination website. We have seen it outperform all the other state tourism websites in terms of the share of the Australian internet audience over the last three years, so we are very pleased to see the success that the visitvictoria.com website has already achieved.

We see in 2007–08 an aggressive performance target in relation to this, and that is because we have seen its success and it highlights the confidence the government has, as well as the importance that online marketing activities have in terms of providing a marketing platform and a research tool for travellers. So we see this as a very important tool and that is the reason why it has been afforded such significant focus in terms of our performance measures going forward. But it also takes the investment of resources if that is to be achieved. That is why, in order to maintain our competitive advantage, we have allocated an additional \$1 million over four years as part of the 2007–08 budget to assist in that area. That funding is an important part of the recognition that was given to the importance of online activities in the 10-year strategy which my predecessor launched in October last year. It is an important set of tools and it is important therefore that it is appropriately resourced.

Tourism Victoria, through the board, has also developed an online strategy, which looks at visitvictoria.com, but also all the activities that are occurring from a marketing perspective to support our online and internet-based activities. We think the funding we are investing here will have a significant impact on regional tourism operators. We know there will be a benefit also from a training skills perspective, and this will ensure that our regional operators are keeping pace with the rest of the industry and their competitors interstate.

We know the e-marketing program, which is part of the \$6.5 million that we have allocated to support regional tourism, will be an important part of that initiative as well. We think we will see our regions providing better online campaign integration, more sophisticated e-marketing packages and a range of other opportunities that can be price-consolidated by campaign committees directly to tourism businesses, and we think these are an important way also of supporting regional tourism operators to access and utilise online activities in the work they do to promote their businesses.

**The CHAIR** — Thank you very much for that, Minister. I have a question on notice for you here regarding a breakdown of tourism output funding which I will provide to you.

**Mr HOLDING** — Okay.

**The CHAIR** — I thank the witnesses who have appeared in this segment of the hearings.

**Witnesses withdrew.**



## **CHAPTER 7: DEPARTMENT OF JUSTICE**

### **Transcript of Evidence**

#### **7.9 Attorney-General portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 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 R. Halls, Attorney-General;  
Ms P. Armytage, secretary; and  
Mr J. Griffin, executive director, courts division, Department of Justice.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the Attorney-General and for the portfolios of racing and industrial relations. On behalf of the committee I welcome the Honourable Rob Hulls, MP, Attorney-General, Minister for Racing and Minister for Industrial Relations; Penny Armytage, Secretary of the Department of Justice; and John Griffin, executive director, courts division, Department of Justice.

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

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review; there is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee by close of business on Friday. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the 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. Before we proceed I ask that all mobile telephones be turned off. 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 portfolio of Attorney-General.

**Mr HULLS** — Thanks, Chair. I will run through some of these slides very quickly which simply outline the priorities of the justice portfolio over the coming 12 months and priorities for the future.

#### **Overheads shown.**

**Mr HULLS** — The first slide simply shows that my portfolio has \$657.4 million, or about 21 per cent, as its share of the entire Department of Justice allocation, and that is a 6 per cent growth on prior years funding. Additional funds are going to be directed towards a range of landmark projects which include things such as reducing court delays, modernising coronial services and the like.

Slide 3 shows various output groups from the portfolio. 'Dispensing justice' includes areas such as courts and prosecutions. As you can see that is the biggest slice of the portfolio, being 51 per cent. 'Legal support for government' and 'protecting the rights of Victorians' includes things like law reform, native title, VGSO, and the electoral commission; and 'community operations' includes things like road safety enforcement, the Aboriginal justice agreement and victims services.

The next slide is about the major achievements in the 06–07 year and includes the Gunditjmara native title settlement and the Aboriginal justice agreement mark 2. The 06–07 budget committed just over \$26 million to AJA mark 2. Also, 'sexual assault reform implementation' includes multidisciplinary sex assault centres. I actually opened one on Monday in Mildura; and a few weeks earlier, another one in Frankston. It also includes a new unit within the OPP to deal with sexual assault matters, a victims charter which was proclaimed on 1 November 2006 and a neighbourhood justice centre which opened in February. Further achievements take in Koori courts including Bairnsdale Koori Court, which is the sixth adult Koori court. I will be opening the second children's Koori Court in Mildura in September. Things such as the Latrobe Valley police and courts complex, the Moorabbin justice centre, which I am sure you have all heard about —

**Ms MUNT** — Yes, I have!

**Mr HULLS** — Yes, I know Janice has. There is the Melbourne legal precinct master plan.

The next slide talks about the proactive law reform program, the bedding down of the human rights charter, the Crimes Sexual Offences (Further Amendment) Bill, which will do a number of things, including providing alternative arrangements for the giving of evidence in proceedings in relation to a charge of sexual offence. It



includes the establishment of the sexual offences list at the Magistrates Court, increased compensation for victims of crime and the crimes DNA database to enable automatic matching of DNA across jurisdictions.

The next slide deals with modernising the justice system. It includes the comprehensive review of our criminal laws: the Evidence Act, the Bail Act and the like; the legal education review implementation, which deals with articles and whether or not we should continue articles or change the system; and also the Infringements Act.

The next slide deals with some of the budget initiatives. Reducing court delays: \$45 million, includes additional judges, masters, support staff, extra funds for the OPP; modernising our coronial services: a \$43 million boost; expanding CLCs, which includes \$3.8 million to fund a network of 7.5 dedicated family violence lawyers across the state; and improved access to homeless Victorians: a homeless persons liaison officer will actually help homeless people who come before the Melbourne Magistrates Court and link them into services and the like.

The last slide deals with further budget initiatives, including, as you know, increased compensation for pain and suffering — that legislation has gone through the house — \$2.4 million for ongoing professional development and training for judges, judicial officers and also the Court Network blue jacket project, which is \$400 000 over four years. So there is a pretty exciting period ahead, I think.

**The CHAIR** — Thanks very much, Attorney-General. I would like to begin by focusing on productivity. It is very important obviously for the future of our state, let alone the individual departments et cetera. In terms of your overall portfolio — and you have got three of them, so it will save me asking the question three times — what impact will there be on your portfolio spend on productivity, particularly new initiatives in the coming budget?

**Mr HULLS** — In relation to the benefits of productivity in the A-G's portfolio, I think we have seen them in terms of improved efficiency of the justice system and better outcomes for the community generally, in particular those that rely on the courts services for appropriate socially just outcomes. So the budget initiatives will create, I think, more efficient courts, and that will mean quicker access to justice. Less costly resolution of commercial disputes is, of course, one way the courts contribute to the economy of this state, but you cannot always put a dollar amount on better outcomes when it comes, for example, to improved ways the justice system deals with victims of crime or victims of family violence.

The budget invests \$45.3 million over four years to provide additional resources to the County and Supreme courts. That will involve reducing court delays and therefore the expenses and risks associated with lengthy delays. As we know, lengthy delays in commercial matters, for instance, are costly for litigants. Lengthy criminal trials or lengthy delays in criminal trials can actually diminish of chances of successful prosecutions. Additional resources in this budget will build on measures already under way to improve the efficiency of the courts.

As you know, we have also upgraded some of the IT systems within the courts. We are rolling out a single technology platform for our courts and tribunals, and that presents a major upgrade in technology that will provide productivity benefits to consumers of court services but also to court staff. It means basically for the first time court users will actually be able to lodge matters at any court in the state, irrespective of the particular court or court location that the matter is to be heard in. That will involve time savings and the like.

**The CHAIR** — That is pretty good. We actually recommended it in the Law Reform Committee about four or five years ago.

**Mr HULLS** — Yes. So there are a whole range of productivity improvements in relation to A-G. I do not know if you want me to touch on racing and also IR.

**The CHAIR** — Just quickly.

**Mr HULLS** — Just quickly in relation to racing, basically as far as productivity is concerned we want to support the racing industry to maintain its national leadership in racing. We have committed \$20.6 million to the racing industry development program, which will provide major capital works at racing venues. It will basically mean that those racing venues will be able to operate hopefully on a year-round basis. The ThoroughTrack program, which is a synthetic racing surface, is being put in at Geelong, which means Geelong will be able to race all year round, which obviously will improve productivity somewhat. Also we have put in funding into some of the country tracks and upgrading some of their facilities, which will obviously improve the amenity for people who want to go to the races.

In relation to IR, just briefly, we are obviously looking at, for instance, a \$1.2 million project for the development of an online workplace tool kit, which advises employees and employers on opportunities for parents returning to work. If you have a more family friendly workplace, it is a more productive workplace; all the research shows that. Also we are going to amend the equal opportunity act, which means that mothers in particular will be able to request family friendly work hours and more flexible work arrangements. We hope that will also lead to productivity improvements. That is a broad overview of some of the productivity improvements.

**Mr DALLA-RIVA** — Attorney-General, I refer to budget paper 3, page 162, ‘Court matters and dispute resolution’, and to the first performance measure ‘Quantity - criminal and non-criminal matters disposed’. It shows that the expected target number of matters to be disposed of in the forward estimates year as 316 500, which is less than the target year currently as well as the expected outcome for this year and is also lower than the actual in 2005–06.

The recent Productivity Commission’s 2007 government services report, table 6.15, found that — this is a bit of a free kick at the Attorney-General — that Victorian courts have some of the lowest clearance rates in the country. I ask: why is the target number of matters to be disposed of in the forward estimates year going to be lower than the target and actual numbers of recent years, despite, as you said in your presentation, a commitment of, I think, \$45 million, although it shows in this total output, I think, \$36 million?

**The CHAIR** — It is over four years.

**Mr DALLA-RIVA** — Yes, okay, but in terms of the present term, given that you have said you have announced appointments of two new County Court and two Supreme Court judges, could I get some clarification in that regard?

**Mr HULLS** — In relation to the 07–08 target, that has been based on trends in disposals, which I guess reflect the increasing complexity and length of major trials and hearings, and hence fewer total disposals, despite the intensified list and case management oversight by judicial officers in both critical and civil matters.

As you would know from your previous background, more complex matters are coming before our courts and more matters are obviously coming before our courts. The 2007 report on government services has shown that low clearance rates and delays have been experienced in the courts due to a continual increase in cases initiated and, as I said, the significant impact of dealing with large, lengthy and complex cases of police corruption, gangland killing and organised crime.

For your own information, our courts received 1 089 900 cases initiated, which was a 5 per cent increase over the 04–05 cases initiated. Despite this our courts increased their finalisations overall. In 05–06 the Victorian courts finalised 1 380 700 cases compared to 1 342 400 cases in 04–05; that is a 3 per cent increase.

As you said, the budget has allocated additional resources to address delays in the justice system, and we allocated \$45.3 million. That will provide two additional judges in the Supreme Court, two judges in the County Court, an additional master in the Supreme Court, additional resources for the OPP for in-house and external prosecutions and also to help implement a strategy to encourage early pleas of guilty. Those resources will also go to Corrections Victoria, the Juries Commissioner and the Victorian court reporting service.

Some of the examples of the work under way in our courts, which really goes to what has been done to address these issues, includes the introduction of a new criminal trial practice note which provides for criminal matters to be listed for mention hearing within 14 days of committal; a more aggressive approach to listing of criminal matters in the County Court; the introduction of a new electronic briefing system in the next 6 to 12 months, and Victoria Police is doing that; and also the introduction and training of new procedures and stronger case management at the OPP.

It is true we have to continue to work with the courts and in particular with the heads of jurisdictions to assist and support the courts as they respond to challenges. They are looking at specialisation, and they are looking at specialised lists and the like, but to be frank, there are more matters coming before our courts. We have got more police out there, and more police means more people are being charged and more matters are coming before our courts. We have to continue to monitor how courts can address their casework in a better way; we have to ensure that they do look at specialisation, and of course we will continue to monitor the resources that we supply to our courts.

**Mr DALLA-RIVA** — The complexity of cases, as you say, is becoming more apparent. This is probably just a throwaway question and not a policy statement, Attorney-General, but in relation to committal hearings, are you considering those as part of the review in terms of making the higher courts more efficient? You have to go through a very complex and long case in the committal hearing, and then, as you know, it is determined either way. Either way, it basically does not matter what the committal hearing does, the DPP or — what is it called now — the OPP still makes its own determination to direct present or whatever.

**Mr HULLS** — It is a good question. We have obviously conducted a review of committals, and there are some who say we should abolish committals altogether and just allow the DPP to directly present. Others say — and this is how the argument went — that the committal process is actually efficient because it actually weeds out a lot of the issues and crystallises what the issues are at trial, and as a result trials are shorter as a result of committals.

We have introduced a whole range of reforms in relation to the committal process to ensure that certain witnesses cannot be cross-examined about certain matters. Those reforms are coming through the system and they are working. It means that people, particularly in sexual assault matters, cannot be cross-examined up hill and down dale, and basically you are able to crystallise at an earlier stage what the issues are.

My view is that it is false economy to abolish committals, that committals play a very important role in the system, and they lead to shorter trials. That does not mean that we cannot continue to work on trying to make the committal system more efficient, but I certainly do not believe, as some do, in abolishing the committal process. I think it works wells but we have to continue to monitor it to make sure it is efficient as it can be.

**The CHAIR** — I might note that you mentioned this figure of over 1 million. The figure here is 316 500. It might be useful to just give us a note, on notice, just reconciling those figures.

**Mr SCOTT** — Minister, I refer you to budget paper 3, page 157 and the output ‘Legal policy, advice and law reform’. The fourth dot point there refers to native title claims. Can I ask if work relevant to this output includes the Gunditjmara settlement, how did the Department of Justice achieve this settlement and what are the key aspects of the agreement with reference to the estimates period and moving forward?

**Mr HULLS** — We are in Reconciliation Week and I hope we would all agree that it to our national shame that not only do indigenous Australians remain at the bottom of all social and economic indicators but they still remain so appallingly overrepresented in our nation’s prisons and in our criminal justice system. We just have to continue to do all we can to break the cycle of disadvantage that dispossession really commenced, which is why through the AJA — the Aboriginal justice agreement — the Bracks government has signalled that we want better access to justice for future generations of indigenous Victorians.

This is a flagship agreement. It is looked upon by other states as being a leader around the nation. The second stage of the agreement I think reflects an unprecedented partnership between the government and indigenous communities to break the cycle of disadvantage. We committed \$26.1 million to implement the second phase of the agreement, and we will, as a result of that, deliver 54 initiatives in partnership with indigenous communities to reduce overrepresentation of Kooris in our criminal justice system.

They include things like reducing contact of Koori youth with the criminal justice system, increasing the rate at which justice agencies divert Koori offenders away from our court system, reducing the rate at which Koori offenders reoffend, making justice-related services more responsive to Koori needs, and strengthening and building the capacity of Koori communities.

In relation to the Koori Court part of the AJA, I do not know how many members here have been out and seen the Koori Court in operation, but I would suggest if you get the opportunity, you should do so at Broadmeadows. Bob Kumar out there would be more than happy to show people how it operates. It has been so successful and rates of recidivism have dropped so dramatically that we are expanding the Koori Court program to other parts of the state.

As you know, we are now in Broadmeadows, Warrnambool, Mildura, Latrobe Valley and a Children’s Court division — the nation’s first children’s Koori Court at Melbourne. A sixth Koori Court was launched earlier this year at Bairnsdale, with an additional children’s Koori Court scheduled to be launched in Mildura, and a further adult jurisdiction of the Koori Court will open in Swan Hill in June of next year. I have to say that Koori courts are one of the big success stories of the Aboriginal justice agreement. They are continually evaluated, but it really is an

experience to go out and see how they operate. Once you have seen them you will agree that they are a very important part of the Aboriginal justice agreement.

**Mr BARBER** — In relation to public drunkenness, and the findings of the joint parliamentary committee — the Drugs and Crime Prevention Committee — are any of the activities of your department going to advance any of the recommendations of that report this year? I am sure you are familiar with what the recommendations were, so I will not remind you.

**Mr HULLS** — Yes, I am, and I have made statements previously about this matter. I have said that being drunk in public in itself ought to be dealt with as a health issue rather than as a criminal offence issue. You are right — the parliamentary Drugs and Crime Prevention Committee recommended in 2001 and also in 2006 that the offence of public drunkenness be repealed and that adequate numbers of sobering-up centres and associated health services be put in place.

Public drunkenness offences have been repealed in almost all other states and territories. However, the police in most of those jurisdictions have retained the power to apprehend and detain intoxicated persons, particularly where there is a risk to health, safety or property.

To get to the nub of your question: if the offence of public drunkenness was repealed in Victoria, the police would still have the capacity to arrest and detain people and charge them with offences that involve criminal damage, riot or offensive behaviour. As most other jurisdictions around Australia know, public drunkenness — that is, simply being drunk without any other criminal behaviour — is a health issue rather than a criminal issue.

Changing the law in this area does require appropriate consultation and long-term planning for change. The recommendations of the committee that you have referred to do cut across a range of government portfolios that impact directly on our community. That includes DHS as well as my department and the police.

I can say that I have had discussions with the Minister for Health, Bronwyn Pike, in relation to how we can further progress this matter, and I have also had discussions with the Chief Commissioner of Police about this matter as well. It is a matter of getting the balance right, so I am hopeful that those further discussions can lead to an appropriate outcome.

I do not want to pitch it any higher than that because of a whole range of associated issues including financial issues and the like, but I am still of the view that public drunkenness per se ought to be dealt with as a health issue. I am well aware of the committee's recommendations, and I am having discussions, as I said, with Bronwyn Pike and the Chief Commissioner of Police with a view to trying to work through ways of addressing this issue.

**Ms MUNT** — Minister, you have briefly touched on the criminal list in your introduction and also in answer to one other question, and that is what this question is going to be. I refer you to budget paper 3 page 162 under 'Dispensing justice' and 'Court matters and dispute resolution'. I have read recent media reports that indicate that you are considering moving to a single criminal list for indictable matters for all our courts rather than separate lists for the different courts that are listed here — the Supreme Court, the County Court, the Magistrates Court, the Children's Court, the Coroners Court, VCAT and the Dispute Settlement Centre. This is a major change to the working of our court system, and I wonder if you could please indicate for the committee how this idea is going to be explored and what to expect this to achieve in the future.

**Mr HULLS** — I guess it does go to the first question that was asked by the Chair, which was about productivity improvements and the like. I think we would all agree that Victorians demand and deserve the best for their justice system. Since becoming Attorney-General in 1999 I have continually striven for ways to improve access to justice and improve the functioning of our courts.

In keeping with this I have asked Crown Counsel, Dr John Lynch, with assistance from my department, to consider the question of whether a single criminal list for the County Court and the Supreme Court would help ensure that indictable criminal cases are allocated to the most appropriate forum, having regard to the seriousness and complexity of those matters.

In 2004 the justice statement flagged the review of the jurisdiction of the criminal courts, including the need for flexible mechanisms for transferring cases between jurisdictions as part of the process of modernising the criminal

procedure. Reform of other aspects of the justice system is well under way. The single criminal list is being proposed because the range of serious offences coming before our courts has certainly changed over the years.

The current system focuses on the seriousness of the offence rather than the complexity of the case. I think there is a clear distinction between the two. In years gone by, the seriousness of the offence was a strong indicator of the complexity of the case; whereas now many very complex cases do not involve the offence of murder, for instance, which is the most serious criminal offence. The County Court deals with some of the most serious offences — for example, drug trafficking in large commercial quantities, which carries a maximum of life imprisonment. Of course we want to ensure that our system matches the skill and authority of the court and the complexity and seriousness of the offence.

In considering a single criminal list, I will be particularly interested in a number of issues, including whether a single list would be the best way to efficiently dispose of cases and further reduce delays in criminal trials. It will involve a review of the current criminal jurisdiction of the County Court, including, can I say, the limitation on the County Court in hearing homicide cases. It will also involve an examination of the statutory role of the DPP under the Crimes Act in deciding whether to present a case in the Supreme Court or the County Court.

There are similar approaches that have been adopted in the UK. The English Crown Court, for example, has exclusive jurisdiction in criminal matters tried by indictment. So I have asked Crown Counsel to consult with stakeholders — heads of the jurisdictions and the like. I have raised it with the Chief Justice of the Supreme Court. It has also been raised with the Chief Judge of the County Court, and I will be interested to see what the outcome is. But the reality is we have to continue to look at ways to not just reduce delays but make sure the most appropriate case is going to the most appropriate court. As you know, we changed the civil jurisdiction of the County Court. There is now concurrent jurisdiction between the County Court and the Supreme Court in relation to civil jurisdiction. I want to look at similar reform and how it would work in relation to our criminal jurisdiction.

**Mr RICH-PHILLIPS** — I would like to ask you about the legal services commissioner and how it is functioning. Firstly, for the information of the committee, could you tell us where the Legal Services Board and the legal services commissioner fit within the output structure? It is not clear from the budget papers.

The nature of the question goes to the operation of the legal services commissioner. I understand that the Law Institute and the Bar Council are concerned about the way the commissioner is working in the sense that if disciplinary matters are investigated and reported to the legal services commissioner, there is then no follow-up by way of action through VCAT. Is it your understanding that those concerns exist? Are they shared by the government and, if so, what action would you take to remedy that situation?

**Mr HULLS** — In relation to the output: it is self-funded by the industry, so that is why it is not in the output structure, but I have to say those concerns have not been expressed to me. In fact, from my understanding, the reforms that were undertaken in relation to the legal services commissioner (LSC) and the act generally, when those reforms were made — and they were made after extensive consultation after I first became Attorney — my understanding is that the current system is working well, and indeed there is now a one-stop shop for complaints.

This is something that was urged upon us by consumers of legal services. They were very concerned about the mishmash of complaint-handling services within the profession, were confused about where they should go if they had a complaint, and when we reformed the governance of the legal profession virtually all stakeholders believed there should be a one-stop shop for complaints — that is, the legal services commissioner, and also the Legal Profession Tribunal ought to be transferred over to VCAT, and there should be a specialist list at VCAT.

I am just trying to think how long it has now been in operation. I think it is a couple of years — about 18 months. I meet regularly with the legal services commissioner as I meet regularly with the Bar Council and with the Law Institute of Victoria. In all the meetings I have had, particularly with the Law Institute and the Bar Council, I have not received any complaints about the way the system is working.

That is not to say that we should not continually be vigilant and ensure that the system that was set up after consultation with the profession is achieving the objectives it was set up to achieve. But to date, it is news to me, to be frank with you, that there are concerns about the way it is operating. I am happy to have a further discussion with you about some of the issues that have been raised with you, but they certainly have not been raised with me. A whole lot of other issues have been raised, but certainly not in relation to the way the legal services commissioner has been operating.

**Mr RICH-PHILLIPS** — Are you able to provide the committee or does the LSC publish any statistics on the number of matters it disposes of, how many matters it receives from the profession and how they are disposed of? Is there any type of annual report reporting?

**Mr HULLS** — I will take that notice, I am happy to get back to you relation to that.

**The CHAIR** — Take it on notice whether the report is actually presented to Parliament, too. It would obviously be a good idea for that report to be presented to Parliament, I would have thought.

**Ms GRALEY** — Attorney, I would like to ask a question about the appointment of women in the justice system. I know this is an important part of your role, and I know that some members of the opposition are questioning it a little. I refer you to BP 3, page 162, and the outputs and deliverables relevant to the courts. Can you indicate recent statistics in relation to the appointment of women to our courts and key positions within the justice system, and how this has supported a process of quality appointments.

**The CHAIR** — Thank you, Minister, particularly in regard to that, but also going forward, please, in terms of the estimates and budgets.

**Mr HULLS** — Can I say that I have always said it is important that Victorians demand that the best and brightest be appointed to our courts to sit in judgement of us, but we kid ourselves if we continually think that the best and brightest are only white Anglo-Saxon males from private schools, and I have used that expression time and time again, and people have criticised me for using it.

**Mr BARBER** — I went to public schools.

**Mr HULLS** — It has to be, and I should say, the best and brightest are not just white Anglo-Saxon males from private schools, of which I am one.

**Mr BARBER** — I agree.

**Mr HULLS** — So the fact is that the word ‘merit’ includes rather than excludes women, in my view, and basically Victorians deserve the energy, they deserve the expertise, they deserve the experience of all qualified candidates. They deserve their diversity to be reflected, in my view, on our benches and the senior ranks within the legal profession.

In relation to female appointments, as you know this government appointed Australia’s first state Supreme Court Chief Justice — a female Chief Justice — and also the first female Solicitor-General In relation to the appointments that have been made, I have had the privilege of appointing 141 women to judicial or quasi-judicial positions, and that includes 18 County Court judges, so 51.4 per cent of the appointments I have made to the County Court have been women. There have been 20 female magistrates, so 51.2 per cent of the magistrates appointments I have made have been women, 96 VCAT members have been women and also 7 judges to the Supreme Court or Court of Appeal have also been women.

Going forward, there are, as you know, a number of vacancies now on the County Court and the Supreme Court, and a number of vacancies coming up in the Magistrates Court. As far as the Magistrates Court is concerned, we advertise and we encourage women to put their names forward. There is an independent interview panel, which includes the chief magistrate and others — people from my department that interview — and they put names forward to me.

I am pleased to say that more often than not about half the names that come forward for me to interview are women. When I appoint Supreme Court and/or County Court judges I consult very widely, including with the heads of the jurisdictions, and they are well aware that there are some very smart, bright women both at the bar and practising solicitors, and often women’s names are put forward for consideration by me by the heads of the jurisdiction.

It used not to be the case. I remember in 1999–2000, when I became Attorney-General and I went to the heads of the jurisdictions and made it quite clear that there were vacancies on the bench, and when I said that I wanted a list of their 10 best and brightest, there were never women on the list. The first list of QCs, as they then were, were presented to me, and what used to happen was that the Chief Justice or his aide would come up to my office; there would be a secret envelope marked, ‘Highly confidential’ with a list of names in it which I was supposed to take to

Governor in Council. I had no say in choosing them, and there were either never women's names or I remember on one occasion, of the 24, there was one woman.

I rang the Chief Justice and asked why there was only one woman on the list, and he at the time indicated that that was because only two had applied; so on one view, 50 per cent of all women who applied were appointed! It is important that we get the best and brightest, and there is a change in culture, slowly, within the legal profession, that now realises that the best and brightest does include, not exclude, women.

**Mr WELLS** — Minister, I refer you to budget paper 3, page 162 — the output of 'Court matters and dispute resolution', and I also refer you to a recent speech by the Chief Justice where she made it clear that your department is responsible for court administration.

I also refer you to a recent *Herald-Sun* story of 28 May, titled, 'Thugs shop for bail'. It is a case where a dangerous thug had won bail after his fourth try at magistrate shopping, and the result of this unfortunate situation was that he was released and bashed a disabled man to death.

What are you doing to ensure enough funding is in the forward estimates to improve court administration and certainly record-keeping, or to change the law to ensure that bail shopping by violent criminals does not continue?

**Mr HULLS** — The State of the Judicature address that the Chief Justice made indicated that the relationship between the department and the Supreme Court has never been better and indicated that the department is indeed working very closely with the Supreme Court in relation to workload of judicial officers, resources and the like.

As a result the state budget, as you know, included significant additional resources for our courts, including a \$110 million plan to further improve the justice system and deliver justice for all Victorians. But you do raise a particular issue in relation to bail and that article, which I also saw, about bail shopping, as it was called. As you would know, the bail act is the legislation which governs the granting of bail in Victoria, and magistrates make decisions based on the facts before them. They have in mind the protection of the community, obviously, and anyone who has been accused of an offence and held in custody is entitled to bail. That is a fundamental tenet of our criminal justice system.

I know it would be inappropriate for me to comment on proceedings of individual cases, including individual applications for bail, because of the separation of powers and the like, but in relation to the listing and hearing of bail matters in the Magistrates Court, the listing protocols state that applications for bail with new facts and circumstances — that is, second and subsequent bail applications — are to be listed before the magistrate who heard the application in the first instance, as you would know —

**Mr WELLS** — That is right.

**Mr HULLS** — Unless there are circumstances which prevent that magistrate from hearing the matter or the magistrate otherwise directs. The listing registrars, the coordinators of the court, across the state, I am told, apply this protocol; however, at times there are circumstances which prevent protocol being adhered to — for example, magistrates may be on leave, and the court is also mindful of the provisions of the bail act in relation to not unnecessarily detaining defendants in custody, as you would expect.

In practice, I am told, if a bail application is listed to be heard before a magistrate other than the magistrate who heard the original application, the presiding magistrate may refuse to hear the matter and adjourn it to a date when the original presiding magistrate is available. All that is at the discretion of the magistrate. So there are protocols in place, they are being followed unless there are exceptional circumstances, and I think those protocols are appropriate.

For me to be interfering with the discretion of magistrates would be totally inappropriate. I have faith in magistrates dealing with matters, dealing with important matters of bail, obviously taking into account the bail act and all that lies under that legislation, and also understanding that a person is entitled to bail. I think the balance is right.

**Mr WELLS** — You say it may be appropriate, but this was his fourth bail application, so something clearly is not working in the record-keeping under the court administration.

**Mr HULLS** — I simply repeat that I would never interfere with judicial discretion. It is true that in November 2004 we asked the Law Reform Commission to review the bail act and make recommendations for any procedural, administrative or legislative changes which may be necessary to ensure that the bail system functions simply, clearly and fairly, and I expect to get their report in July 2007, but I am not going to comment about an individual case. I am not going to comment about an individual case that you are citing, because I think it is inappropriate for me to go down that path.

There are protocols in place, and I have the utmost faith in the independence of the judiciary. There are two separate issues. Yes, there is a review of the bail act, and I expect to get their report in July 07, but I think the protocols are working and working well.

**The CHAIR** — Just a note for committee members and witnesses that checking your Blackberries or mobile phones while you are at the table interferes with the reception and causes a problem for Hansard, so if anyone wishes to do that, could they perhaps go outside to do it. Thank you.

**Mr PAKULA** — In the 07–08 budget there is an initiative to increase compensation payments to victims of crime. I would appreciate it if you could outline what those increases are, indicate whether those increases are part of a broader strategy to support victims and whether that is in line with the victims charter that came into effect last year.

**Mr HULLS** — I guess a measure of any society is the way it treats its most vulnerable members, and victims of violent crime are certainly some of the most vulnerable people in the Victorian community. We have always had a belief that we have a responsibility to acknowledge on behalf of the community the experience of victims and do what we can to help them recover from the devastating effects of violent crime.

That is why we reintroduced compensation for pain and suffering, which really is an expression of the community's compassion and concern that was so callously, can I say, abolished by our predecessors. We have reshaped government support services, we have established a single point of call in the Victims Support Agency for victims. We have introduced a victims register which enables victims of violent crime to be kept informed and have their views considered, and that is why we continue to reform the area of family violence and sexual assault.

We did make an election commitment to increase pain and suffering compensation for victims, as you say, and we have increased it by 30 per cent — that is, to the maximum amount of financial assistance that can be awarded by the crimes assistance tribunal. That will apply with respect to acts of violence occurring after 1 July this year; so primary victims of acts of serious violence occurring on or after 1 July this year will be entitled to \$10 000 compensation for pain and suffering, which is up from the maximum of 7500. These victims can also receive up to \$60 000 for counselling, medical expenses and other expenses. We have allocated, I think, \$8.4 million for the implementation of this policy over a four-year period.

It is true that no amount of money can make up for the harm that a victim suffers as a result of an act of violence. However, we believe that we have a responsibility to help victims of crime to become, I guess, survivors of crime, and pain and suffering compensation is a very important part of accepting that responsibility.

I have to say I am pleased that members of the opposition supported this legislation when it was introduced. That is the type of reform that does not come in isolation. As you know, we have also introduced a victims charter which enshrines victims rights in one document and sets out obligations of government and other agencies in dealing with victims, and \$3.3 million was allocated in the budget for the implementation of the victims charter.

**The CHAIR** — Thank you, Attorney-General. I note that in terms of the department's response to the budget estimates questionnaire, the secretary tells me that it was the most comprehensive, and it was the only department we did not have to chase things up for.

**Mr HULLS** — We ride 'em hard!

**The CHAIR** — In regard to question 9.1, I am sure you will provide us in due course with the information in regard to your advertising and communications for the next financial year. It would be much appreciated.



In respect of the sexual assault reforms, Attorney-General, we have heard from other witnesses — particularly the Chief Commissioner of Police — about the initiatives you have been involved in and the ongoing ones. Where are we on that, and where are you looking to proceed in terms of sexual assault reforms in the coming years?

**Mr HULLS** — Reforms to sexual assault have to involve not just legislative reform but also attitudinal change. Any reform should be aimed at encouraging victims of sexual assault to come forward. In the bad old days victims would not come forward because they were abused by the perpetrator in the first instance, and they were firmly of the view that the court process was going to abuse them again. They felt like they were on trial, in effect.

So I gave the Law Reform Commission a reference in 2001, which looked at researching and recommending ways to improve the complainant's experience of the criminal justice system. In 2004 it made a whole range of recommendations about legislative and systemic reform for victims of sexual assault.

The 06–07 budget allocated \$34.2 million to a sexual assault reform package to improve the operation of the justice system as well as responding to a recommendation from the 2006 Ombudsman's report *\*Improving responses to allegations involving sexual assault*.

I have just returned from Mildura — I was in Mildura on Monday — where, together with Bob Cameron, the police minister, and Christine Nixon, the Chief Commissioner of Police, we took great pride, can I say, in opening one arm of our reform package — that is, the Mallee sexual assault centre. That is one of two multi-disciplinary centres, sharing in \$6 million.

These centres are designed to deliver an integrated justice and human service response to victims of sexual assault in a non-threatening environment, where victims can be confident they will be treated with respect, with compassion, with dignity and with understanding. It is a one-stop shop, where there is a multidisciplinary team. That includes a new police sexual offence and child abuse investigation team, solely dedicated to investigating sexual offences; crisis and support workers from relevant services, such as CASA — the centre against sexual assault; forensic medical examinations, which take place on site; and also specialist services such as by interpreters, for instance, when they are required.

These centres are just one arm in the many reforms that have taken place. We have set up a forensic nurses network, which had its first intake of students, learning more about how to provide appropriately sensitive forensic medical services to adult victims of sexual assault. The OPP — which you probably saw in some media recently, because Andrew Demetriou was there at the launch — launched the specialist sex offences unit, which aims to ensure a more continuous, informative and respectful process for victims of sexual assault, as well as recognising that the prosecution of these offences will benefit from a specialised prosecutions unit. Also the magistrates and county courts now have specialised sexual assault court lists, which make the trial process more efficient and responsive to the needs of victims of sexual assault.

I think we all agree that we need, and we need to encourage, victims of sexual assault to come forward, to bring the perpetrators to justice, and to restore the faith of victims in their communities and their faith in the law. All these reforms are aimed at encouraging victims to come forward but also ensuring that the perpetrators receive a fair trial as well. I think these are pretty good reforms.

**The CHAIR** — Thank you, Attorney-General.

**Mr DALLA-RIVA** — Attorney-General, I refer to your previous discussions about having diversity in judicial appointments. In the context of a recent statement by the Chief Justice of the Supreme Court on 22 May this year, which was reported subsequently in the *Australian*, where it was indicated that there was some concern expressed that appointing inexperienced people to the bench as part of a political agenda to increase the cultural gender and social diversity of the judiciary actually may, in turn, work against things such as clearance rate, as pointed out in the speech.

I want to get some more clarification, against the previous discussions. Could we flesh that out a bit more in terms of those comments made — you may not wish to, but I think it is important in the context of trying to clear up the backlog, as you pointed out.

**Mr HULLS** — Sure.

**Mr DALLA-RIVA** — Given that there are more complex cases coming up.

**The CHAIR** — Your answer, particularly as it relates to the estimates, Minister.

**Mr DALLA-RIVA** — Budget paper 3, page 162.

**Mr HULLS** — I understand — budget paper 3. In relation to Chief Justice Marilyn Warren's speech and what was reported, there are two different things. The chief justice has actually made it quite clear that the appointments that have been made to the bench, in particular to her court, are of the highest calibre and the highest quality.

Just to let you know the process that is involved in appointing people to the bench, it is not as though I simply come out with names, take them to a head of jurisdiction and say, 'This is the person I am appointing to the bench, like it or not'. That is not how the process works. What occurs is that I have consultation with a whole range of stakeholders, but in particular the heads of the jurisdictions.

Each of the appointments that has been made to the Supreme Court has been in consultation with, agreement with and, without wanting to give away too much of the process, in the main on the recommendation of the chief justice. So the appointments to her court have been made not only with her consent but in the main on her recommendation. I think she has made it quite clear publicly, in speeches she has given and also interviews that she has given, that the appointments to the Supreme Court are of the highest quality.

It would be wrong to suggest that the government makes appointments based on other than the best and brightest criteria. Some of the comments I have made have been misconstrued. People think that there is some hidden political agenda whereby the government is just appointing women because they are women, and for no other reason. That is just not the case.

For too long we as a legal profession have dismissed women as being second-rate lawyers not up to the job of higher legal office. I am continually dismayed by the attitude of some in the legal profession when a particular woman's name might be put forward and the immediate response is, 'No, she's not good enough because she's only been at the bar for 18 years', whereas if it is a bloke who has been at the bar maybe for 10 years, he is sensational.

It is the fact that women have to prove themselves, it appears to me, way above and beyond the limitations of their male counterparts. I am sick of it and I will continue to get the message out there that cultural change is occurring in the legal profession, like it or not. The reform train has left the station; you are either on it or you get left at the station.

That is not to say that I will not use the best and brightest criteria every time a judicial appointment is made. The chief justice would expect no less, the chief judge would expect no less and Ian Gray, the chief magistrate, would expect no less. We can use whatever words we like but this government will only appoint the best and brightest. Having said that, for too long we have thought that the best and brightest are only blokes, and it is just a nonsense.

**Mr DALLA-RIVA** — So would you agree with the chief justice in relation to her solution lying in the appointment of full-time or part-time retired judges to be on hand to provide advice, training and counselling to new appointees? Do you see that as an appropriate mechanism and, if so, how would you fund it?

**Mr HULLS** — First of all, you say a 'solution': a solution is only needed if there is a problem. I do not believe there is a problem, firstly. I believe that the best and brightest are being appointed.

**Mr DALLA-RIVA** — They are the chief justice's words.

**Mr HULLS** — Yes. I think the best and brightest are being appointed. A separate issue, though, that the chief justice does want to have discussions in relation to is how we can better utilise the expertise of retired judges, basically — people who have been on the bench for a period of time, who are retiring and who may want to come back and do some work on the bench.

I have already introduced legislation to allow for acting judges, and there is already provision to allow judges who retire from the bench to come back in an acting capacity. The acting judge legislation also allows — a bit like the

recorder system in the UK — barristers and/or solicitors who may not seek full-time judicial office to be appointed as an acting judge for a period of five years and to be utilised at times of need in the court.

There was argument at the time that this may infringe upon judicial independence and the like. I reject that argument because acting appointments are made for five years outside an election cycle, like VCAT members, and whilst the government appoints them for that period of time, it is up to the head of the jurisdiction to utilise them on an as-needs basis. Yes, the Chief Justice is working up a proposal to ensure that some of the expertise that exists on the bench when those judges retire can be utilised. There is already legislation in place for acting judges, and I am hoping that legislation can be utilised better.

I am informed that there are currently six County Court judges who are retired and who are working in an acting capacity, and eight magistrates who have retired, who, again, are working in an acting capacity. But I want to expand it to those who have not been judges because the legislation allows for that. People might have 20 years expertise in the criminal jurisdiction and might be at an age when they do not want to serve full-time on the bench, but who could come in and utilise their expertise on the bench.

**The CHAIR** — Thank you, Attorney-General. Ms Munt would like you to take on notice a question regarding the Moorabbin court complex and when it is going to be finished.

**Ms MUNT** — Because I can see it growing out of the ground every day.

**The CHAIR** — We do not have time —

**Mr HULLS** — I can tell her that it will be finished on the day that I come and cut the ribbon.

**The CHAIR** — I thank John Griffin for his attendance today.

**Mr BARBER** — I have a question on notice from the women's affairs portfolio that was transferred to your portfolio, Minister. I just want that to go on notice.

**The CHAIR** — Okay. We will put that on notice, too, regarding the women's affairs portfolio.

**Witnesses withdrew.**



## **Transcript of Evidence**

### **7.10 Consumer Affairs portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 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 D. Andrews, Minister for Consumer Affairs;  
Ms P. Armytage, secretary; and  
Dr D. Cousins, executive director, Consumer Affairs Victoria, Department of Justice.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the portfolios of Consumer Affairs and Gaming. On behalf of the committee I welcome Mr Daniel Andrews, Minister for Consumer Affairs; Penny Armytage, Secretary of the Department of Justice, and David Cousins, executive director, Consumer Affairs Victoria. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and I would appreciate it if the camera focused on the speakers only, please. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee no later than the close of business on Friday. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the 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 invite the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of consumer affairs.

#### **Overheads shown.**

**Mr ANDREWS** — Thank you, Chair, and I thank the committee for the opportunity to present to you on the Consumer Affairs portfolio. To begin, in relation to those goals that drive us: obviously we are concerned with empowering consumers and traders right across Victoria, both in metropolitan and rural and regional communities, and obviously that is all about delivering a competitive, fair and safe environment for both consumers and also those offering goods and services. We are also committed to protecting vulnerable and disadvantaged members of our Victorian community in their capacity as Victorian consumers.

In terms of the framework of protections, as we see on the slide there is a generalist framework under a number of acts of Parliament, and there are also some other acts that deal with specific issues to do with particular goods and services. Increasingly we have to move across, formally and informally, towards some of the more general protection frameworks, and that is something that is not experienced just in this jurisdiction but indeed in terms of consumer protection measures right across Australian states and territories.

Turning to the output framework, this year's budget delivers \$80.9 million in total CAV output cost estimates, which represents 2.6 per cent of the total DOJ allocation of some \$3.15 billion. Those appropriations are split into two categories.— Firstly, 46 per cent or \$37.2 million is from budget appropriations, and the balance, which is \$43.7 million or 54 per cent of the total outputs, comes from trust funds. In terms of those trust funds and sources of funds, they are the trust funds that we draw down on, as listed there, giving the approximate amounts that we anticipate drawing down on in the coming year. It is important to note, I think, that the acts that establish each of those trust funds clearly define the purposes for which grants can be used, and it is on that basis that we proceed each year.

If I can turn now to financial counselling, which is an area that I know is important to many committee members and indeed to the Victorian community at large. We have 44 agencies across the state that provide financial counselling and support some 36 000 low-income and vulnerable Victorians. The total budget or total spend in relation to the 06–07 year was some \$5.1 million. As the committee would know, 2.2 — I think 2.24, to be precise — came from the Community Support Fund. That funding lapses at the end of this financial year, and through the budget process we secured a rollover of that for 12 months — not from the Community Support Fund but from the budget — and that will see a maintenance of those particular services. They are important and relevant, particularly in terms of the high levels of personal indebtedness that we are experiencing right across communities. Those services are run both in rural and regional communities but also in metropolitan Melbourne.



Thirty six metropolitan LGAs are covered and 52 rural and regional LGAs. It is an important program and one that is very well administered.

In terms of locations from where we deliver services right across the state, this is the real success story of the way CAV has operated in recent years. On 1 July 2005, seven regional offices, five principal shopfronts and two sub-offices opened following a trial of the Wangaratta office — a pilot, if you like — I think in the preceding 6 or 12-month period. The orange dots on the screen indicate where those offices are in fact located and also the Victorian Consumer and Business Centre at the bottom of the Southern Cross building in the city. The blue dots on the slide indicate where the outreach services are run from those principal shopfronts. So not only is there a permanent, five-day-a-week presence in those larger towns, including the two sub-offices in Mildura and Warrnambool, but there is also that assertive outreach program visiting many, many communities right across the state, delivering not only advice, support and advocacy for consumers but also education campaigns in terms of traders as well. It works well. It is a very important part of our performance in recent years and again across the 07–08 year.

In terms of compliance and enforcement, this is an important part of our role. We have a range of different tools that are at our disposal. Obviously the key aims in relation to compliance and enforcement are to stop unlawful conduct, to ensure that consumers get outcomes and there is redress in terms of the negative outcomes that may have been experienced by them. But also we are very focused on trying to prevent future breaches of the law and also taking appropriate action to punish those who have on a repeated or blatant basis broken Victorian consumer protection laws. Again, the slide gives you some sense of the different exercises we plan in the 07–08 year and also some of the tools that we have in terms of achieving those outcomes.

In terms of key priorities or initiatives that will dominate our work in the 07–08 year, in terms of reducing the regulatory burden as part of the whole-of-government policy, Consumer Affairs Victoria leads that project within DOJ, and that is an important project. We have some detailed targets. A three-year review plan for reducing the regulatory burden was approved in March this year and CAV drives that program from a whole-of-Department of Justice point of view.

In terms of credit many of you will be aware that my now ministerial colleague James Merlino led the consumer credit review last year, reported I think in March last year. The government committed at the election to deliver, pursuant to the government's response to that review, each of the items in the credit review. That will be an important part of our work as we move forward this year. On lemon laws, similarly we made commitments in the election campaign to introduce a series of lemon laws to enhance consumer protection for motor vehicle purchases and other large or high-cost goods if you like. There will be a process leading into the early part of 2008 for industry and community consultation on that.

In terms of residential accommodation, we made some commitments at the election to appropriately look at and provide additional protections to residents of mobile homes and caravan parks, and also rooming houses and student accommodation was another matter we dealt with. Again I will issue very soon in the next few weeks the first of a series of issues papers to deal with those commitments and a whole range of other issues to do with residential tenancy matters.

In terms of product safety, it is fair to say that we have what is broadly recognised as the leading product safety and consumer protection framework of any of the states and territories. Continuing our national lead and the work we do in Victoria to benefit Victorian consumers will be another important part of our work as we go forward with the 07–08 year, and also implementing changes to a number of different acts, both in terms of reviewing and updating the current legislative framework but also bringing a number of new acts online — owners, corporation, conveyancing, retirement and also funerals which, whilst they have passed the Parliament, there are regs to be made and other matters to be dealt with as we approach the operative dates for each of those. So that is an overview of our performance, some of the highlights of the budget or our ongoing work and also some of our key challenges as we move forward to the 07–08 year.

**The CHAIR** — Thank you very much, Minister. I thank the department for its response to the departmental questionnaire which we sent out. I have asked all the other ministers the same question: what do you see is the impact on productivity of your portfolio spend, and particularly any new budget initiatives you might have in your portfolio?

**Mr ANDREWS** — Can I seek some clarification? You wanted me to do consumer affairs and gaming, or come back to that at a later point?

**The CHAIR** — I am happy to do both.

**Mr ANDREWS** — No worries, that is fine. In terms of productivity and efficiency, we are obviously focused on driving better outcomes in terms of the budget allocations that we have, but also ensuring that Victorian consumers and Victorians in a broader sense, from a gaming point of view — particularly problem gambling — get the best possible outcomes from the programs that we run. To go through productivity and efficiency for Consumer Affairs first, in terms of an expansion of our face-to-face services I will just direct you to the slide. That is an important part of our work. I spoke about the regional office network and those five principal offices and the two sub-offices, expanding those, as well as the outreach work as an important part of delivering better and improved outcomes to Victorian consumers.

Expansion of online services is something we have been very focused on in recent years, and we have seen very substantial growth. The number of visitor sessions to our CAV website and other associated linked websites have grown by 25 per cent each year since 2003. That is easy and convenient for Victorian consumers but is also of relevance in terms of making best use of our staffing time and staffing budget. It saves time and delivers high-quality outcomes. I think that probably relates to the next point on the slide in relation to increased use of the website. We are getting many more visitors to the website, and staff have been able to use that as a more interactive tool in a more efficient way.

In terms of our case management system for a whole range of other complaints and matters that are brought to our attention, we have rolled that out and some IT to support that. That is driving some productivity and other gains that benefit consumers and also benefit us in applying the resources we have to each of those important consumer protection tasks.

Part of the efficiency, the dividend that it has paid to us if you like, is in terms of expending some of our legislative roles. As I said, there are four acts that have passed the Parliament that are yet to hit their operative dates. We have been able to service those — for instance, the funerals act — because we have more efficiently used the resources provided to us by the government, and also we have been able to expand the role we play in terms of ensuring that traders and others across the community comply with relevant consumer protection law through the efficiencies that we have also maintained and also been able to achieve over time. So productivity and efficiency, best use of the resources we have got to drive better outcomes — it is no good having efficiency for its own sake; it has got to be about outcomes for Victorian consumers — that very much dominates our thinking and the way in which we approach the task we have.

Just bear with me while I find information in relation to gaming. This may be a bit more concise in the context of the presentation I will make. The budget this year, the 07–08 allocations, builds on past investments and achievements we have made across the gaming portfolio, particularly in relation to problem gambling services. As you know, Chair, in October last year we launched Australia's most comprehensive response to problem gambling — the \$132.3 million *Taking Action on Problem Gambling* statement, a fully funded 5-year plan that takes us through to the 2010–11 year. As part of that, we have improved systems in terms of delivering support and assistance and care to problem gamblers across the Victorian community. As part of *Taking Action on Problem Gambling*, that budget allocation delivers \$4.3 million over five years to allow a centralised booking system and the IT case management functionality that sits underneath that. The practical impact of that is that when a caller rings up the gamblers helpline, they will be able to make a direct appointment at that point. That is obviously about efficiency — getting a quicker response, if you like — so that those who are in crisis or need urgent care and need that sort of support quickly can get that. Again, it is about making the best use of an amount of money that is actually growing, but it is also about meeting some of those demand pressures we face.

On from that, across both consumer affairs and gaming, there is a unique opportunity given that I hold both those ministries and both run, either generalist financial counselling, which I spoken about, but through gamblers help and our record spend there, there is a problem gambling financial counselling program also. Some of the clients are common to both those services. Certainly many of the agencies that actually deliver that service on the ground are common, and they have lines of funding from both of those programs. We have identified, building on some work done a little while ago, that there is an opportunity to have more efficient program delivery, not only to benefit clients but to benefit those NGOs that run both those services.

The important thing there is that I think that is a platform not just to deliver better services in CAV generalist financial counselling and problem gambling financial counselling but, once we get that right and see some improvements there, to deliver what I think might be an effective platform for some other Department of Justice services — victims of crime, for instance, and a range of others. It would be my hope and expectation that, once we had built on that model, that in turn would be a platform to perhaps reach out to the Department of Human Services, whether it be drug and alcohol clients, mental health clients or a whole range of others. That again is about delivering efficiencies within government that can directly benefit consumers, many of whom are common to agencies that are multi-funded or actually need the services that are provided across those different lines. I think that gives you a summary of gaming.

One further point I will make is that, again as part of *Taking Action on Problem Gambling*, in July this year the centre for excellence in problem gambling research and treatment will start. More than \$4 million has been committed to that joint venture between Monash University and the University of Melbourne in terms of driving better research and other efficiencies in terms of treatment services. That is a broad suite of different initiatives as we identify them to try and drive productivity.

**The CHAIR** — That is good. I assume you will talk to your colleagues in Department of Human Services and Department for Victorian Communities to try to get some further gains in regard to those sorts of programs of non-government organisations.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 169, which is ‘Protecting consumers, promoting and protecting consumer interests’. It relates to the performance measures. I note that if you compare the 05–06 actuals to the 07–08 target, in fact every single performance measure is going backwards.

In quantity, you are carrying out fewer inspections and compliance activities. You are registering and licensing fewer businesses, and you are offering less advice. The quality of services has declined from that measurement as well, and you are taking longer to deliver them, with timeliness down from 94.3 to an expected target of 90. The only thing that has gone up is the total output cost, which has grown from \$64.4 million in 05–06 to now a target of the forward estimates of 80.9, a \$16.5 million increase in two years. Minister, why has this budget increased so significantly when, despite your overhead of productivity and efficiency which spoke about a lot of these performance measures, you are delivering fewer services of a lower quality and taking longer to do so? Are the consumers of Victoria getting good value for their money?

**Mr ANDREWS** — I would argue that Victorian consumers are getting good value for their money, and they are receiving first-class services from Consumer Affairs Victoria. We take the portfolio and the responsibilities we have very seriously.

If I can take you through each of the variances, if you like, to deal with those matters. In terms of total outputs and the variance in terms of that bottom-line number that you referred to, I might get Dr Cousins to augment my answer a bit in terms of monies from trust funds — I think that accounts for a fair bit of it. But if we go through the first in terms of the variance between the 05–06 actual and the 06-07 target on inspections, compliance, monitoring and enforcement activities, it is 20 per cent above target in 05-06 which is mostly attributed to CAVs Commonwealth Games consumer protection strategy, which I think is broadly acknowledged in the community as having worked well. That involved a very dedicated focus in relation to trader education in terms of promoting compliance with consumer protection law. We were able to do that very effectively given that it was an intensive campaign over a short period of time, and it was concentrated activity within the CBD mainly. That increased trader activity and education is less complex, if you like, than some of the other matters we deal with, so we were able to do that very well and there was obviously a very direct need, given the Commonwealth Games, the number of visitors and some of the issues that presented over that. So that is what underlies that difference.

In relation to the variance between the 05-06 actuals and the target for 06-07 in terms of registration and licensing transactions, those measures include registration and licensing transactions in a broad sense; 5.9 per cent over target in 05-06. It is obviously a demand-driven measure and the major components of that relate to occupational and liquor licensing, the registration of business names and also a range of residential tenancy bond transactions. Therefore, a property market, a buoyant and/or tight property market has an impact on that. At 5.9 per cent I think that is broadly within acceptable limits of plus or minus 5 per cent.

In terms of written advice provided, the variance between the 05-06 actual and the 06-07 target, it measures written advice provided, that includes emails, predominantly from our inquiries branch in relation to consumer and residential tenancy issues in a broad sense — and it does include emails, I can confirm that. The Commonwealth Games consumer protection strategy involved increased awareness raising for consumers, as I said, and traders, and the number of written advice provided, using the language from the budget papers, was a logical by-product of that campaign, and the intensive effort we had over those months in the lead-up to and during the Commonwealth Games. That measure also includes written advice from the dispute resolution branch within CAV regarding residential tenancy issues; issues in relation to estate agents and the resolution service we run for them; Building Advice and Conciliation Victoria, and again the position of the property market has a direct bearing on that as well; that is effectively what underpins the variance there.

On the bottom-line variance between the actuals and the 06-07 target, trust funds, as you know, are expended via an application process based on strict criteria, and it can be difficult to predict what the outcome is with any certainty in relation to the applications that might come forward. The total amount of applications were less than we had expected for the Victorian Property Fund in that period — that is, \$4.8 million of underutilisation of funding from the VPF. In terms of other matters included under that line item, there was also underspending in Residential Tenancies Fund, domestic building fund and the Motor Car Traders' Guarantee Fund, or less spending. I might ask Dr Cousins to supplement that with any additional information.

**Dr COUSINS** — The only point perhaps in relation to the outputs, I would just point out that our anticipation is that the expected outcomes over 2006-07 will be significantly higher I think in all indicators here but for perhaps the telephone services. These expected outcome figures were estimated in February, so with further data we think that those outcomes will be significantly higher. I think the minister has explained the key difference in terms of the funding, the output cost line. We were significantly under expenditure in 05-06 on the trust funds, and that is related to grant applications. The additional amount expended in 06-07 over the target really related to additional funds that were made available to us through the Department of Justice for a range of matters including work on best practice regulation and alternative dispute resolution — major projects that the department has going.

**Mr DALLA-RIVA** — In terms of the expected outcomes, I know we are an estimates committee and we do not like to look backwards — we are told — but can we get those updated figures? Obviously you have more up-to-date figures. Perhaps we can put that on notice?

**The CHAIR** — I assume they will be available at the end of June.

**Mr ANDREWS** — At the end of the financial year I will be happy to make that available when we have real data at that point.

**The CHAIR** — I am sure we will take it up in our outcomes process.

**Mr DALLA-RIVA** — The doctor has already said they are going to be higher, so there must already be some data there.

**Mr ANDREWS** — Mr Dalla-Riva, I will take advice on whether we can furnish you with updates before the end of the financial year.

**Mr DALLA-RIVA** — I know this is estimates and we cannot talk about the past in this committee.

**Mr PAKULA** — Minister, if we can stay on the same page — page 169 — and the output 'Inspections, compliance monitoring enforcement activities', which is the heading. I am interested in this issue of underquoting on the auctioning of houses. It has been pretty topical lately, so I would appreciate some advice about what Consumer Affairs Victoria has been doing to regulate this practice, and how those practices will be regulated in 07-08.

**Mr ANDREWS** — Thank you, Mr Pakula. It is a topical issue and an important one. That is why in 2004 the government made changes to the Estate Agents Act to deal with the issue of underquoting. We created a specific offence in relation to this matter. It is a serious issue and I will be able to report to you about some of the compliance and other enforcement exercises we have been undertaking in recent times. It is important to note, though, that a property cannot be advertised for less than the estimated selling price on the exclusive authority of sale document, where the agent signs an authority with the vendor and provides an estimate based on his or her

expertise in like property sales in that given area. But effectively the test is that the agent must satisfy him or herself that the price is a fair and reasonable one based on their expertise in that field, and it is about what a willing, but not anxious, buyer would pay for that particular property.

We have a very tight property market at the moment in terms of auction clearance rates — in the order of 85, 86 or 87 per cent. So particularly in inner Melbourne — within a 10 or 15-kilometre radius — we have had a situation where those clearance rates are very high, and again, auction campaigns have been very busy and we have been seeing very substantial prices achieved. It is important to note, though, that just because a house sells for more than it was advertised at does not mean that it was necessarily underquoted; it was not necessarily a breach of the specific provisions of the Estate Agents Act. The only way that you can effectively determine whether a property has been underquoted is to look at the figure that is on the exclusive authority, and then compare that with the figures quoted during what is usually a four-week auction campaign. To that end CAV inspectors have, over the last couple of weekends, run what you might call a blitz, if you like, and 73 property auctions have been visited by Consumer Affairs Victoria officers, mainly in inner Melbourne but there have been some, I think —

**The CHAIR** — In my electorate I think, Minister.

**Mr ANDREWS** — I think the Chair notes correctly; some of them were in the Burwood area. It is not just about inner Melbourne. These offences can occur in other parts of the community. There have been some in the outer suburbs, and some of our compliance activity was in fact in rural and regional communities last weekend, in Bendigo and Elmore. Those CAV officers did not just monitor underquoting; they were looking at dummy bidding and a range of other issues to make sure that the Estate Agents Act and the Fair Trading Act were being appropriately followed. As a result of those 73 auctions, there are currently three estate agents where it can be alleged underquoting has in fact occurred. They are being appropriately investigated by Consumer Affairs Victoria, and appropriate action will be taken against them provided the appropriate evidence can be dealt with. It is important to note as well, Mr Pakula, that the penalties for an estate agent who breaches the specific underquoting provisions of the act are very, very substantial. The fines are up to \$21 000. On that compliance exercise, there are three under investigation at the moment. Over time — since 2004 — we have had a situation where 29 agents have been formally warned, in terms of there was not enough evidence to proceed to any further action but they have been formally warned —

**Mr BARBER** — Sorry, what was that figure?

**Mr ANDREWS** — Twenty-nine agents have been formally warned since these changes became operative in 2004. A further five agents are currently being investigated, not as a result of this blitz over the last couple of weekends but as a result of other compliance work over time. I think one or two of those are not yet on foot in a court sense but are not a long way away from that, and officers of Consumer Affairs Victoria are pursuing that with some vigour. That is where we have got to in terms of the overall compliance and enforcement measures. It is also important to note that at my first meeting with the Estates Agents Council on 24 April I raised with it this issue. It has a watching brief on these issues. It is one of a number of different projects that the previous minister gave it, and I was keen to reinforce the importance of looking at this. I have since written to it and specifically asked it to provide me with some detailed advice on whether the current framework adequately protects Victorian property buyers and also ways in which we can better educate the sector on how to actually comply with the provisions of the Estate Agents Act and any other changes that they might view, other ways in which we can improve the operation of that section of the Estate Agents Act.

It is a serious issue. It has got a lot of press in recent times, but we have got some history on this. We took the steps necessary in 2004 and will continue to deal with this appropriately to drive a properly transparent auction sector, noting that it is a very tight property market, as I said, with clearance rates at 86 to 87 per cent on any given weekend. The key point here, if I could conclude on this point: what I want to see happen is auction results in May directly affecting the estimates that the agents makes in terms of what a willing but not anxious buyer would pay. The auction results in May start to influence very clearly what the authority figures are for June, July and August. Some would argue that that is not happening. That is why we are getting the Estates Agents Council, which has history with these matters, to have a look at it in some detail and provide us with some detailed advice soon.

**The CHAIR** — Thank you, Minister, I would appreciate that of course because I raised this in Parliament only a couple of weeks ago. I had a meeting with Adrian Jones at the Estate Agents Council just the other day urging some further work to be done in cooperation with yourself and Consumer Affairs Victoria.

**Mr BARBER** — I guess this is a follow up to Mr Pakula's question. If you had a blitz last weekend and covered 73 auctions — —

**Mr WELLS** — The last two weekends.

**Mr BARBER** — The last two weekends — how many auctions would you have covered since the 2004 laws came in and at how many events did that occur? You have said how many warnings were issued: why do you think there has only been two prosecutions, and what is your forward program for this coming year in terms of enforcement?

**Mr ANDREWS** — Thank you, Mr Barber. I will need to rely on Dr Cousins in terms of enforcement activity that pre-dates my time in the portfolio. It is an important question, and if we have got that information at hand, we will give it to you. If not, we can agree to come back to you on notice in terms of some of the detail on compliance that we have done over time.

**The CHAIR** — Particularly focusing on the work that we are doing on the budget.

**Mr ANDREWS** — I think it is important to note that in recent times we have had a blitz, as you noted, over the last weekend and the weekend before that. We put in place these particular laws back in 2004, and we have a fundamental interest in making sure that those right across the estate agents sector effectively adhere to them. At the end of the day you have to have an enforcement regime in order to make sure that that happens.

I am not sure of the exact detail of how many auctions have been visited over that time, but I can give you and other members of the Public Accounts and Estimates Committee a pretty firm undertaking that I will ensure that appropriate enforcement action is taken and that this will be a priority for us going forward. Obviously I do not want to pre-empt the advice that I will get from the Estate Agents Council. I have asked it to deal with the issue of compliance as well, and it will provide us with some detailed advice, I would think, in the next six to eight weeks, and then we will look at that in some detail and take whatever is appropriate action from that point. Dr Cousins, you might want to supplement that?

**Dr COUSINS** — Yes, I can say that since these legislative changes came into place in 2004 we have regularly in fact conducted compliance work in this area. We have had a number of blitzes in terms of inspectors going out en masse to supervise auctions, whereas the minister said they have covered not just issues of underquoting but also dummy bidding and so on. As a routine we conduct compliance inspection visits, and we have been doing this in both the metropolitan area and regional Victoria. For example, late last year we had a visit to the Geelong area, where a focus of that particular compliance action was in fact to look at the issue of underquoting in real estate. This is an activity that — we do not clearly need to rely entirely on auctions because whether a property was underquoted, it may have been sold at auction or it may have been sold without auction. So what we do is obtain details, if you like, of the authority to sell, we obtain and regularly monitor sale prices and we obtain information on advertised prices. This is ongoing activity.

**Mr BARBER** — Can you give me some figures on that? You said 'regularly' and you said 'en masse'.

**The CHAIR** — We can take that on notice, I think.

**Mr ANDREWS** — We have indicated there was a Geelong compliance exercise in the estate agent sector in the broader sense, and one of the key parts of that was underquoting, but we will come back to you, if you like, with some detailed figures on it.

**Mr BARBER** — Have you got a forward-looking program in relation to the estimates in the next 12 months?

**Mr ANDREWS** — I would hope that I have made myself clear that the blitz in the last couple of weekends is something that — I will not say 'pushed' — I certainly have been keen to see that compliance and enforcement activity occur, and I will continue to make that a particular priority. Notwithstanding the fact that I have asked the Estate Agents Council to come back with some detailed advice, and I do not pre-empt that, we will continue to visit and check auctions and ensure that the law as we put it in place in 2004 is being effectively followed by estate agents, not just in inner and urban Melbourne but right across the state.

The other point is that compliance and enforcement activities are one important part of this, but consumers who have got a complaint should come forward. The advice I have is that in any given year we have around 130 000 auctions. In the last two financial years — 04–05 and 05–06 — we have received less than 100 complaints in respect to underquoting. But this year — between July last year and 31 March this year — we have received about 60 complaints. We will do the compliance and enforcement work, but a part of that as well is that consumers should feel confident and should come forward if they have got a complaint to make and we will make sure that that is dealt with.

**The CHAIR** — Thank you, Minister. I think the REIV has also issued some new guidelines, has it?

**Mr ANDREWS** — That is exactly right, Chair. The REIV has issued a range of guidelines on how to actually quote a house — what language should be used, in their view, and what language should not be used. They clearly understand, and agents across Victoria clearly understand, that unless the public feels confident about the way in which they conduct themselves, ultimately they could undermine consumer confidence in the services that they offer.

**Mr SCOTT** — Minister, I refer you also to page 169 of budget paper 3 and the output ‘Protecting consumers’. I note in your presentation for key initiatives for 2007–08 one of the key outputs was ‘Residential accommodation’, and I noted you also made reference to caravan parks, which is a particular interest in my electorate. Can you please advise through this output what initiatives will be forthcoming in that year in this important area?

**Mr ANDREWS** — I thank you, Mr Scott, for that question, and it is an important matter. I know your predecessor, Michael Leighton, as the member for Preston was a passionate advocate on behalf of residents at the Summerhill — I hesitate to say — ‘caravan park’; I think they are described as a residential park.

**Mr SCOTT** — That is their term for themselves, but they have been found by VCAT to be a caravan park.

**Mr ANDREWS** — Yes, which has a direct bearing on which consumer protection framework covers them.

**The CHAIR** — Let us keep to the general protocol, shall we?

**Mr ANDREWS** — As I said in the presentation, we made some commitments at the election last year to take action in this area. In the presentation I also noted that one of our key focuses is on vulnerable and disadvantaged members of communities right across our state. I will issue very soon, in the next few weeks, the first of a series of detailed issue papers not only for people from the tenancy sector but the community more broadly, to provide written submissions to us in terms of delivering on those election commitments. The first paper will deal with issues of rooming houses, caravan parks, mobile homes and some other important tenancy matters. At the end of the day I think security as a tenant is no less important than security in terms of your place of employment. We have heard a lot about that in recent times. It is a debate that is happening at the national level. These are fundamentally important issues: it is about how you define yourself; and it is about your sense of where you are going in terms of the ongoing sort of security that underpins the decisions that you make. These are vulnerable and disadvantaged members of the Victorian community, or many of them are, and we will deliver in full on the election commitment we made to fully examine these issues.

The paper that will go out in the next couple of weeks will be an interesting test of different views. There are tipping points, if you like, and we have to balance out the ongoing availability of some of these particular forms with the rights and other obligations that not only those who provide the services have but also those who use them have under various consumer protection frameworks. But we will deal with this in a robust way. These are important matters. We made commitments on them in the election last year. That first paper will be issued. As I said, it will be one of a series, because there are many issues that can be dealt with as part of this, and I am sure that those residents at the Summerhill caravan park or residential park — whatever the owner decides to call it — will have no less passionate an advocate in you, Mr Scott, than they did in the former member. I think the government will be able to deliver improvements for them in terms of the consumer protection framework that ultimately governs the residential tenancy that they enjoy.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the inspection, compliance monitoring and enforcement activities of CAV. Your last annual report — the 05–06 annual report — indicated there were roughly 18 500 written matters dealt with by CAV and that that had been rising for the last three years. However, against that increasing number of complaints the department is only targeting 7750 compliance and enforcement activities, and that has been consistent at that target level for the last several years.

Likewise, according to the annual report, there were only 47 actual prosecutions undertaken for the last couple of years. So we have got a rising number of complains but a static target level of enforcement activities and prosecutions. Why are we not seeing a commensurate increase in the target level of enforcement, given the rising number of complaints?

**Mr ANDREWS** — To deal with the second part of your question first, Mr Rich-Phillips, there is a range of different enforcement tools, and I think we went to some of those in the presentation. We have enforceable undertakings, and we have a whole range of other measures. We do not necessarily need to go to court and have a successful prosecution against someone who has breached the law in order to derive a better outcome for affected consumers and other consumers who might be affected by those issues over time. I just point you to the fact that there is a broad arsenal, if you like, or a number of different tools or weapons that we can use against those who have little or no regard for the interests of consumers.

In terms of written advice, I might ask the secretary or Dr Cousins to go further on that. I would take the opportunity to point out that, moving forward, we have recently instituted some changes. In the past the consumer who rang up our 1300 number to make a complaint on a given issue would need to write us a letter and move forward on that basis. We have trialled and now have online, I think, a system where you no longer need to actually do that. Complaints can be taken over the phone, and we can deal with those moving forward on that basis.

I would hope that was reflected in the figures and may account for the issue you have raised. I am not sure; I did not quite catch whether you were looking back or forward. But that is an important point to note as well in terms of greater access to the sort of supports and the other assistance we provide to consumers from right across the Victorian community. The secretary or Dr Cousins might like to add to that.

**Ms ARMYTAGE** — I will just make a general point about regulation, because I think this is a relative framework that we are operating in, in terms of where you get the balance between compliance and enforcement, and education of traders and others in these fields. This has been why consumer affairs has been very active, looking at better practice regulation and looking at our practices relative to other regulators across Victoria, nationally and more broadly.

I guess it has been a deliberate strategy on the part of consumer affairs to keep a balance between compliance and enforcement activities and education activities. I think that is going to be ongoing work that will be done to make sure that we use the right tools to try to encourage compliant and responsible conduct on behalf of traders and others, and that will remain an emphasis in this program into the future.

We will need to look at whether all of our performance measures adequately take account of that balance and make sure that prospectively we think we have that balance right. Compliance and enforcement activity will also always be a priority where people breach the law and regulations and where there is harm done to consumers. But it is, as I said, something about striking that right balance, and Dr Cousins might like to add specifically on that.

**Dr COUSINS** — I think the points have been made. There is clearly, if you like, a narrowing funnel here between complaints received, number of investigations conducted and then a range of actions that might take place, including, if you like, at the bottom end prosecutions. There has been a deliberate change over a period of time to emphasise more civil and administrative approaches to dealing with some of the problems that we deal with. In many cases prosecutions are not proportionate, if you like, to the matters at hand. We think that prosecutions are appropriate where there is deliberate and significant detriment associated with action. So we are emphasising a range of these other measures, such as anything from warning notices and infringements — court enforceable undertakings are a significant and growing part of our work — and also civil injunctions. Without going back over time to draw out all the nuances of your question, I do not believe there has been any diminution at all in our enforcement effort — in fact, quite the contrary, we are being very targeted and very active in our enforcement activities. Just to give you an example of that, we have something like 75 matters at the moment in the courts.



**Mr RICH-PHILLIPS** — Does the line item in the budget reflect the educative approach the secretary spoke of, if that is a mechanism CAV is using in approaching rogue traders, if I can use that term? Is that picked up in that line item of the 7750 target, or are they excluded?

**Mr ANDREWS** — No. It is compliance monitoring and enforcement. In terms of our overall objectives in terms of educating consumers, there are a whole range of different programs we run.

**Mr RICH-PHILLIPS** — Educating traders.

**Mr ANDREWS** — Educating traders: I spoke at some length in relation to the role that the regional office network plays, and that is an important platform to deliver those services. In terms of — —

**Mr RICH-PHILLIPS** — Perhaps you might be able to — —

**The CHAIR** — I think you are onto a good point here. It might be useful maybe in looking at the future in terms of your outputs perhaps for next year to actually put a new output in in terms of emphasising the education side of things.

**Mr RICH-PHILLIPS** — I guess it is a case of when you receive a complaint from a consumer and you then respond by some sort of educative process with your trader, how many of those are you doing on an annual basis is the type of measure we are talking about.

**Mr ANDREWS** — I think there is some merit to that in terms of obviously addressing the concerns that the consumer has brought to our attention, but also again as part of our overall approach in making markets work better. It is not just about empowering consumers; it is about raising the level of awareness in terms of consumer protection frameworks from those who provide goods and services. I am happy to take some advice on that and we might come back to you.

**The CHAIR** — That would be good. We might wrap up the consumer affairs portfolio here. It would be good if you could also take on notice and provide us with some more information on the financial counselling which you mentioned and how you are looking to assist low-income Victorians who experience this.

**Mr ANDREWS** — As I said, Chair, it is an ongoing project and we will be more than happy to keep the committee informed of some of that work in terms of the synergies between the different portfolios that I have responsibility for.

**The CHAIR** — Mr Barber has a number of questions for you which I will write to you about rather than read them out.

**Mr ANDREWS** — I look forward to that.

**The CHAIR** — I thank Dr David Cousins for his attendance.

**Witnesses withdrew.**



## **Transcript of Evidence**

### **7.11 Corrections portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **7.12 Gaming portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 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 D. Andrews, Minister for Gaming;

Ms P. Armytage, secretary; and

Mr R. Kennedy, executive director, Office of Gaming and Racing, Department of Justice.

**The CHAIR** — I welcome Mr Ross Kennedy, executive director, Office of Gaming and Racing. I now call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the gaming portfolio.

**Overheads shown.**

**Mr ANDREWS** — Thank you, Chair, and I understand you have received a presentation from the Minister for Racing this morning so I will deal with gaming matters. I think he has almost certainly dealt comprehensively with the racing portfolio. As is shown on the first slide, outputs constitute 2 per cent of the department's overall budget of \$3.1 billion, so the total output estimate for the year is \$64.1 million, and that chart gives a representation of the other allocations.

In terms of portfolio outputs, support for gaming and racing portfolios is provided under the 'Gaming and racing management and regulation' output. You can see a breakdown there of the different line items. Management and delivery of gaming and racing policy advice, and also community support funds for the delivery of the statement *Taking Action on Problem Gambling* come from that output. There are a couple of variances, and I will briefly go to those. The variance between the 06–07 target and the 06–07 expected outcome is due to the conversion of a \$9.3 million payment made on behalf of the state. It was a racing industry development payment, and it has been converted to operational funding. The remainder of the variances relate to the provision for the cost of carrying out the gambling licence review process, approved by the Treasurer, from unallocated DOJ surpluses, and there is also a variance in relation to the 07–08 estimates — a \$2 million growth in terms of our efforts in Taking Action on Problem Gambling. So I think that deals with those variances, and we can come back to those if the committee desires.

In terms of the breakdown of Taking Action on Problem Gambling, as I said in my consumer affairs presentation, this is a key element of our work as we go forward. The government made announcements in October last year that this was a \$132.3 million package, and this gives you a breakdown of the different line items within that. There are 37 different initiatives across 7 action areas. As I said before, it is the most comprehensive response to problem gambling in Australian history, and the total for the 07–08 year is \$24.5 million — a very substantial spend.

In terms of gaming and racing management and regulation output, from the regulation side of things, I have already dealt with the notion of the core business of the OGR, but in relation to the VCGR, its work in terms of compliance and enforcement standards right across the industry is captured by that output, and I direct you to one of its principal bodies of work, which is obviously the licensing of venues and the licensing of the employees who work in gaming venues, which is in the order of some 50 000 Victorians.

Moving on, in terms of the Office of Gaming and Racing, obviously it provides to me, and to government, policy and strategy advice in the delivery of problem gambling programs; our ongoing forward legislative agenda; and the administration of gambling research which again received a very substantial boost — some \$7.2 million over the five years — as well as stakeholder engagement. On the gambling licence review process, both the review of the lotteries licence, which is at a well-advanced stage, and also the review of arrangements that expire in 2012 and post-2012 arrangements on electronic gaming machines, Club Keno, wagering and funding of the Victorian racing industry are also funded from this output.

There are a couple of matters in terms of gambling trends. I just direct you to this slide, which shows that Victoria has the second lowest density of electronic gaming machines per 1000 adults, with WA the only jurisdiction that is lower. It is important to note that they do not allow electronic gaming machines outside the Burswood Casino. We have, on my latest advice, 6.92 per 1000 as the Victorian density, and I am sure we can come back to that later on.

The next slide is in relation to the prevalence of problem gambling in our community. As you would know, the Productivity Commission commissioned a substantial piece of work in 1999 on a reference offered by the federal government. That estimated that 2.14 per cent of the Victorian adult population had a gambling problem. A study done on consistent methods by the ANU in 2003 and published in 2004 saw that come down to 1.12 per cent. We have also had — and this is a very important point to note — a very substantial increase in the number of problem gamblers coming forward to get the care and help that they need. As you can see from the slide it went from under 5000 to just under 9000 in this last financial year.

In terms of further gambling trends, another way of looking at this is obviously the proportion of household consumption spent on gambling: from 3.8 per cent between 2000 and 2002 to 3 per cent in 06–07, and estimated to



decline further to 2.9 per cent in the 07–08 year. Also we have had a very substantial reduction in growth trends — growth rates per year in terms of expenditure on electronic gaming — from 16 per cent when we came to office down to 1.9 per cent for the three years to 2006. The next slide I think gives you a graphical representation of that. The top line indicates where we would be if that unsustainable and effectively dangerous expenditure growth had continued. The pink line indicates our actual performance. The difference between the two of those lines is some \$3 billion worth of expenditure on electronic gaming machines per year. Moving on — —

**The CHAIR** — Yes, please.

**Mr ANDREWS** — Taking Action on Problem Gambling, as I have indicated, is the most comprehensive response to problem gambling in Australian history, with a very substantial investment of funding over the next five years, building on our record investment in the first seven years of our government. This year's allocation alone is \$24.5 million. This is a graphical representation of problem gambling funding. The first bar indicates the spend between 93 and 2000; the second bar represents our spending in the pre-Taking Action on Problem Gambling phase of our term in office; the third bar represents that expenditure going forward, announced in October last year; and the green bar on the right-hand side indicates this year's allocation. I think it is interesting to point out that the allocation for the 07–08 year is roughly commensurate, or at least we are fast approaching a situation where we as a government will invest more in a single year than those who were in office during the 1990s invested across the entirety of their — —

**Mr DALLA-RIVA** — So a dollar in 1993 is the same as a dollar now; is that my understanding?

**Mr WELLS** — That is not what the Treasurer says.

**Mr ANDREWS** — The key point to make here is that we are fast approaching a situation where under this government we will invest more in a year than the previous government invested in all of its seven years.

. Moving on — —

**Mr DALLA-RIVA** — You cannot compare that. That is just not right.

**Mr ANDREWS** — The gambling licence review process — —

**Mr WELLS** — What is the time allocation for this — —

**The CHAIR** — Fifty-five minutes. Don't worry.

**Mr WELLS** — Yes, but for his review.

**The CHAIR** — Five. But I have asked him to finish — —

**Mr RICH-PHILLIPS** — Let us not stop at this point.

**Mr ANDREWS** — Indeed, if you invite me to stop at this point — —

**Mr DALLA-RIVA** — No.

**The CHAIR** — Minister, please.

**Mr ANDREWS** — The principles that underpin the gambling licence review process, as I have made clear a number of times and as has the government over some time now, are probity, integrity and best-value outcomes for Victorian taxpayers. The Gambling Licence Review Panel — the bill has passed the Parliament, and I can report that the government has appointed Ron Merkel, as we had foreshadowed, as the chair of that important governance and probity oversight mechanism. We have also appointed Barbara Yeoh as the private sector representative for that body, Michael Ellis as the person with the public sector experience, and David Green, from a community point of view. Those appointments have been made, and the important work of that Gambling Licence Review Panel will begin very soon. The review of licences is being conducted in two phases, as I indicated: public lotteries firstly and then the industry structure or industry design phase of the post-2012 licences. That will then lead to a competitive process over the next period moving forward.

Moving on, in terms of priorities as we go forward, obviously the completion of the lotteries licence and progress in relation to the 2012 matters is an important priority for us in the coming year.

The further implementation of our record investment in terms of assisting problem gamblers is another priority and, as I referred to in the consumer affairs and productivity discussion we had earlier, better synergies across portfolios from a financial counselling and potentially beyond that is another matter that we are focused on for the 07–08 year. I think that brings us to a close.

**The CHAIR** — Thank you, Minister. I think you took about 10 minutes there, so our questioning will extend a little bit over time as a result of that.

**Ms MUNT** — Minister, can I please refer you to budget paper 4, page 135, and the line item ‘Revenue from electronic gaming machines’. Can you please outline what steps the government is taking to ensure that clubs are appropriately and transparently accounting for their tax exemption through their community benefit contributions?

**Mr ANDREWS** — Thank you, it is a very important question, and community benefits statements have been topical in recent times, whether it be through the media or indeed in terms of the consultations that Peter Kirby undertook some time ago. In relation to the 2012 matters, there were many different concerns raised in relation to the way community benefits statements are currently structured. As you would know as a government we introduced community benefits statements in 2002 to increase transparency about the community contributions that flow from clubs who have electronic gaming machines. Clubs enjoy an 8½ per cent tax break, or if you like a tax concession, whereas hotels or pubs with electronic gaming machines do not enjoy that. They make a contribution instead to the Community Support Fund. At the heart of the community benefits statements system is a verification or a justification of the preferred tax status that clubs as not-for-profit entities enjoy.

I think we have got a slide on this. I have today announced that we will undertake a very substantial reform of the community benefits statements system, one that is important I think in terms of ensuring community confidence to deal with some community concerns in relation to these matters. As I said, these are effectively about justifying a tax exemption or a tax-preferred status that the clubs enjoy compared to pubs. We will remove the unnecessary administrative burden imposed on hotels. They will no longer need to complete a community benefits statement given that they do not have to justify a tax exemption. They make a direct payment to the Community Support Fund.

We will also tighten up the structure at the moment whereby there is some discretion about a penalty on a club that does not meet the 8.33 per cent threshold or indeed does not lodge a community benefits statement. There will be a mandatory contribution to the CSF of any gap, if there is a shortfall, or if no statement is lodged then a 8.33 per cent tax just like a hotel would be levied on that club in the following year.

We have very much narrowed the focus of claimable activities as a ministerial order that effectively defines what can be claimed as a community benefit pursuant to the community benefits statement. I will issue later today a draft order that very specifically narrows the focus of what community purposes are vis-a-vis community benefits statements. It will be a range of different changes, and I would be confident that flowing from that the community will have greater confidence that the contributions that clubs make to their local communities in lieu of the tax amount that is paid by pubs, if you like, will be more focused on community activities, community benefits, and I would hope that across the board there would be a recognition from the community — once we bed down these proposed changes — that those contributions are meaningful contributions and constitute genuine community benefits in those local areas.

An issues paper and draft order will be circulated over the next day or so, and there will be opportunities for people both in the club industry, the hotel industry and the broader community to provide written submissions on the proposed changes. That will close on 15 June, and we will then move to make the necessary changes to the Gambling Regulation Act and to make a new order.

Again this has been a matter of some concern to many in the community. We have reviewed these matters; we have taken appropriate action; we look forward to the input of industry and others across Victoria; and I think at the end of this process we will have a situation where the community can have enhanced confidence that the contributions as reported in the community benefits statements are such that communities derive a direct benefit from having electronic gaming machines in clubs, and that ongoing tax treatment is an effective way of adding community

benefit in local areas. I thank you for the question. It is an important matter and again, we have wasted no time in taking action on this.

**The CHAIR** — Thank you, I am sure that will be of great interest. I am sure those draft guidelines will be of interest to members of Parliament too, Minister, and I know where sometimes this money has just been used for internal refurbishments, rather than necessarily community benefit.

**Mr ANDREWS** — One of the key changes Chair, is the notion that normal business expenses that a club may well have will no longer be able to be claimed as part of community benefit. A range of other philanthropic purposes, donations to a whole range of different worthy causes in a local community, will be able to be claimed as part of the community benefit statement regime. There will also be a capped amount that clubs can spend — for instance, if it were a bowling club, they could spend on improving their bowling greens or paying the wages of a greenkeeper, but they will no longer be able to claim, for instance, the bar staff wages, restaurant staff wages, things of that nature. Again, we will be happy to furnish the committee with a copy of the issues paper and the draft order, and indeed we may well send that to all members of the Victorian Parliament.

**Mr WELLS** — Minister, you mentioned in regard to the gaming review panel that you had made a number of appointments. I noticed that in a press release on 17 November that the Premier announced that there was going to be an independent panel to examine the integrity of the gaming licence review process. On 26 February, the minister — you — announced that there would be a bill to create the panel. On 7 March this year you announced that Ron Merkel, QC, would be appointed to the chair. The bill passed Parliament on 2 May and it commenced on 10 May. So we are six months down the track. You have announced the appointments today. Can you tell us when these appointments were made and through what process that took place? Was it through advertisement? How often has the review panel met? What is the budget that has been put aside for this review — in other words, the secretariat staff?

**The CHAIR** — Minister, anything in November of course was an election promise presumably; relate it to your portfolio, please.

**Mr ANDREWS** — It was a commitment made during the election, Chair. These are Governor in Council appointments. They will deal with and provide an additional layer of oversight as to the integrity of the processes followed by the VCGR and also the interdepartmental steering committees.

Effectively this is about providing me with an additional sign-off, if you like, so that I can be confident when advice comes to me as to who, or whom, or what type of licence structure we should have, that I can have enhanced confidence that the processes that have been followed in actually delivering that advice and furnishing that advice to me will have been signed off by Mr Merkel and the three other members of the panel: Michael Ellis, who is a part-time commissioner of the State Services Authority; David Green, who many of you would know was the public advocate between 95 and 2000, and before that time I think held a senior position within the Brotherhood of St Laurence; Barbara Yeoh from a commercial background, has a whole range of different experiences and has held appointments with the commonwealth government, various state governments as well — she is someone who has got experience from a financial point of view. We are very much committed to this. We announced Ron Merkel. He had agreed to have his name go forward. We had indicated at the time we made the commitment that a former judge would chair this important panel and that the other members would come from the different areas of public life that I have just detailed.

In relation to budget, we have a slide in relation to the gambling licence review budget. If you would like, I am happy to put that up. Mr Merkel's committee, or his Gambling Licences Review Panel, will be funded as part of the \$7.4 million total, but obviously his appointment is effective from now. So in answer to your question, 'Has the panel met?', no, the panel has not met, but the panel will meet, I am sure, very, very soon. The Governor has only recently finalised the appointments and it was appropriate to get the right people. These are complex tasks, these are important tasks. We think Mr Merkel is someone who is very highly regarded in the legal community and I think in the broader Victorian community, from his 10 years on the Federal Court bench and the many other bodies of work that he has been involved in. That panel will be funded in terms of all of its costs from the allocation made to complete the gambling licence review process, and that includes public lotteries, the industry design or industry structure phase of the 2012 arrangements, and the ensuing competitive arrangements or the competitive process that would follow that. I hope that deals with your question.

**Mr WELLS** — So it is going to come out of the \$7.4 million.

**Mr ANDREWS** — Correct.

**Mr WELLS** — You have already started spending money in 04–05, 05–06 and 06–07.

**Mr ANDREWS** — Correct. Against that — —

**Mr WELLS** — Yes, so if it only just going to start, then how much of the 2.2 will be allocated to this particular review?

**Mr ANDREWS** — The issue is that we are not minded to effectively constrain the work of that panel by setting a figure. It will be resourced appropriately to do that important work.

**Mr WELLS** — I know, but that is what I am asking; how much has been allocated?

**Mr ANDREWS** — What I am saying to you is that we are not of a mind to constrain the work that Mr Merkel and his three panel members will do. We are confident that we will be able to appropriately fund his review panel, as approved by the Parliament and as appointed by the Governor in Council, from the current budget allocations to complete the gambling licence review process. In the event, if more funding was needed for him to do the work that he has to do, the important probity and governance oversight work that he has to do — not as to the merits of the outcome but rather on the merits of the process — obviously we would come forward to government and seek further resources. But I am confident that from the current allocations to complete all three phases of the gambling licence review process, that we will be able to appropriately support Mr Merkel, his panel and any other secretariat costs associated with that.

**Mr WELLS** — Okay. So when were these appointments made?

**Mr ANDREWS** — The Governor in Council made these appointments. They have been made in recent times. They have been made recently.

**Mr WELLS** — Last week? Today?

**Mr ANDREWS** — They have been made recently, and the work of the panel — —

**Mr WELLS** — What is the definition of ‘recently’?

**Mr ANDREWS** — The work of the panel will commence soon.

**Mr WELLS** — Recently, soon — when will it start and when were they appointed?

**The CHAIR** — If you have not got the information now, can you provide it?

**Mr WELLS** — When will they start?

**Mr ANDREWS** — Mr Merkel has been informed that his appointment has been formalised. We had already indicated that we would appoint Mr Merkel. The other three individuals have been informed that their appointments have been formalised. There was a cabinet process that needed to be gone through, which is appropriate given the significance of the task. The Governor in Council has dealt with these matters as well, and they will begin work in the next few days. I would anticipate that they will have a meeting in the next couple of weeks. Their first job is to provide oversight and to undertake their functions as defined in the act in relation to the public lotteries licensing process, then to move to an oversight of the industry design phase for the 2012 arrangements, and once that is complete to then provide reports to me in relation to any competitive process that would follow that. They have got work to do, and that work will begin very soon.

**Mr WELLS** — All right. Are you able at some point to write to this committee to tell us how much will be allocated to this process, because it is clear that the figure is not in front of you at this stage? Is that a fair assessment?

**Mr ANDREWS** — What I am saying to you, Mr Wells, and what I will continue to say to you is that we are confident that his panel will be appropriately resourced from the allocations provided.

**Mr WELLS** — Yes, I know. But that does not mean anything. Appropriately resourced — —

**Mr ANDREWS** — You have asked the question, and I am providing you with an answer. You might not be happy with the answer, but I am providing you with an answer.

**Mr WELLS** — It is not an answer, that is the problem.

**Mr ANDREWS** — We can editorialise as much as we want, but you have asked a question and I am answering it. My answer to the question is this: Mr Merkel's panel will be appropriately resourced. Those funds will be sourced from existing allocations, as are up on the screen now, and he will be given all the resources that he needs to perform the important functions that he has under the act, as passed by the Victorian Parliament. I would hope you got some comfort from that. If you want further advice, I am happy to seek advice on that, and if it is appropriate write back to the committee at a later point.

**The CHAIR** — Thank you. I am sure in the report on the outcomes we will hear about it progressively as the review panel undertakes its work.

**Ms GRALEY** — Minister, I would like to ask you a question about the important issue of problem gambling. I refer you to pages 170 to 171 of budget paper 3 where the output cost is 64.1 million. I think you mentioned in your presentation that this is partly funded from CFS. I wonder if you could outline to the committee in more detail how this funding will be used to tackle problem gambling in the future?

**Mr ANDREWS** — Thank you, Ms Graley. I think we have a breakdown of the Taking Action on Problem Gambling spend. In any event we will push on. As I said earlier on, we have taken real action to support those in our community who have a gambling problem, and on from that to deal with those who are at risk of ultimately developing a gambling problem. That is all about providing the appropriate level of funding, the practical support and tools to our gamblers help service system, together with a whole range of other community education campaigns.

The slide on the screen indicates the seven priority action areas, as outlined by the government in its October 2006 statement, appropriately entitled *Taking Action on Problem Gambling*. That statement, it is important to note, built on the record spend, the record effort of our government prior to October last year. The action areas, as listed, are in relation to treatment services. I made some announcements last Friday as part of Responsible Gambling Awareness Week in terms of a very substantial 9 per cent boost to the 17 different gamblers help services across the state, together with some statewide initiatives for the peak body, the Council Of Gamblers Help Services, and some other targeted initiatives to support indigenous and culturally and linguistically diverse communities. That 9 per cent increase is all about meeting some of the demand pressures we face and, again, giving gamblers help services the resources they need to see more clients, to treat more clients and to drive better outcomes for those clients, and indeed their family members as well.

More socially responsible gambling industries are important as well, promoting healthy communities through our community education campaign. Making people aware of the services that are on offer and giving them the confidence to come forward and get the care and support and treatment that they need has been an important part of our focus in the past and, indeed, in the 07–08 allocation and as we go forward. Shame and stigma and embarrassment are a very large part of the challenge that we face. It is important that people are fully aware that there is help there, and they can have the confidence to come forward and get the help that they need. I think that what is important is to acknowledge, as we saw earlier in my presentation slide, that we have seen a very substantial increase in the number of people coming forward into our gamblers help service system.

There is obviously the improvement of consumer protection outcomes, and there is a raft of different changes we have made over the last seven years. We have indicated, moving forward, that we will have payout limits by cheque in relation to winnings of over \$1000, issues in relation to removing any ATM that cannot put in place a \$400 daily withdrawal limit, issues in relation to decreasing the maximum bet from \$10 to \$5, together with a whole range of other reforms that build on our record effort in the first seven years of our government.

Can I say in relation to gambling research that this is an important area. The commitment going forward is \$7.2 million. There will be independent research; we have a peer review panel chaired by Bruce Singh, who many of you would know is a former Cato professor of psychiatry at the University of Melbourne, so that we have that independent framework, if you like. Research is very important in terms of understanding the issues that are

comorbid with problem gambling, the issues that drive problem gambling and trying to underpin not only the delivery of our currently stated objectives but the development of new ones from a really robust evidence base. A big boost to gambling research is also an important part of our way forward.

To sum up, it is a very substantial spend. It is an integrated approach. There is no quick fix in this; there is no magic wand. You have to have an integrated approach and complex solutions for what are effectively complex issues. That is exactly what the government put in place in October last year, and one of my key priorities is obviously to continue to deliver against all the stated commitments in Taking Action on Problem Gambling and also to build upon those.

**The CHAIR** — Let us just continue looking at problem gambling. You have given us this graph model on expenditure. Even in real dollars, it is actually very considerable in real terms. On page 171 of budget paper 3, which I know is a favourite of Mr Dalla-Riva's, you will see it says the gamblers help service clients receive a service within five days of referral. This, of course, is a new performance measure. I was wondering if you can tell us a bit more about this and, particularly, what is the level of demand that you are dealing with into the future, because we actually have not got a performance measure in terms of quantity in that regard. Just tell us how the service is going to operate in terms of meeting it within five days of referral. What is going to be the demand, do you think?

**Mr ANDREWS** — Thank you, Chair, for the question. It is important, and I acknowledge your interest and the interest of other committee members in problem gambling. As I said, we have increased funding very dramatically in our first seven years, and we have a blueprint to continue that very substantial growth over the next five years. In terms of Taking Action on Problem Gambling, we have committed to provide \$79.8 million over those five years for treatment services. It is important to acknowledge that since 1999 overall funding for gamblers help services has increased by 38.65 per cent. That is a very substantial growth. Back to that point I made earlier, it is about giving gamblers help services, which has very dedicated, hardworking people who are genuinely committed to providing high-quality service, the tools and the support they need to treat more clients and provide better care. As I said, last week I announced a 9 per cent increase for the 2007–08 year. That is substantial. I can provide the committee with a breakdown of what each of the 17 services has received. I would be happy to do that at the end of our session, if you would like, Chair.

**The CHAIR** — That would be great.

**Mr ANDREWS** — As well there are some statewide initiatives for CALD and indigenous communities on top of that 9 per cent increase, which was a \$10.3 million program. Our total investment for 2007–08 will be \$11.5 million.

In terms of gamblers help hours of counselling, if you bear with me for one moment, Chair, I will give you some more up-to-date information. I noted in my presentation that we have seen a substantial increase in the number of clients — 8881 in the 2005–06 year, up from 4735 in 1999–2000. In the mid-point of 2003–04 year we had 7461. It is important to acknowledge though that whilst client numbers are important — and that growth is important in terms of demonstrating that more in the community have confidence to come forward; and, as I said, shame, stigma and those issues are really big challenges for us to rise to — our funding and the service system is constructed in relation to hours of service. In 2005–06 gamblers help services provided over 64 500 hours of service for counselling clients. In 2004–05 it was just over 60 000. To December 2006 we were at 35 000 hours of service, with an expected outcome of about 70 000 by year end. In the 2007–08 year the department estimates 80 000 hours of care by gamblers help services provided to approximately 12 000 clients. The flexibility in the model is important in terms of hours of care rather than strict units of funding because some people have more pronounced needs than others.

**The CHAIR** — But you are looking to go from 8000 a couple of years ago to 12 000 in the next year.

**Mr ANDREWS** — It is a very, very substantial growth. Some might point out that that was indicative of the greater number of problem gamblers in the community. I do not think that is right; I think what it is, is that our social marketing campaign and community education campaign, the work that we have done in this important space, has meant that there is a greater level of awareness across the community about these issues. Not just problem gamblers themselves but their family members, their loved ones, people they work with, people they socialise with, are aware of the services and are coming forward to get the advice they need, and that is the

important thing. But it is no good having a system that people know about if it is not appropriately funded, and there is no point having appropriately funded services if they are effectively hidden away from the very clients you are trying to service. So we have been very proactive. There are also issues in relation to not just counselling services but also to accessing the gamblers helpline. In the 2005–06 there were just under 12 000 calls to that line — 11 932 calls, and we have seen a substantial jump, a 20 per cent jump, in 2005–06 in relation to the number of family members calling up on behalf of a loved one who has a gambling problem. That was only at 14 per cent in the 2003–04 year. So, again, it is not just awareness and confidence amongst clients, or those who have a gambling problem; it is also awareness and confidence amongst those who obviously support them. If you are going to provide an ongoing service system and a system of care and support, that is not just a matter for the problem gamblers themselves; that addictive behaviour and those difficulties obviously have an impact upon family members as well.

**The CHAIR** — And the issue of providing a service within five days?

**Mr ANDREWS** — It is a new performance measure in 2007–08 to provide a sense of service capacity in response to demand. That is what the budget papers say. Can I say that there is some work being done in relation to an epidemiological study and a longitudinal study, which are very important projects, particularly the longitudinal study. It is the first time any independent research has had a look at that sort of journey. They are both funded under our record boost to research. The longitudinal one together with the epidemiological work — certainly the longitudinal study — will give us an important tool going forward to try to track some of the demand pressures we will face. But again, we have seen a 9 per cent increase this year. We have a triage system, where those most-urgent clients get dealt with urgently or most urgently — that is an appropriate way to do it. There are issues where some people can be provided with written advice, some people can be provided with over-the-phone advice and others need dedicated sessions. That is the difference between, I suppose, therapeutic problem gambling counselling and financial counselling and then some other general information and other support services.

Again, we have had very substantial client number growth and growth in the number of family members coming forward to get help on behalf of a loved one. We have got a very substantial funding boost in this 07–08 year and very big commitments in terms of those out years to take us out to the 10–11 year under Taking Action on Problem Gambling. We are committed to, as I said, giving 17 gamblers help services and all the agencies that sit underneath them the funding they need and the growth they need, whether it be in generalist services or targeted services for culturally and linguistically diverse communities, Koori communities, isolated women — a whole range of different targeted measures — to give those services and those dedicated professionals the resources they need to treat more clients, to treat them more quickly and to give them enhanced service. That is only possible when you invest the record amounts that we have invested and that we have committed to invest. You cannot do that unless you put the money behind these issues. It is not by accident that we lead the way on this, and it is not by accident that we have spent and will spend more than any other Australian jurisdiction on these important issues. It is because we are committed to these matters, we know that the community is concerned about them and we have taken action to provide those services with the funding they need.

**Mr DALLA-RIVA** — I have a comment in relation to the opposition's previous question, which you may or may not answer — it is not my particular question. In relation to the gaming review panel, I guess from that we got that you have no idea when the appointments were made, no idea of the budget and no idea when it will start, so it really indicates what the review panel is all about. Minister, I put forward the — —

**The CHAIR** — I think that the minister did answer it before.

**Mr WELLS** — Which part of it did he actually answer?

**Mr DALLA-RIVA** — No idea of appointments, no idea of budget and no idea when it will start — that is a great start to a review!

**The CHAIR** — On the question, please.

**Mr DALLA-RIVA** — Minister, in one of your overheads you had gambling trends for problem gambling. You said problem gambling prevalence halved from 2.14 in 1999 to 1.12 in 2004, and it relates to the forward estimates in terms of these particular figures. These figures were also used in the ALP policy statement leading into the last state election as a vehicle to hang your hat on. The facts are that a Dr James Doughney from the school of applied economics at Victoria University has examined this claim, and he made a number of

statements in relation to that. He said that the findings and the government's comparison of the Productivity Commission report of 1999 and the longitudinal community attitude surveys of 2003 were a 'dishonest use of research findings by the Victorian government'. He said that the latter, in terms of the 2003 survey, was 'misleading and deceptive'. He also said:

... it was illicit for the government to have made such a direct, unguarded comparison ...

He has called them 'absurd claims', and he said:

... the Victorian government has been quite literally, and in both senses of the word, unscrupulous to have made this preposterous claim.

Given the harshness of the particular doctor's findings, what money is allocated in the year leading to 07-08 for gambling-related research to determine the true level of problem gambling in Victoria, or is it the fact that the government just does not want to know the truth and is relying on figures that are in fact now four years old? Do you agree that that is the case, and do you think there needs to be some funding allocated for true research into the exact figures of problem gambling?

**Mr ANDREWS** — I thank Mr Dalla-Riva for his question. I will leave the provocative bit at the beginning to one side. I am aware of reports of the academic you mentioned, Dr Doughney, who has concerns about the methodologies of the Productivity Commission. I find it curious that he would question the integrity and the independence of the Productivity Commission, which is what he is effectively doing.

**Mr DALLA-RIVA** — He spoke about the — —

**Mr ANDREWS** — You have asked your question.

**The CHAIR** — The minister, to answer, please.

**Mr DALLA-RIVA** — When it suits him.

**Mr ANDREWS** — I would not be lecturing anybody about suiting yourself, Richard.

**The CHAIR** — Minister, please!

**Mr WELLS** — We just want some answers. Just give us some answers.

**Mr ANDREWS** — If I can get a word in, then you will get one, won't you? The Productivity Commission, on a reference given by the coalition federal government, as I am advised, conducted a major piece of research in 1999. They did a national study, but there were Victorian findings — that is the advice I have — of a rate of 2.14 per cent of Victorian adults. There was then further work done on methods that were, as I am advised, consistent between the first piece of work by the Productivity Commission and the second piece of work which, as I understand it, was conducted in 2003 but published in 2004. That has the rate at almost half the prevalence as determined by the Productivity Commission.

We believe that that is a robust data set. We believe the methods between the two of them are effectively consistent. I fundamentally reject the criticisms that Dr Doughney has made. I would make this point, though: even at 1.1 per cent there is further work to be done, and that is why we have committed to invest \$132.3 million in the five years to come. No-one here is saying, 'It is at 1 per cent, and we can all go home'. We are investing and putting the money behind these programs in order to achieve better outcomes for problem gamblers, for their families and for communities right across the state. The Productivity Commission had a figure and the ANU had a figure, and the advice I have is that the two methods used mean that you can make a reliable comparison between the two. Dr Doughney has a different view, and that is entirely a matter for him. In our Victorian community he is perfectly entitled to put that.

**Mr DALLA-RIVA** — Do you think it is fair, in the sense that the last figure was really in 2003? The figure you showed up there was the increased number of problem gamblers — —

**Mr ANDREWS** — I am coming to that.

**The CHAIR** — The minister, to continue.



**Mr DALLA-RIVA** — You have got an increase.

**Mr ANDREWS** — That is effectively dealt with, though, by the second part of your question in terms of what research efforts we are putting in in the years to come in order to update that. I referred to that briefly by virtue of, firstly, under Taking Action on Problem Gambling. There is a \$7.2 million commitment for the years out to the end of Taking Action. That is about independent research, and that is about quality research. I made announcements, I think, of a number of grants — about \$880 000 worth of grants — in December last year. They were grant applications on advice from the department after the peer review panel that Professor Bruce Singh chairs had looked at the different applications.

As I indicated, we have an epidemiological study that has been funded. I might ask Mr Kennedy to supplement this, but that has been funded, and it will occur soon. There is also an additional \$1 million in terms of that longitudinal work. Prevalence will be one part of that, as well as a whole range of other factors. We are not simply relying upon data that the ANU produced, although we find no fault with that data — we do not have the concerns that Dr Doughney does — nor with the Productivity Commission. I have certainly never suggested that it is anything other than an independent body, and the rigour of its work is acknowledged not just in this area but in so many others. It is hardly a creature of the states either, I might add.

We have got a very substantial spend — indeed a record spend — in terms of research going forward. We have independent research and an independent peer review panel to make sure that is, if you like, at arms-length from the Victorian government. You do not put the money behind the research if you are afraid of the results it will actually show, Mr Dalla-Riva. We are committed to an evidence-based approach, and that is why the funding is there. In relation to the epidemiological study and the longitudinal study, to the extent that as you argue there is a gap in terms of the evidence base today compared to 03–04, I think some of those matters will be dealt with by the work we are actually doing. We are not relying upon the ANU or anyone else; we will do this work. Mr Kennedy might want to augment that with some additional information on timing.

**Mr KENNEDY** — As the minister has indicated, we are in the early stages of Victoria's first step at an epidemiological study. It will provide both incidence and prevalence data over time. In Taking Action on Problem Gambling, an amount of \$1 million has been allocated for the study. It will look at the distribution and determinants of problem gambling, but it will also study the comorbidities that co-reside with the gambling problem, including depression and substance use. It will be Victoria's first research into the incidence of problem gambling, and the incidence data will give us valuable information for prevention and early intervention measures to address problem gambling going forward.

**The CHAIR** — Thank you very much.

**Mr DALLA-RIVA** — Thank you for a very thorough answer. If only we could get the same answer on the gaming review panel.

**The CHAIR** — We are not the gaming review panel.

**Mr ANDREWS** — Sorry, Mr Dalla-Riva, I missed that.

**The CHAIR** — It was irrelevant.

**Mr PAKULA** — I want to stay on the gamblers help service clients output measure and ask for some more detail about the recovery assistance program and how the funding for that funding has been distributed, how it can provide practical assistance to those affected by problem gambling, what funding will be available for the program and what developments to the program are proposed?

**Mr ANDREWS** — Thank you, Mr Pakula. This is a really important question. This is a great program. No other state in Australia delivers a program like this. It is effectively an aid program, if you like, to provide material aid to problem gamblers and their families when they are in crisis. The ongoing funding is part of our Taking Action on Problem Gambling commitment — the 132.3 million. It was first introduced in October 2003. The recovery assistance program you refer to, or RAP as it is known, is a material aid program for problem gamblers and others that effectively rely upon them. No other state does this work. It is the only one in the country, and it contributes to those essential costs of living of problem gamblers who have either signed a self-exclusion deed or are deemed by a gambler self-service provider to be in need of these services, so someone who is in

counselling, getting the care they need, someone who has effectively acknowledged that they have a gambling problem can then access, where they have genuine material aid needs, financial support for things like food, heating, cooking, rental charges, medical expenses or school-related expenses for their kids. It is a really important program to address those at the sharp end of the problem gambling client group, those who are under very substantial financial strain, perhaps people who even before their problem gambling behaviour reached that crisis point were of fairly limited means anyway, so it is about providing direct financial support and material aid to what would arguably be some of the most vulnerable people in our Victorian community.

Last year, in the 06–07 year, there was \$787 000 expenditure under that program. Under Taking Action on Problem Gambling as we go forward, up to \$4.8 million will be allocated to this important program over the next five years and, in terms of the 07–08 year, to build on that substantial investment in 06–07, acknowledging the introduction by our government of this program in 2003, there is a further \$336 000 to the program — that is, if it is needed. Obviously it is based on how many people present and have those particular material aid issues, but it really is a very practical example of the government's commitment — our financial commitment, the policy commitment, the energy and vigour we have brought to this matter — and is a very practical example of why we are in this business and why we are doing what we are doing. It is about demonstrating very clearly that for those who have a gambling problem there is a pathway out, but that is not an uncomplicated thing. There are often pressures and issues, and it is not just about therapeutic counselling and financial counselling and other support services. It is also about giving people the wherewithal to find that pathway out, and this RAP program, through material aid, to arguably some of the most disadvantaged members of our community is a really important step forward. It is pleasing for me and the government to be able to provide additional funding to this. I thank you for your interest in it because it will be of great benefit to people, I know, in your region and indeed in regions right across the state.

**The CHAIR** — I am sure it is of interest in Mr Barber's area as well.

**Mr BARBER** — Can we go back to that slide about the dollars for Mr Merkel's review and the overall review, please? Just walk me through it. The moneys at the top are for the whole series of gambling licence reviews that are ongoing?

**Mr ANDREWS** — The first year would have had little, if any — you have a situation where lotteries effectively were more advanced in the early years and are consequently more advanced now. We have had the industry design phase; we have had an invitation-to-apply phase; we are now in the process of effectively evaluating the bids. We are into the competitive phase — the end of that process. You have then had — and Mr Kennedy can correct me if I am wrong — from 05–06, and certainly into 06–07, more of the heavy lifting in terms of the 2012 licence review, Peter Kirby's work, involving his more than 70 consultations, his very detailed report, some of the work in terms of some other contextual papers that have been written, the ongoing work of the interdepartmental steering committee, other specialist advisers, other arms of government, particularly the Department of Treasury and Finance. So it obviously ramps up and then effectively recognises that lotteries, as one part of the process, will be over. I have indicated on several occasions that we will make further announcements about lotteries later this year, from the 2007–08 year, give or take some time. I have not indicated that we will announce the lotteries licences necessarily this financial year; I have said in this calendar year. But effectively from 2007–08 onwards, you have a situation where those amounts of money are effectively dedicated to the post-2012 matters, together with Mr Merkel's committee. I want to refute the inference earlier that no answer was provided. I have indicated, and I will indicate again, that his committee, under an act of Parliament, will fully deliver on our commitment at the election, that it will be appropriately resourced from the total allocation for the gambling licence review process. In any event if he needed further funding to complete not the functions that I have given him but functions that Parliament has given him, pursuant to the act, then additional moneys would be provided to him and the other three members so that they could do that.

**Mr BARBER** — And you have said this budget is totally contained within that?

**Mr ANDREWS** — Correct.

**Mr BARBER** — And there are 15.8 staff involved in this whole gambling licence review process? He will have some staff of his own, I presume, to run his review?

**Mr ANDREWS** — Yes, he will, and there will need to be appropriate frameworks in place. I would have thought it would have been logical to have a situation where members of the team conducting the review effectively reported to him; there will need to be a discrete number of staff.

**Mr BARBER** — You say it is logical. Can you guarantee that nobody who has been working on the review will be seconded over to work on the review of the review?

**Mr ANDREWS** — Mr Barber, I can guarantee you and the members of the Public Accounts and Estimates Committee and the community more broadly that nobody who has been involved in the work of the VCGR to date or the work of the interdepartmental steering committees or the Department of Justice, no-one who has been involved in this work, will effectively work as secretariat support to former Justice Merkel or to the Gambling Licence Review Panel.

What is more, I have sought advice, and it has been confirmed to me, that appropriate processes will be put in place so that there are firewalls, if you like. They will be fairly simple things such as that they would not work on the same floor; they may be in the same building, but appropriate attention will be given to an appropriate separation between those doing the work, conducting the review and those providing support to the Gambling Licence Review Panel who are effectively reviewing the probity and the governance and the integrity of that particular work. So I can give you an absolute assurance about that. That is why much work has gone on and we will consult, not me personally but officers of the Department of Justice will consult with Mr Merkel about what his needs are. He may well have preferences for the type of staff that he wants, whether it be secretariat, legal, commercial — there will be a range of different issues there. This is about enhancing the overall framework, and nothing we do in implementing the decision of Parliament will in any way undermine that adding to the overall probity framework. It is about adding an additional layer of scrutiny on those internal processes so that when I get advice, I can have additional confidence.

I would already have substantial confidence, Mr Barber, given that the probity auditor, Pitcher Partners, which oversees the lotteries process, has signed off on lotteries at four separate points, and I am also advised that Stephen Marks, who is the probity auditor for the 2012 arrangements, has provided a sign-off in relation to the work to date on that project. So I already have very substantial confidence, but this is about adding to that, and nothing we do in terms of administrative arrangements will do anything other than facilitate full compliance with the act, operating in a perfectly appropriate way, and Mr Merkel would insist on that. Mr Merkel is the right man for the job; he is a respected person. I am absolutely confident that he will administer his functions under the act without fear or favour and he will work very hard with his other members to satisfy himself that the highest standards have been met.

**Mr WELLS** — Just to clarify a very quick point, did I understand you correctly to say that the 15.8 full-time equivalent includes the staff that Mr Merkel will need?

**Mr ANDREWS** — No.

**Mr WELLS** — That is why I am asking for clarification. So there will be additional staff?

**Mr ANDREWS** — Correct.

**Mr WELLS** — In regard to the 15.8?

**Mr ANDREWS** — We put this slide up there to give you the impression, which is a clear, factual impression, that this is a very substantial piece of work.

**Mr WELLS** — A clear impression.

**Mr ANDREWS** — A crystal-clear impression that the gambling licensing process is a very substantial piece of work in all of its three forms. The 15.8 full-time equivalents for the 07–08 year are in the business of conducting the licence reviews. They will not be in any way associated other than if they are required to meet with Mr Merkel. The 15.8 does not include any staff allocation either in terms of physical people or the full-time equivalent funding that will support Mr Merkel's review panel. So does that clarify the matter for you?

**Mr WELLS** — What does not make sense is that you have a budget and you have staffing, but now you have extra staffing which is supposed to be included in that budget figure. That is the bit that does not make sense.

**Mr ANDREWS** — What I have said is that Mr Merkel will need to be — we will need to speak with Mr Merkel about what his secretarial requirements are, right? That is a perfectly —

**Mr WELLS** — But did you not say it going to start in the next couple of days?

**The CHAIR** — He has got to start and do his work —

**Mr ANDREWS** — Mr Wells, having been appointed, starting work includes a meaningful discussion about a whole range of these arrangements: how it will be set up, what his expectations are, what he needs, what he wants. He has been appointed under an act of the Parliament and he will be dealt with appropriately.

**Mr WELLS** — So when will the panel actually start?

**Mr ANDREWS** — I have complete confidence that Mr Merkel and his panel will perform their functions as clearly defined under the act, and his first job will be to review the processes that have been followed in terms of the VCGR work and the steering committee work in relation to the public lotteries licence, providing me with a report or as many reports as he needs to on the integrity and probity of those processes. He will then move to a review of the industry design phase of the 2012 matters. He will then after that stage move to a review on oversight of the processes followed in the competitive part of those 2012 matters. Effectively the 15.8 staff and other costs associated does not fully expend the figures that you have up there. There is room in the budget to appropriately support Mr Merkel's panel and on from that any secretariat support that he needs, but quite frankly it would be inappropriate I would have thought for me to be involving myself in these matters to that level of detail. He is going to report to me, so others in the department will engage in a dialogue with him about what his needs are. They will be met — and you could be assured, Mr Wells that they will be. What is more, if you look at the second last dot point, review panel members, members expenses and secretarial support will be covered by that budget, and there is room in that budget to do that. Believe me, and have no doubt about this, he will be given the resources he needs to perform his functions, not under a letter from me or a contract from me but under an act of the Victorian Parliament. That is the basis on which we will proceed.

**Mr SCOTT** — Minister, I again refer you to pages 170 and 171 of budget paper 3 and the output measure 'Gamblers Help Service clients ...'. Could you outline to the committee what the government has done to address problem gambling in some of our most disadvantaged communities, particularly those from a culturally and linguistically diverse background and indigenous Victorians, and what future initiatives are planned in the coming estimates period?

**Mr ANDREWS** — Thank you very much for the question. It is appropriate given the other responsibilities that I hold in assisting the Premier in his capacity as the Minister for Multicultural Affairs. As I have said repeatedly, Taking Action on Problem Gambling is an integrated approach. It is not a single initiative as was proposed by others at the election last year. It is a comprehensive and integrated approach; it is about boosting treatment services; it is about 37 different initiatives across the seven action areas that we saw on the slide earlier on. Just as the RAP program is about targeting those who are most disadvantaged we also need to acknowledge that many indigenous Victorians, together with many from a culturally and linguistically diverse background, are some of the most disadvantaged people in our Victorian community. In terms of taking action to support them, targeted initiatives take account of the cultural differences, whether it be linguistic differences or broader cultural differences, to provide culturally appropriate care, culturally appropriate services and culturally appropriate education also in terms of some of that social marketing I have spoken about.

All of those matters are important if you are going to hit the mark and get to those who need the help — arguably those who most need the help — that we offer. Under Taking Action on Problem Gambling again I remind you that within that \$132.3 million commitment there is a \$4.9 million allocation over five years to address problem gambling in culturally and linguistically diverse communities as well as indigenous communities across the state. There are two statewide initiatives that began in this current financial year, the 06–07 year, particularly from a CALD and indigenous point of view. You may be aware of this organisation. They do a wonderful job, and I had some cause to deal with them in a previous capacity assisting Minister Pike — the Centre for Culture, Ethnicity and Health. They have funding in relation to the CALD part of that program, and the Victorian Aboriginal Community Services Association is the other partner in that CALD and indigenous body of work. Their total allocation for the 06–07 year was \$742 000, a substantial amount of money in terms of targeting the effort and delivering services in a culturally appropriate way, and fundamentally in an appropriate way.

In terms of going forward I have made the point about shame and stigma. I have made the point about reaching out to not just metropolitan communities but rural and regional communities. I have made the point about RAP and some of those matters going beyond just therapeutic counselling and financial counselling to provide real aid to people. This is just a logical extension of that. We have run a number of very successful campaigns, if you like, in the Chinese community; not to single any one ethnic group out, but there are a number of communities where there is a higher incidence of problem gambling, and there are some cultural factors around that. We have provided a number of different grants to a range of different culturally specific groups. We will continue to do that. The funding is there to do it. It is only possible because we have put a record amount of money into these services.

I also want to note, not directly in relation to CALD or indigenous communities, socially isolated women, which I mentioned earlier, and also those who are very newly arrived migrants, often from very difficult parts of the world. I am thinking of the Horn of Africa particularly. There is a \$500 000 commitment as well in terms of supporting socially isolated women and other recently arrived migrants, again targeting that growth funding, targeting the effort to meet the need in what are effectively areas of the service system where there are clear gaps. We know from the presentations and we know from the data we keep that there are not the number of people coming forward that there ought to be, and as a government we are committed to taking that action. The funding is provided to do it, and the service is well run.

**The CHAIR** — Thank you, Minister. Time for one quick question, Mr Rich-Phillips.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about your assistance for problem gamblers. You have established a new target of 90 per cent against the performance measure ‘Gamblers Help service clients who receive a service within five days of referral’, and the question is simply: is a five-day window tight enough for those clients who need urgent assistance?

**Mr ANDREWS** — I thank Mr Rich-Phillips for the question and his interest in the matter. We have put that measure there because it is important and we want to be able to have high standard of care, not just the quality of the care that is offered or the raw number of clients that are coming forward to get the care, but how timely, how effectively responsive we are to the needs of, as I have said a number of times, many of our most vulnerable Victorians. I think I dealt with this in terms of, in a broad sense, the notion that through an effective triage system, with the person who receives the call, and some of those other efficiency and productivity changes we have made, which I dealt with earlier, in terms of being able to make a direct booking and things of that nature, that will also assist in this. But the gamblers helpline person at the end of the phone, or the counsellor after an appointment has been made, has the ability through the funded hours model rather than a really narrow unit cost to assess what the needs of that client are. They can triage the most urgent, and there will be some that present with circumstances that are altogether more urgent than others. There is also obviously a key difference between where a family member comes forward versus someone who has got a gambling problem.

The measure is there, and we will obviously measure against that, but I am confident we will meet the 90 per cent target that you mentioned, and that is the product of not only a range of productivity improvements and some of the efficiency improvements that I alluded to earlier, but it is also about growing the amount of money that these services have: as I mentioned, a 9 per cent increase announced last Friday for the 07–08 year, together with a number of the other programs I have spoken about, together with the hours versus a strict unit cost, and on from that issues in terms of triage, where gamblers help services have effectively got the freedom, if you like, to apply more urgent care and treatment and ongoing support to someone who is in a more urgent set of circumstances and to triage down to someone who effectively can wait. But, again, these measures are important. We would anticipate that we will meet those targets, and we will be back before you next year to talk about it.

**The CHAIR** — Thank you very much, Minister. I would like you also to take on notice the question of what resources the department anticipates providing to support this committee in 2007–08, bearing in mind its experience over the last couple of years. That concludes the consideration of budget estimates for the portfolios of consumer affairs and gaming. I thank the minister and departmental officers for their attendance today. It has been a very comprehensive one. The committee has a number of issues to follow up. We will be writing to them about those. We request that written responses be provided within 30 days, and that will form the basis of consideration for inclusion in a future report of this committee.

**Committee adjourned.**



## **Transcript of Evidence**

### **7.13 Police and Emergency Services portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **7.14      Racing portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 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 R. Hulls, Minister for Racing;  
Ms P. Armytage, secretary; and  
Mr R. Kennedy, executive director, gaming and racing, Department of Justice.

**The CHAIR** — I again welcome the Honourable Rob Hulls as the Minister for Racing, Ms Penny Armytage, Secretary of the Department of Justice, and also welcome Mr Ross Kennedy, executive director, gaming and racing, Department of Justice. We have probably less than 30 minutes allocated to the racing portfolio, so we had better get onto the starting blocks. Maybe you, Minister, can give us a 1 minute introduction.

**Mr HULLS** — I will be very brief. There are a lot of slides, but I will not go through them all because I know there are no doubt a number of questions.

**Overheads shown.**

**Mr HULLS** — If we just go to the second slide, it shows that the budget for the gaming and racing portfolio is \$64.1 million, of which 10.25 is directed to the government's racing program. So it is actually a fairly small part of the overall budget.

The next slide shows that in the financial year 2007–08 the total appropriation for the Office of Racing is \$10.25 million, 9.3 for the Racing Industry Development program, 0.4 for the Living Country Racing program and 0.55 for the racing program administration.

The next slide just deals with what the Office of Racing is responsible for. The next slide talks about the racing industry overview. It is responsible for the employment of 70 000 people, two-thirds are in country Victoria, and has an economic impact of 2 billion per annum. The next slide deals with some of the legislation regulation. The next slide deals with industry development; it touches on the racing industry review, bookies and the breeding report.

The next slide simply deals with funding support — those programs I have spoken about. The next slide deals with our continued support for the racing industry and our commitments to the racing industry. The next slide deals with the industry review and the bookmakers' working party. There might be some questions about the review.

The next slide deals with some of our priorities, including welfare, improvement for trainers and stable hands and the like. The next slide is the final slide and the conclusion. It basically says we have a sound legislative framework. We want to maintain public confidence in the sector and promote the future and growth of a vibrant racing industry.

**The CHAIR** — Thank you very much, Minister.

**Mr PAKULA** — Minister, I notice that budget paper 3 on page 170 talks about the outputs for DOJ in relation to racing. The racing industry review, which we have heard so much about — how much of that is being undertaken by DOJ, if any? And if it is not DOJ doing it, who is doing it, and what do you think is going to be achieved by it?

**Mr HULLS** — That is a very good question. In the next decade — I think we would all agree; anyone who is interested in racing — that industry will face challenges and opportunities, I think, unprecedented in our history. As a government we are concerned to ensure that the industry is best positioned to respond cohesively and effectively, particularly in the context of changes to the industry, wagering and licensing and also competing for that discretionary dollar out there basically.

That is why the government made a decision in early 2006 to undertake what was called a capacity review of the whole of the Victorian racing industry. John Pandazopoulos was the minister and decided we needed to see where the future directions of racing were going, and there was this capacity review. That review was undertaken by Ernst and Young on behalf of the government, and the purpose of that review was to identify challenges facing the industry and ensure that it was best placed to make informed decisions about its future.

Issues highlighted in the review included questions about the current structure of Racing Victoria Ltd (RVL) and whether it is properly empowered to effectively deal with the thoroughbred racing industry. For those who can remember, RVL was established in 2001 when I was previously the racing minister, and it is broadly acknowledged across the industry that whilst the establishment of RVL was a gigantic step forward, it is not a truly independent body, and we need an independent body to lead racing into the 21st century.

You have asked whose review is the one we are reading about in the paper. It is not the government's review, it is RVL's review. It decided to conduct its own review of the thoroughbred racing industry. That decision was

endorsed by RVL shareholders, and that includes the Victoria Racing Club, it includes the Melbourne Racing Club, the Moonee Valley Racing Club and Country Racing Victoria. It was strongly supported by stakeholders — that includes trainers, owners, jockeys and breeders.

The focus of their review was the industry structure and governance. The industry engaged a fellow called David Crawford to carry out that review — he also did the AFL governance structure. David Crawford has now made recommendations, and RVL also prepared a business case designed to identify potential areas of improvement in the three areas — namely, asset aggregation, wagering growth, and racing program and shared services.

RVL made the Crawford recommendations public on 14 May, and shareholders and stakeholders were given a period of two weeks to formally respond to that report. RVL set the date of 7 June, and I have been advised that I, as minister, will receive a report from the RVL board shortly after 7 June. So I have got to make some decisions once I get those recommendations.

Where is it going to go? Those recommendations will either be unanimously supported or they will not be. Reading, as we all have, some of the reports of concerns that have been expressed, the likelihood of consensus recommendations obviously is a matter for the stakeholders, but they may not get consensus, as we read between the lines.

So what am I going to do? I am not going to pre-empt the outcome, except to say that anything I do as racing minister and any decisions I make on the Crawford recommendations will be made on the basis that the underpinning of the recommendations are sound. In other words, I will need to be satisfied as minister that the assumptions underpinning the recommendations and the business case have been tested. This may mean seeking external, independent advice before any final decisions are made.

Any changes which are to be made, in my view, have to ensure that the industry grows — and that is, the entire industry. I have said continually that the industry as a whole is bigger than one individual section of the industry. It is important that any changes that are made to the governance structure enhance the growth of the entire industry.

**The CHAIR** — Thank you, Minister. Mr Barber is not here, so I will go on to the next member.

**Mr SCOTT** — I would like to ask you about greyhound racing in Victoria.

**Mr PAKULA** — The sport of kings.

**Mr SCOTT** — Mr Pakula has referred to it as the sport of kings, but I will continue! Budget paper 3 on page 170 includes outputs and deliverables for the Department of Justice in relation to the racing portfolio. I ask you, Minister, to outline initiatives supported by your department to improve the way in which greyhounds are treated at the end of their career?

**Mr DALLA-RIVA** — Career?

**Mr HULLS** — It is a career; in fact *The Castle* was on last night. I do not know how Coco was treated at the end of his career, but some greyhounds are treated very poorly at the end of their career. As a government we certainly support the maintenance and welfare of greyhounds following the end of their racing careers, and for this reason we are strongly supportive of GRV's GAP program — 'GAP' stands for greyhound adoption program. That program is a Victorian initiative, and it is dedicated to finding homes for greyhounds that are no longer suitable for racing.

The GAP program celebrated its 10th birthday during last year, and since 2004 we have provided some \$100 000 in funding for that program. Each greyhound is kept by the greyhound adoption program for a period of six to eight weeks during which they are trained in basic commands and behaviours to make them suitable as pets. I do not know if anyone here has ever had anything or much to do with greyhounds, but they are actually very placid animals — extremely placid animals and very kid-friendly. I am pleased to say that this greyhound adoption program has facilitated over 300 greyhound adoptions per year, with about 50 dogs involved in the program at any one time.

Greyhound Racing Victoria has also a Great Chase series, which is another example of how Greyhound Racing Victoria has affiliated itself with the community. This series helps to raise much-needed funds for disability groups by matching identified groups with greyhounds competing in the series. Indeed, as part of this extremely

worthwhile greyhound racing initiative, I am going to Ballarat tomorrow or Friday — this week certainly — to present a cheque for over \$30 000 to Calkendren, which is a division of Scope, which offers short-break respite for around 60 Ballarat residents with physical or intellectual disabilities. Something like 230 greyhounds have competed in the Great Chase series, and the greyhound that represented Calkendren was a greyhound called Slater, if you are interested. He is a rising star of the industry.

**The CHAIR** — From Slater and Gordon?

**Ms MUNT** — It's on 10 per cent!

**Mr HULLS** — This one has not floated. He has had 27 starts for 18 wins and 3 minor placings. The point about this is that 10 per cent of the stake money that that greyhound earns goes to Calkendren, this really worthy cause. There are some great things happening with greyhounds, but the greyhound adoption program is certainly worth while.

**Mr DALLA-RIVA** — I think the Greens member has gone out to put some money on Going Green in race 2 at Traralgon!

Minister, I refer you to page 345 of budget paper 3. It relates to revenue initiatives, in particular the wagering commission rate adjustment under the heading 'Other revenue initiatives' in table A.26. I note that over the forward estimates period there is an expected income increase of \$14 million, or thereabouts, starting at 3.9 in the 2007–08 period to 4.3 million in the 10–11 year. I note that this is in relation to a decision to lift the 16 per cent yearly average commission cap on wagering.

In particular, my understanding is that under the current wagering legislation Tabcorp cannot take more than 16 per cent of gambling revenue each year, but obviously under the anticipated proposal the 16 per cent will be abolished and replaced with a specified deduction for each bet, which will now attract a commission above 16 per cent and possibly as high as 25 per cent. I am just trying to work out how you think this has benefited punters, given that Tabcorp and the state government will actually reap about \$4 million more in the commission paid.

**Mr HULLS** — It is true that we introduced legislation to remove the annual cap on totalisator commissions in order to really modernise the regulation of Tabcorp's commissions on wagering. The current system was introduced in 1994 as part of privatising the old TAB, and the government believes it needs reform to remain competitive in today's international racing and wagering environment. You are right; Tabcorp can deduct a commission currently of up to 25 per cent from any particular type of bet, but its overall deduction averaged across all bets cannot exceed 16 per cent a year.

The changes proposed in the budget will remove that 16 per cent annual cap and will allow Tabcorp to fix the commissions on each individual bet type. The commission on each bet type will be fixed at the current level, and the current level ranges from 14.25 per cent for place bets to 25 per cent for Mystery 6.

**Mr DALLA-RIVA** — It's a mystery to me.

**The CHAIR** — It is to most punters.

**Mr HULLS** — It's not if you pick one. The racing industry, I have to say, has argued very strongly for these reforms, which will improve the viability of the three racing codes in Victoria and ensure that the state maintains its position as national leader.

Over time revenue will increase. This is the issue that you raise. It will increase as more exotic betting products become more popular, and that will give the industry more funds to invest in things like infrastructure, prize money, improvements and the like. The current pricing structure — and this is the reason for the reform — has actually limited Tabcorp's ability to maintain its existing interstate pooling arrangements and has also restricted its ability to pool internationally. If we have a more flexible model for international pooling, that will enable Tabcorp to simply align its take-out rates with the rates of relevant pooling jurisdictions.

The changes — and I need to be clear about this — will not result in any increase to the commission rate for any bet type. Until now Tabcorp has been able to deduct commissions of up to 25 per cent from any individual totalisator. The new legislation will set the maximum commission that can be deducted from each bet type, and these will reflect the rates that currently exist. Any future changes to that will require government approval.

I think these changes provide a much more transparent environment in which punters will know the maximum take-out for each bet type, and they can choose accordingly. Punters will be better off because it will now enable us to enter into, hopefully, international pooling arrangements, which means the size of the pool will be bigger, which means the return to the punter will be bigger.

In fact I was in New Zealand just recently where I signed an in-principle agreement with Winston Peters, the racing minister over there, to pool New Zealand pools into our SuperTAB pool here in Victoria. It also will enable Tabcorp to remain flexible. It will still be able to conduct promotional sales such as its current fat quaddie promotions. I think if you actually had a look at some of the media that has been put out, in particular by all three codes — harness racing, thoroughbreds and also greyhounds — they are fully supportive of these changes; they have been lobbying for them. I do not think the punter indeed does lose out, because if you are able to maximise international pooling arrangements, the punter will actually be better off.

**Ms MUNT** — Minister, we have looked at how greyhounds are going to be better treated. I would like to ask if the government is giving any thought to jockey safety and wellbeing?

**Mr HULLS** — Indeed, no jockeys, no racing, that is the reality. We as a government do acknowledge that there are some real inherent risks involved in the sport of racing, none more so than the role played by jockeys, who really are the heroes of the racing industry. They risk their lives every time they sit up on a horse and every time they take the reins. It is vital, therefore, that we ensure that every possible measure is taken to protect our jockeys on the track and ensure they are equipped for life after they give up riding. In 2001 we commissioned a pretty groundbreaking study into the welfare of retired Victorian jockeys. You may not know but there is a very high suicide rate amongst retired jockeys, and that was one of the things that led us to commission that report in 2001. Jockeys can be on the top of the hill 1 minute, they retire and they are jobless. Yes, the great jockeys obviously can make a lot of money, but there are hundreds and hundreds of jockeys out there who are battling and when they retired, they are too big to ride or whatever, they find it hard to get employment, so there is a pretty high suicide rate amongst jockeys.

We commissioned that report and, as a result, the industry, working with the government, developed a range of initiatives to improve the welfare of jockeys. We have contributed almost \$1.3 million in funding to make initiatives like the jockey retirement benefits package available to jockeys.

That package saw the introduction of a unique superannuation fund for jockeys that did not exist in the past. It is called the jockeys super benefits scheme. It enables the jockeys to direct a percentage of their riding fees to a super fund for the first time. The second part of the package was the creation of the career benefits scheme, which encourages jockeys to contribute \$10 per ride to the super fund. RVL will then contribute an additional \$5 to the scheme. Also being set up is a full-time, independently operated VJA, the Victorian Jockeys Association, with offices at the Racing Victoria centre; provision of financial planning and management advisory services to jockeys, which is very important; a jockeys development program, which focuses on education, training, career transition planning, job placement and retraining of jockeys; and also the launch of the young jockeys mentoring program to connect retired jockeys with third-year apprentices to help transition to senior ranks.

We have established a standing occupational health and safety forum specifically for the racing industry, and we have also provided some \$320 000 to support ongoing industry research into general jockey welfare, including ways of providing assistance to jockeys who are forced into early retirement due to injuries. We know they are many of those. So I would not underestimate the amount of work that has been done in partnership with RVL in relation to retired jockeys. Of course further work does need to be done, but they are the unsung heroes of the industry and they need to be looked after, both while they are riding — occupational health and safety issues — and also in retirement.

**The CHAIR** — Unfortunately that has all the time we have for questions. I would have liked to ask about the trots, of course.

**Mr HULLS** — They are not called the trots anymore.

**The CHAIR** — I know. They used to be the trots when I went and watched my cousin who used to be the leading rider. I thank the witnesses for their attendance.

**Witnesses withdrew.**





## **CHAPTER 8: DEPARTMENT OF PREMIER AND CABINET**

### **Transcript of Evidence**

#### **8.9 Arts portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **8.10 Premier's portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **CHAPTER 9: DEPARTMENT OF PRIMARY INDUSTRIES**

### **Transcript of Evidence**

#### **9.9 Agriculture portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 17 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 J. Helper, Minister for Agriculture;  
Mr R. Bolt, secretary;  
Mr S. Condrón, chief financial officer;  
Mr D. Seymour, deputy secretary, energy resources and major projects;  
Dr P. Appleford, executive director, Fisheries Victoria;  
Dr B. Kefford, deputy secretary, agriculture and fisheries;  
Mr P. Bailey, executive director, Biosecurity Victoria; and  
Dr C. Noble, executive director, Primary Industries Resources Victoria, Department of Primary Industries.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the agriculture portfolio. On behalf of the committee I welcome Mr Joe Helper, Minister for Agriculture; Mr Richard Bolt, secretary of the department; Mr Dale Seymour, deputy secretary, Dr Bruce Kefford, deputy secretary and Mr Shaun Condron, chief financial officer, Department of Primary Industries; 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 reminded to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

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

Following the 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 on the more complex financial and performance information relating to the budget estimates for the portfolio of agriculture.

**Mr HELPER** — Thank you very much, Chair. I would like to provide an overview of the agriculture portfolio, including agriculture, fisheries and forestry. I would also like to present an assessment of some of the challenges faced by those sectors, and in conclusion, of course, provide an explanation of how government will assist industry meet those challenges.

#### **Overheads shown.**

**Mr HELPER** — The graph you see here shows that Victoria's agriculture sector is indeed one of Australia's success stories. It accounts for more than 25 per cent of Australia's food and fibre exports, well ahead of any other state. We have to keep in mind that Victoria's primary production comes from 3 per cent of Australia's arable land. Seafood exports are dominated by abalone products which account for 63 per cent of Victoria's \$136 million seafood products exports.

The recreational fishing sector is also of very high value particularly in regional areas and in regional communities and is estimated to involve more than half a million Victorians. In the forestry sector allocation of wood is managed by VicForests with careful oversight by government to ensure the valuable resource is used sustainably.

This graph shows the significance of Victoria's strongest export performer — that is, the dairy sector. Victoria makes up 87 per cent of Australia's total dairy exports, and Australia's total exports are worth \$2.5 billion. It may be of interest to committee members that powdered milk and cream make up almost half of Victoria's dairy products sent overseas. Asia is the most important market for us. In particular Japan, Malaysia, Indonesia and Singapore. As the dairy sector shows Victoria has a strong and productive primary industry, and this is no accident but is supported through research and extension by DPI.

Although the performance of Victoria's primary industries is impressive, the sector faces immediate and long-term challenges. The most critical issue right now is drought — and drought in the longer term context of climate change. The rainfall map you see on this slide is for December 2006. The shades of red show percentages below average rainfall. The darkest area received less than 20 per cent of average. It paints a bleak picture and unfortunately much of 2006 was very similar. The impact of such a record low rainfall is felt throughout regional communities and across the agricultural sector. This current drought has left very few people and communities untouched.

In more recent times there has been a reprieve for some, with reasonable rainfall in significant parts of the west of the state in April. The spirit of communities throughout that region was immediately lifted as grain farmers set



about putting this season's crop in. I thought it worth highlighting how the rain was received in the Horsham district. I have the front page of the *Wimmera Mail-Times* of 2 May — it was indeed a great relief.

But as you can see from this slide, the April rains did not extend across all of the state in many areas, in particular the north east and the irrigation districts, and catchments have had very little relief. Water storages remain empty or at critically low levels across the state. As a consequence there are difficult decisions ahead for livestock producers amongst other sectors who face the real prospects of not having enough pasture, growth or fodder to sustain their already-reduced herds. We will continue to provide a whole-of-government response to drought, led by the Premier, with significant support from the Department of Primary Industries.

Another challenge ahead is the growing frequency of biosecurity threats and fire. Again the impact of climate change cannot be underestimated in this area. Prolonged drought leads to dry forests and perfect conditions for wildfires. By way of further example, these conditions contribute to an increased number of anthrax cases in cattle. Anthrax spores are endemic in the soil throughout much of northern Victoria and are likely to have been present for more than a hundred years.

With limited pasture, cattle forage deeper into the soil, which increases the risk of ingesting anthrax spores. This leads to the types of incidents we experienced near Stanhope and Tatura earlier this year. Fortunately the local community and Department of Primary Industries officers are well prepared to respond.

The third challenge for agriculture is the changing face of Victoria's rural social landscape. This map shows Victoria's three social landscapes — rural amenity, rural transitional and agricultural production. Amenity landscapes, marked in blue, are commonly those areas popular for people looking for a sea or tree change. Often larger farms are broken up and replaced by hobby farms, niche industries or tourism enterprises.

Traditional landscapes, marked in light brown, are those areas in between the growing amenities and at times receiving agricultural production areas. Increasingly these areas include non-traditional broadacre farming enterprises, including blue gum plantation and boutique businesses. The agricultural production landscape, marked in pink, is contracting in both size and population as competition forces efficiencies. Communities in these areas may be expected to age rapidly and reduce in population.

Our exporters are also facing significant challenges, not least of which are the highly subsidised international markets. This map shows what is known as the average effective rate of resistance in various trading blocks — that is, what percentage of a farmer's income is derived directly from government. The high level of subsidies provided in Asia, the EU and North America have a big impact on Victorian exporters, and yet our primary producers are still able to compete effectively in many areas.

The government is supporting Victoria's agriculture, fisheries and forestry industries to respond to these challenges. Emergency management is becoming an increasingly critical function of government, and in particular of the Department of Primary Industries. I have already touched on drought, fire and anthrax, but as you can see, in the past year locusts, phylloxera, fruit fly and the abalone virus have also been significant issues.

The government will continue to invest in the capability to better understand and respond to these issues. Whether it is through the development of rapid diagnostic tests for disease, such as anthrax, or the capacity to respond to fruit-fly outbreaks, the government will continue to work with industry to minimise the economic, social and trading impacts these emergencies can have.

The government has a strong focus on helping to protect Victoria's primary industries from disease and pests. We established the Biosecurity Victoria division within the Department of Primary Industries, and we have more than doubled annual spending on biosecurity since coming to office.

We have continued to invest in research and monitoring activities to support industry. The government has an excellent track record of working with industries to help drive productivity gains. 'Producing more with less' is a common catchphrase. It is not just about increased profits, however.

The careful management of our natural resources like water and the reduced need for inputs like chemical fertilisers are important advances that make our industries more productive and sustainable. These improvements are driven by science and realised through effective implementation. The government works closely with industry to co-invest in priority areas that have the best outcome for Victorian primary producers.

DPI is taking a lead role in addressing key priorities in the area of emergency response, protecting primary industries and driving productivity. Never before has so much of Victoria being declared eligible for EC drought support, as you can see from the areas in brown. The white areas in the north-west are the Murray-Sunset and Wyperfeld national parks. The area numbered 11 to the east of Melbourne has prima facie EC.

In response to drought more than \$170 million in state government assistance has already been announced. Key initiatives include funding for stock containment areas, municipal rate subsidies, farm planning, extension services for farmers, and support with EC applications. The ministerial drought force will announce further support measures shortly. It is worth noting by the committee that approximately 770 DPI staff, or one in three, were deployed to fire-related duties over summer. These activities include supporting DSE in the firefighting effort as well as leading on farm bushfire recovery programs. DPI recovery teams visited and assessed more than 600 properties. Staff were able to provide valuable assistance and advice to individual farmers in relation to animal welfare as well as sourcing help for stress management and financial counselling.

When it comes to immediate challenges, of which we will see more in the future, or challenges of productivity growth, I am particularly proud that this year's state budget provided \$180 million towards a new biosciences research centre. It is proposed that the centre will be built at La Trobe University in Bundoora and would include the contribution of up to \$50 million by the university. The centre will strengthen Victoria's position as a global leader in biosciences technology and significantly contribute to safeguarding the state's primary industries from new and existing biological threats.

Victoria's ability to detect and rapidly respond to exotic disease outbreaks and bioterrorism is critical to maintaining our reputation with trading partners and protecting our economy. It will bring together up to 450 scientists from DPI's existing research facilities, the university sector, as well as national and international researchers and science agencies. The centre will also include a focus on developing crop varieties with a greater tolerance to drought, reinforcing the government's commitment to respond to drought and climate change.

The \$180 million biosciences research centre comes on top of recent \$78.2 million investment to revitalise DPI's regional research facilities. These regional facilities are a key part of DPI's research program. The department is the largest employer of scientific research and technical support staff in Victoria. Their work provides the primary source of innovation for our primary industries. Victoria's research reputation and capacity has been strengthened by these investments and will be further boosted by the construction of the biosciences research centre.

The state budget also provides key funding to continue to drive productivity in our primary industry sectors. The \$13 million Our Rural Landscape extension program focusing on agricultural adaptation and climate change will build on work already done and further strengthen the research effort, helping industries deal with climate change issues. Continued innovation through scientific research and implementation of practice change will help ensure Victoria's primary producers remain strong.

Finally, Chair and committee, this is a list of the other initiatives funded in this year's budget. Worth particular mention is an additional four years' funding for the 13FISH reporting line which allows members of the public to report suspicious activities in or near Victoria's fisheries. Investment to kick-start electronic identification and tagging of sheep similar to the NLIS system already in place for cattle, increased support for the RSPCA, and funding to expand the department's important responsible pet ownership program with the aim of reducing dog attacks involving children.

I hope members of the committee have found this oversight presentation useful in identifying the challenges that are faced by the agriculture sector as well as the agriculture portfolio.

**The CHAIR** — Thank you Minister, it is certainly far more colourful than virtually any other presentation.

**Mr HELPER** — Did I win the prize on that one?

**The CHAIR** — You definitely win the prize on that one!

I notice a couple of the slides mention driving productivity. I would like you to give us a more complete picture on how portfolio spend in the coming financial year will contribute to and increase productivity in Victoria, particularly through your new portfolio initiatives.

**Mr HELPER** — Agricultural productivity has exhibited strong growth over the last few decades, and this has been at a rate more than double that achieved by other market sectors. Productivity growth is essential to the agricultural sector and has accounted for the entire increase in agricultural output by the sector over this period.

**The CHAIR** — Have you got a figure for the productivity?

**Mr HELPER** — The broadacre farm productivity growth averaged 3.26 per cent per year between 1989 and 2004. At this rate of productivity growth it takes only 22 years for farmers to double the output comparative to their inputs.

In the grain sector, for example, where productivity has grown at a spectacular 4.89 per cent per year it takes only 15 years to double that output. Continued strong growth in farm productivity also reduces agriculture's call on the nation's resources. Much of the government's innovation efforts from an agricultural perspective have been focused on research and development and extension. DPI will, of course, continue its targeted investment in research and development and investment.

As I mentioned in my presentation, the \$180 million biosciences research centre at La Trobe University is a very big driver for our involvement in producing productivity for the sector and injecting that research and development into the sector.

I think we see a vibrant sector. We see a sector that is prepared to take up innovation, and research and development, and we see a department that through its science initiative, and research and development initiatives, contributes to that sector having available to it the innovation that it needs to drive forward.

**The CHAIR** — That is interesting because you have the farm sector, as you were saying, Minister, now providing about 3 per cent to productivity. One figure has productivity growth in Australia overall over the last 10 years or so being less than 1 per cent — namely, 0.8 — and I think it might have actually gone up in the last year or two. I see those figures as quite interesting in respect of the impact on productivity.

**Mr HELPER** — And when you look at the challenges that I have outlined in my presentation, for the agricultural sector to still be in the strong position that it is in terms of trade, for example, and in terms of exports, it is quite obvious that it can only achieve that through significant productivity growth.

**Mr WELLS** — Minister, I refer you to the Department of Primary Industry's website, under 'Trade and investment', where it states:

The Victorian government, working in partnership with companies and farm enterprises, is committed to meet the target of increasing Victorian food exports to \$12 billion by the year 2010.

I also note that it has been almost five years where we have moved our exports up by about 1 billion, so it has taken five years to increase our exports by 1 billion. Can you inform the committee about how we are going to move the current level of exports — that is, 7.2 billion I notice from your graphs — to 12 billion over the next three years to reach that target the government has set?

**Mr HELPER** — I welcome the question very much. Obviously, one of the challenges that faces agriculture in meeting that target with the support of government, through my department and other functions of government, is indeed the impact of droughts. In that period of time we have had the 2002–03 drought and the impact of the current 2006–07 drought. Both of those take a very heavy toll on agriculture.

They particularly relate to Victoria's single largest agricultural export sector, being dairy. They impact on that significantly, and it is fair to say that those challenges will obviously have an impact on export performances. The government, working with the agricultural sector to address those immediate challenges, whether that be through our response to the drought or whether that be through our response to continuing to support productivity growth, is doing its utmost and its best to drive productivity, and through that, exports, for us to leap forward. A further factor to take into account is of course the challenge faced by our export sector through variations in the Australian dollar. I think we have all got a civic duty to talk down the Australian dollar if we want to support our exporters.

**Mr WELLS** — Is it not your target now that by 2010 you will achieve Victorian food exports to 12 billion? Are you saying you have given us reasons why it is not going to happen so are you going to give other

advice? You have told us about the drought and the Australian dollar but this website is still current as of today — that you are going to aim for \$12 billion by 2010.

**Mr HELPER** — I am sorry, I do not have the web site in front of me. Are you quoting from there, that we ‘aim’ to have exports?

**Mr WELLS** — It says:

The Victorian Government, working in partnership with companies and farm enterprises, is committed to meet the target of increasing Victorian food exports to \$12 billion by the year 2010 .

That is on your website. Keith Hamilton mentioned it when he was minister back in 2002 so we can only assume that the \$12 billion target is still the government’s objective, or still the government’s policy to increase food exports to \$12 billion by 2010.

**Mr HELPER** — We will continue to support our agriculture sector to maximise its export opportunities whether that be through market access, whether that be through the support of research and extension for the agricultural sector or whether that be through the protection of our biosecurity status, on all of those fronts we will continue to work to support the maximum export outcome for Victoria’s agricultural sector.

**Mr WELLS** — But as minister is that still your target — \$12 billion by 2010?

**Mr HELPER** — You used the word ‘aim’ before and I think it is clearly obvious to anybody who has an understanding of the agricultural sector that issues such as drought and the Australian dollar indeed have a very significant impact on the ability of the agricultural sector to perform in terms of exports.

What I am committed to and what the government is committed to is to absolutely maximise the export performance of Victoria’s agricultural sector, and we are doing that through a whole range of initiatives. Indeed many of those initiatives are encompassed in this market. For example, one of the activities of the department is of course to work very vigorously with industry to open up export markets and to remove the impediments that may exist to particular export markets.

It may be a small but it is nevertheless a significant example, part of the department’s activity was to reopen the potato market in Thailand after a biosecurity issue. It was the department’s work that actually reopened that market. So it is in those tangible and practical steps, not all large admittedly, but overall a very strategic approach to combine innovation, biosecurity and diligent work in terms of market access so that our agricultural sector has the best opportunity to thrive.

**Ms MUNT** — Minister, we are all very aware of the severity of the drought and the impact on our rural areas, in particular on our farmers, but the budget did not provide direct cash grants to farmers. Can you please outline how the budget supports our farmers through this grant?

**Mr HELPER** — Thank you very much, Janice, for the question. As I have stated a number of times the government has across a number of portfolios but predominantly through the Department of Primary Industries supported our agricultural sector and our rural communities to the tune of \$170 million to date in terms of drought support.

Some of the initiatives or some of the measures that that supports are, of course, extension support, stock containment areas, \$5000 water bill rebates, municipal rates subsidy, community support, community infrastructure funding, emergency bores et cetera — a whole raft of initiatives that recognise the impact of drought on individual farm enterprises, the individual farmers, their families and indeed their broader community. That is our track record so far.

If you look at the budget you will see that there was account taken of the drought insofar as we knew at the time of the input to the budget process of the level of support that was needed through the exceptional circumstances-declared areas, and we have budgeted to continue at that level of support into the future. Growth may vary or the number of people who seek assistance may vary; therefore our response may alter, but also other initiatives may come into play.

But if I can just touch on the call that comes from some in the community for direct cash grants, I think that as a whole government we welcome the expression by individuals and organisations in the community of what they see our drought response should be. It is then our role, of course, to analyse that and to see whether it actually drives forward or is a worthwhile commitment, a useful commitment and an effective commitment to drought relief.

If we consider that across Victoria, we have 30 000 primary producers across the state. If you wanted to extend the cash grant initiative to primary producers, the whole of the state, as you saw — with the exception of one area that is EC prima facie — in terms of agricultural areas it is EC declared, so you would have to consider all Victorian primary producers. If you were to extend the figure that is bandied about from time to time as being \$20 000 — that is, if you were to extend the \$20 000 cash grant to each one of those 30 000 Victorian primary producers, it would add up to a commitment of \$600 million.

Clearly that is a very significant amount of money, and clearly government has to very strongly ask itself: is that a sensible and effective way of supporting agriculture? You have to particularly think that in many farming enterprises \$20 000 would purchase only a very short period's worth of fodder — for example, in the livestock industry. If you put it in that scale, one does get to recognise that there are significant other initiatives available and significant other initiatives that government constantly has under consideration in terms of supporting the agricultural sector, firstly, to cope with the immediacy of the drought, and secondly, to look over the horizon to recovery and to position agriculture to recover strongly once the drought has indeed passed. Thank you for your question.

**Ms MUNT** — Thank you, Minister.

**The CHAIR** — Dr Sykes, I will make sure he gets an early question on this one.

**Dr SYKES** — I appreciate the assistance of city-based members in focusing on some of the country areas.

**Ms MUNT** — We do care.

**Dr SYKES** — Minister, what additional drought-relief measures does the government intend to implement, and when?

**Mr HELPER** — I do not intend to treat this hearing as a cabinet meeting. Clearly the initiatives that the government announces go through our cabinet process, but the sort of thing that we have certainly in the past found very effective is to work intensively with the farm sector so that we can identify and provide extension services to individuals — again to draw on the example of the livestock sector — for how fodder can actually be stretched.

We see daily reports in the media that fodder availability across the nation is an enormously problematic issue. I am relying on my recollection here, but I think a figure was bandied about that fodder available out of WA amounted to 5000 tonnes. Five thousand tonnes is 5000 tonnes. You would rather have it than not; nevertheless it is a relatively small amount of fodder. We actually have to start looking very strongly at how we stretch that fodder further. I understand — you would understand this better, I am sure, Bill — there is a 25 per cent minimum of coarse fibre that should be a part of cattle's diet.

If we can push that down somewhat, with the right advice directly to farmers, we may actually be creating a greater benefit in terms of the way we can supply fodder through this drought than if we were to pretend to be able to enter the market and buy all of WA's fodder and bring it over to Victoria, for example, just in one area.

That direct extension to individual farmers and using the expertise of the department and extending that, I think, is an area where we may well look to provide some support. We have seen an example of that; it was announced the other day by my federal counterpart. I think it was \$400 000 funding to provide intensive extension services to the dairy industry on exactly this question. I certainly congratulate the federal government on that particular initiative. I will put on the record now that the Victorian Department of Primary Industries will work very actively in support of that initiative. A lot of that initiative will then be delivered through us, through our offices and through our network in country Victoria.

**Dr SYKES** — I would like to just explore that a little bit.

**The CHAIR** — You only get one question at a time. You can seek a very quick clarification.

**Dr SYKES** — There was a question about assistance measures. The minister has mentioned one, and there are whole lot more out there. If we could just focus on that one, you said that you are going to start to put out advice on how to stretch the fodder reserves. Minister, the need to stretch the roughage reserves was evident in September–October last year. To start doing it now is neglect. Secondly, in relation to the effectiveness of your extension effort — and I congratulate the field staff out there; they are working very hard under very difficult conditions — I challenge you to show me more than half a dozen articles in the papers of north-east Victoria, or even the *Weekly Times*, that originate from your staff getting those broad messages out.

The best one that came out a couple of weeks ago was written by Dave Rendell, and I do not think he is on the DPI payroll. I would suggest that the government is negligent in its duty of being proactive and helping people through this drought. You are on the back foot in responding. You will have to wait until people are absolutely emotionally and financially desperate before you act.

**Mr HELPER** — I am sure we will go through this hearing having a difference of opinion about this. Firstly, I would have to check the Hansard record, but I do not think I actually used the word ‘start’.

**Dr SYKES** — I am sorry, but you did.

**Mr HELPER** — If I did, let me clarify what I actually meant. Certainly focused activity on that, and the escalation of the focus on that type of direct extension activity, is something that is clearly one response that is sitting before government.

However, we have throughout this drought provided much greater extension services directly to farmers. Part of that extension service is — guess what? — to talk about fodder budgets, how to stretch fodder, the extension information that farmers require to push the envelope in terms of diets et cetera with animals. So indeed we have been working for a considerable time with the farming community on these issues. I am sorry that not every one of those individual farm visits results in a media release. I guess the farmer and the DPI officer are both too flat out doing their respective roles to run into the local newspaper.

**Dr SYKES** — With respect, Minister, if you used the media you would get to a lot of farmers that your field officers do not get to.

**Mr HELPER** — Sure, I accept that.

**Dr SYKES** — With respect, a very large number of people contact me or do not contact anyone because you are not getting to them. So, please use a recognised medium, which you use to put out all your other media releases on.

**Mr HELPER** — If I may give just a very brief response on that, we have a number of publications. One of them, I am informed, is called *Primary Voice*, so the network of DPI and its communications is pretty good.

**Dr SYKES** — It is not hitting the mark, Minister.

**The CHAIR** — I am sure you will receive many press releases from now, Dr Sykes.

**Dr SYKES** — I would hope so.

**Mr PAKULA** — I want to move on to fishing. There is a significant increase in the budget in initiatives for recreational fishers. I just would like you, Minister, to outline why your ministry is making that significant effort to improve fishing facilities in Victoria.

**Mr HELPER** — As I mentioned in my presentation, recreational fishing is a significant contributor to activity, particularly in regional communities. I mentioned that half a million Victorians are expected to be involved in recreational fishing. I have to ashamedly confess that I am not one of them. My only fishing experience has been to catch a rock at a fish farm, so unfortunately at this stage I cannot count myself amongst them.

Recreational fishing also contributes significantly economically. It is estimated — I have seen some estimates — that the recreational fishing industry contributes some \$400 million to Victoria’s economy, again predominantly in regional Victoria, so we take recreational fishing very seriously.

In the budget we have put in place a number of initiatives. One of those is in the area of fish stocking. The other is in the area of trialling the creation of an artificial reef to see what impact it has on fishing, so that is habitat enhancement. We have also announced that we are working with local communities through a grant program to enhance the habitat of inland fishing.

Together with a funding commitment to the Queenscliff Marine Discovery Centre, the purpose of which is to extend more fully the knowledge to the Victorian community of the importance of our marine environment, how it works and how it needs to be looked after and a range of issues. An important one I mentioned in my presentation that has just sprung to mind is the 13FISH number, which is about ensuring that both commercial and recreational fishing is conducted within the framework of our legislation and within the framework of a sustainably managed fishery.

I think there is a whole raft of initiatives that will support the recreational fishing sector. A further initiative I should mention is the creation of an increased recreational fishing opportunity in Western Port Bay by assisting the exiting of current commercial net fishing licence-holders, so that that becomes a further recreational fishing opportunity. We think we have got a pretty good track record. We see it as important. We have in the past and we will continue into the future to support recreational fishing.

**Mr BARBER** — I would like to ask you about crayfish quotas, if that is all right?

**Mr HELPER** — Yes.

**Mr BARBER** — There has been a longstanding problem with overfishing, particularly in western Victoria. Your government introduced some new quotas in 2001, but the catch is still declining. The pot lift — the number of times you put a pot down and bring it up with something in it — is also declining, and that is a good measure.

**Dr SYKES** — The crayfish are getting smarter.

**Mr BARBER** — No, I do not think it is the crayfish getting smarter, Dr Sykes, not in a couple of hundred million years of evolution. I do not think it would be something that just happens.

I will give you the figures that have been given to the Greens by the fishers, and that is that at the end of February the catch was only 263 tonnes, or about 58 per cent of the quota for western Victoria, and the year before that 336 or about 75 per cent of the quota. In South Australia and Tasmania they are not suffering this continued decline. So I guess my question is: is it time to recognise a new quota system to follow on from the one that you introduced, to review the earlier one, new pot limits?

Obviously you would need to enter into genuine negotiations with the state's lobster fishers on fair compensation either to retire from the industry, to reduce quotas or reduce pot numbers. We and they supported the marine national parks, but that reduced the area again, and they did not receive any compensation for that. Is the government intending to enter into these negotiations for compensation to further reduce quotas with the fishers?

**The CHAIR** — Minister, could you restrict your answer as far as it relates to the budget and the estimates, please?

**Mr HELPER** — If I can just give a brief, broad overview and then I might ask Peter Appleford, executive director of Fisheries Victoria to add some detail to it.

I think Victoria's fisheries, whether they be rock lobster, fish or any other fisheries in Victoria, are managed extremely well; they are managed on a totally sustainable basis, and we should not get necessarily pot-lift effort confused with the sustainability of the rock lobster fishery. The total allowable commercial catch, for example in the western zone rock lobster for the quota year which commenced on 1 April 2007, has been set at 380 tonnes. This indeed represents a reduction of 15 per cent, or 70 tonnes, from the total allowable catch set for the last four years. As you can see from that small example, we do manage quotas in an effective way to sustainably manage the overall fishery. But I may ask Peter to add some more detail to that response.

**Dr APPLEFORD** — Thank you, Minister, for the opportunity to provide some additional information in response to that question.

The question involves a series of components, the first one is in relation to the quota system. The quota system in place, which is the amount of rock lobster that can be taken within the fishery and then allocated to the different licence-holders, is a system that is in line with world best practice. There is no need to amend the quota system per se, because it is consistent with the way quota systems are around the world and will pass external scrutiny by any parties.

The idea of quota systems is to get us away from the previous situation we had where there was an inability to limit efforts — the fishermen would go out and fish and catch every rock lobster before the opposing fishermen could catch it and that was having a detrimental effect on the stocks.

So we brought a quota system in which allows a quota to be set, distributed amongst the fishermen. Part of the adjustment over time is to amend the amount of quota they can take. You will see variability in rock lobster catches around the world, in all the fisheries. It does not mean there is an unsustainable fishery or that it requires drastic changes to the overall process in the short term.

A lot of the seasonal variation and annual variation are actually due to environmental effects. There have been a lot of unusual environmental conditions observed over the last three years down in the west of the state. One of those is above-average water temperatures, which has been caused by the stoppage of a welling up of water off the coast of south-western Victoria, which causes cold water coming up from the south to be dispersed along the plateau which greatly affects the habits of the rock lobster itself. What we are finding is rock lobsters are spawning three to four months out of the normal spawning cycle. We are seeing plenty of rock lobsters in the fishery itself but the catchability of the rock lobsters is down.

What we are seeing at the moment with regard to the catch per unit effort, which is the kilos of rock lobster you pick up per pot lift — or the number of times you raise the pot — is a decrease. As the minister correctly pointed out, that is not a sustainability issue. There are plenty of rock lobsters there because they get to breed several times before they enter the fishery and we have the most conservative catch sizes in Victoria of any state, so there certainly is not a sustainability concern here.

The catch per lift is actually an economic viability indicator. So we decrease the quota so they actually over time build the available biomass — that is, the rock lobsters that are available to be caught — up to a level where they catch more per pot lift over time. So it takes exactly the same amount of money to drive out there, put a pot down and lift it up, but they catch more kilos per pot lift.

That is why we adjust this over time. There is a marketplace in place. The quota can be changed, transferred between licence-holders permanently or temporarily, they can transfer pots, they can put different operators on their licences. So we have a marketplace operating out there within which the quota can be managed. That is the nature of the business, so there is no need to take short-term action in regard to that, apart from amendment of the quota.

The quota last year that was caught was in the order of 330 tonnes. We did not have a quota year when it was as low as 230; we have had ones in the 400s. The marine parks were introduced, but they only represented 4 per cent of the entire rock lobster territory in that part of the state, therefore it had a minimal impact. The 450-tonne quota that was set was viewed to be appropriate at that time when we brought in a quota. The fishermen are still receiving adjustment payments to adjust their fishing practices over time in relation to bringing the marine parks in, so they have received compensation.

What we seeing down in the south-west is a combination of changed fishing practices and some unusual environmental conditions. We need to monitor this over time to see the overall effect on the stocks before we take any drastic actions. The best way to manage it in the short term is simply through the adjustment of the quota over time.

**The CHAIR** — Thank you very much.

**Mr SCOTT** — Minister, in your presentation you made reference to the \$180 million investment to build a new biosciences research centre at La Trobe University in Bundoora, which I might welcome, seeing it will not just be an investment in agriculture but also a welcome investment in the northern suburbs of Melbourne — and I say that as the member for Preston.

**Mr HELPER** — It is a pleasure.



**Mr SCOTT** — Can the minister outline the role the national biosciences centre will play?

**Mr HELPER** — Thank you very much for the question. I think the \$180 million national biosciences centre is indeed a highlight in the budget for the department of agriculture. It makes an extremely significant investment in the future of Victoria's agriculture, as I mentioned during my presentation. All of this committee would understand the risk Victoria's farming communities and economy face if our agricultural sector is not at the cutting edge of new technologies. So it is again that research, it is that science and it is that driving of innovation.

The other issue that is very important in terms of the national biosciences centre is the ability to respond to disease and pest impacts on Victorian agriculture. The loss of just four weeks trading, for example, which may occur if we had a particular disease outbreak in Victoria would cost the dairy industry over \$150 million; and the meat industry, over \$100 million.

By driving the science, by driving the diagnostic ability and the speed of the diagnostic ability within Victoria's capacity and within the department's capacity, we are able to minimise the period of time that we might be exposed to a particular biosecurity issue or one of our agricultural sectors is exposed to a biosecurity issue. In light of the figures that I have just mentioned before, we are talking sheep station-size amounts of money that we could be putting at risk in terms of the trade impacts if our biosecurity preparedness were not at a peak level.

The research is also about the response to any particular biosecurity impact, but it is also about providing the scientific infrastructure to respond to those biosecurity impacts. By that I mean issues like rapid diagnostic tests — such as that the department developed for anthrax, for example — which heightens our ability to respond at a rapid rate to any biosecurity issues.

The important aspect of the biosciences centre is — indeed as its name implies — the science capacity that we will concentrate. To me it is a great initiative. It is a fantastic opportunity to bring up to 450 scientists into one location, into a university facility which is run in conjunction with the university, to bring that sort of scientific mass together, to have them bounce ideas off each other, to have that critical mass to attract further overseas scientific expertise. Victoria is extremely good at doing that. Creating this sort of scientific capacity will have a significant impact in ensuring that we are competitive within an international marketplace to attract that scientific expertise, and indeed that we are competitive in the Australian marketplace to attract that scientific expertise, as well as the cumulative effect of having such a significant scientific capacity in the one location.

When you apply that to agriculture, it all goes well for the future productivity growth and the future export opportunities for Victorian agriculture. It also, as I said, plays a very important role in ensuring that Victoria's reputation in terms of biosecurity issues is protected into the future.

It is worth mentioning that obviously one of the themes of issues that runs through the government's thinking at the moment is that of climate change. The opportunities in terms of biosciences to develop a response to climate change and a response to the adaptation of climate change is again heightened by a sciences centre which will conduct research into more drought-tolerant crops, research into — again I touch on this — the response to disease and biosecurity issues that may be heightened through climate change. If you look at all of that, we really are putting in place a significant capacity; a capacity that will also, of course, be of great benefit to La Trobe University, where it is proposed to put the centre. Its scientific standing in the world of universities will be greatly enhanced by having this capacity there.

It is a great synergy to put the university, to put our scientific capacity, in the one location to attract not only greater international interest in terms of the scientific input but also to attract greater investment from industry sectors to that research, and to also have the opportunity to attract federal support for that research through the university. Put all of that together, it is an absolutely fantastic investment and one that will stand this state in good stead for generations to come. Why did we choose Bundoora? Because it is a good place.

**Mr SCOTT** — Yes, it is, Minister. So you are seeing it as having both the biosecurity role but also indirectly a role in boosting productivity through the boost to science in agriculture in Victoria.

**Mr HELPER** — Very much so.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about your output initiatives and output funding for the agriculture portfolio. It is a bit difficult for this committee to isolate the funding for agriculture due

to the way DPI is structured with the energy portfolio and other areas. In your budget press release you announced \$239 million for agriculture, 180 of which is the biosecurity centre you have just spoken about. Taking that out and taking out the fish processing facility, that leaves 57.5 million for what presumably are output initiatives, some of which you have mentioned in your press release. Can you tell the committee please what the phasing is of that money over the four-year estimates period — i.e., how much in each of the four years — and is there any reduction in output funding from the 06–07 year of existing programs to fund any of those new output initiatives?

**Mr HELPER** — Shaun Condron, the chief finance officer, could give us an overview.

**Mr CONDRON** — Are you are looking at the total initiatives? Are there any particular ones that you want or would you like me to give you a breakdown of them?

**Mr RICH-PHILLIPS** — If you are able to give a breakdown over the four years, that would be appreciated.

**Mr CONDRON** — So in terms of the output initiatives we have got a number of new ones here. The ‘Our rural landscape’ extension was \$13 million in 2007–08. In terms of the other initiatives there was the enhanced recreational fishing opportunities initiative that was \$12 million over four years. Some of that was actual funding that was redirected in terms of it was existing funding from recreational fishing licences. So it was already going to recreational fishing, but it has been put into the grants program for new fish-cleaning tables, a saltwater artificial reef trial, habitat improvements.

There is increased support for the RSPCA of \$1 million per year over the four years. As the minister mentioned before, we are going to continue the fisheries offence reporting hotline which was another \$300 000 per year. There is a new recreational fishing haven in Western Port at \$5 million for 2007–08 as a one-off. There is the electronic identification and tracking of sheep which is \$1 million in 2007–08.

**Mr RICH-PHILLIPS** — You refer to some of the funding from the fishing licences being diverted into the new program. Is that the only pre-existing funding that is being diverted to new initiatives?

**Mr CONDRON** — No, it is not the only pre-existing funding that is being diverted into new initiatives. It is probably the most significant. In terms of other pre-existing funding, there is existing grant funding to the RSPCA for approximately \$200 000 per year that is already in the budget as well. That is being increased to \$1 million per year. Apart from that, in the agriculture portfolio there was no other existing funding that is being redirected toward those new initiatives.

**Mr RICH-PHILLIPS** — What was the total spend in the agriculture portfolio?

**Mr CONDRON** — Total spend in the agriculture portfolio? Off the top of my head, I would have to take it on notice. As you said yourself the total spend across the department was 487 million but in terms of the actual breakdown of that, it is roughly about — —

**The CHAIR** — You can take that on notice, which is probably not a bad thing.

**Mr BOLT** — Suffice to say that the substantial majority of the \$487 million is spent on agriculture.

**The CHAIR** — That is something we may take up when we do our questionnaire next year to try to get a bit of differentiation between portfolios. That is a good idea.

**Ms GRALEY** — Minister, I want to talk about a subject that has grabbed some headlines recently, and that is GM crops. The budget has a commitment in it to the national biosecurity centre which I assume will assist genetic research. Will this impact on the state’s moratorium on GM crops?

**Mr HELPER** — Thank you for the question. It is timely for me to be able to add some clarity for the committee given the recent flurry of media interest in this particular subject. As members of the committee would be aware, the state of Victoria has in place a moratorium on the growing of two varieties of genetically modified canola. That moratorium is set to expire on 29 February 2008. The moratorium in Victoria is based on — as it is in other states, in New South Wales and South Australia — trade issues and market access issues where the division between the commonwealth responsibilities and the states is that the states consider market and trade issues, and

the commonwealth considers environmental and health effect issues of genetically modified crops. So in that sense it is a two-tier issue.

The moratorium was put in place in 2004 on the basis that there was industry concern and community concern that Victoria's agricultural markets would suffer to a greater extent than the benefit that could be derived from the introduction of GM crops, in international markets as well as in the domestic market. As the government moves to a decision on whether to renew the moratorium or to allow the moratorium to sunset, we will consider and we will consult on market access issues for Victorian agriculture and the impact on those market access issues of the lifting or the continuation of the moratorium.

In terms of the research that we do at the national biosecurity centre, of course we do genetic research. A fair bit of that research is frankly about the ability to understand the genetic structure of many plant varieties so that we know which gene actually does what, so we can trace those genes, for example, in breeding programs, so you do not have to have a whole generation take place before you know whether a particularly desirable trait is passed on in a conventional breeding program. That is an important area of genetic research.

Indeed, we also do research in terms of genetic modification, and we do that research under the regulatory framework and the ethical framework that is put in place by the legislative framework that impinges on us. We are very good citizens in terms of meeting our responsibilities under that legislative and regulatory framework, and we will continue to do that. Indeed, we are very proud to be at the forefront of a number of those research initiatives, initiatives such as I mentioned including drought-tolerant wheat and a whole range of areas, and to actually respond to the type of challenges that we will face with climate change. So in terms of the moratorium, I have outlined the process. In terms of the biosciences centre I think the research that goes on there — or that will go on there — and the research that we undertake within our current research capacity is undertaken within the regulatory framework that is in place.

What I would like to do, if the committee would like, is to get Clive Noble, the executive director of PIRVic to maybe add some more background to the type of research and the type of initiatives that we undertake.

**The CHAIR** — Briefly, please.

**Dr NOBLE** — Thank you, Minister, and through you, Chair, I am the executive director of Primary Industries Research Victoria, which is the R and D division. The sort of research that we do in the field of genetics at Bundoora essentially is focused primarily in the first instance around identifying, as the minister said, the genes and what functions those genes have in both plants, in particular, but also the work we do with the dairy cow. That information enables us to do the more traditional plant breeding more effectively, more efficiently, more rapidly.

What it also enables, though, is the prospect of the application into genetic modification. For example, in some of the work we have discovered genes that control frost tolerance in a plant that grows in Antarctica, and there is the prospect that you could introduce that gene into crops grown in Victoria and have high levels of frost tolerance. But the functionality in the first instance is to identify what it is in that plant that makes it tolerant to frost and identify the genes and the mechanism, and secondly, identify if those genes exist, for example, in our own crops. Often the genes exist; it is a matter of what turns it on and what turns it off.

**The CHAIR** — Thank you very much.

**Ms GRALEY** — Chair, can I ask the minister, when you said you would consult with the market about the GM crops, does that include the organic farmers and people like that who have got —

**The CHAIR** — It is consumers.

**Ms GRALEY** — Consumers. Who is it?

**Mr HELPER** — By 'market' I mean consumers effectively. Obviously our agricultural sector's access to markets, domestic — i.e., consumers and the community in general — and exports. And in our evaluation and the run-up to the government making a decision on the moratorium we will be considering the impact on our markets, on Victorian agricultural markets, of the production of genetically modified crops.

**Ms GRALEY** — That will include organic farmers?

**Mr HELPER** — It includes our markets, yes.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3 and your outputs and particularly your presentation earlier, and I note that whilst you spoke about the, as it were, successes of the food and fibre exports, and the dairy, it does not mention anywhere about forestry in the context of where it is going moving forward. Two years ago Black Forest Timbers' new furniture component production line was opened by the then minister for regional development, John Brumby, who said at the time that the company was extremely important to the region and to Victoria as a significant local employer with 50 employees, making a huge direct contribution to the local economy with net sales in the order of \$5.5 million. He also said it was a lesson for manufacturers and particularly timber processors and sawmillers across Victoria on how to manage this resource.

Black Forest Timbers was also a leading supplier of hardwood timber to Victoria's furniture industry. Also in, I think, the Our Forests Our Future policy one of the documents states, one, that Victoria's forests are sustainably managed to meet the needs of all Victorians; two, that there is benefit in provincial Victoria in these businesses; and three — and this is the point — that responsible management of our forests will ensure that they continue to provide timber and other forest products into the future. It also talks specifically in nos 4 and 5 about how wood is important in terms of moving forward.

The problem was, of course, as you would be aware, in March this year Black Forest Timbers closed its hardwood operations with a loss of many jobs due to, we believe, VicForests policy reducing resource availability down in Our Forests Our Future policy which provided for a sustainable yield available to the industry of 576 000 square metres of saw logs to 450 000 square metres, and then auctioning this scarce resource to the highest bidder, essentially making it impossible for many small sawmillers to survive.

My question in relation to the forward estimates is trying to determine, as a result of this apparent change in policy, and the introduction of the new saw log auction system, whether the government in particular has done any cost-benefit analysis in terms of the costs associated with the new BOMweb, I think it is, the contract with BOMweb, to conduct the online auction of saw logs? Have you ascertained the costs that it has taken in terms of VicForests staff in setting up the auction system? And, in particular, has there been any costs associated with or any analysis undertaken in terms of the potential loss of jobs in rural towns across Victoria due to the introduction of the new auction system and are there any profits that are expected to come to state revenue as a result of that?

**The CHAIR** — Minister, in the context of the estimates policies going forward, there are quite a number of questions there. We normally only get one at a time.

**Mr DALLA-RIVA** — They are all related to the costs and the cost benefits.

**Mr HELPER** — I will make some overarching comments, if I may. Firstly, the allocation of the resource through VicForests is the only part of the public estate forestry industry that is in my portfolio and your question did relate to VicForests and its effectiveness, I guess. What you are asking — if I can paraphrase your question — about is its effectiveness in terms of allocating that resource to the timber industry in Victoria.

The government, in terms of VicForests or forestry, has a number of objectives. Obviously, firstly, there is sustainable management of our forest estate and a viable forestry industry into the future. VicForests plays its part in terms of that viable timber industry by allocating that resource on the basis of economic signal. When you send the right price signals, you do tend to drive a value-adding culture and a value-adding forest product processing industry. Secondly, it is desirable that that builds up the future opportunities for a sustainable forestry industry.

A number of issues have significantly impacted on the forestry sector in recent times. We have lost some 1.1 million hectares of Crown land. Certainly not all of that was available to logging; a significant part of it was national park. I am sorry, I would have to take on notice the exact proportion of that that was available for harvesting. Suffice to say that it has had a significant impact.

What we are keen to do is to drive a process to develop a further timber industry strategy. Obviously that takes account of the resource availability and the resource constraints and whether those resource constraints have been impacted on by the recent bushfires or whatever other factors may have come to bear on it.

VicForests has now gone through two auction cycles, I believe, and the third auction cycle is delayed as a consequence, I guess, of the resource level uncertainty that exists primarily due to the fires. We are conscious as a

government as a whole — and certainly my ministerial colleague the minister for the environment is conscious — of the need to drive the assessment process and the impact on the resource that those fires and any other factors if they exist have had on the available resource, to drive that process as quickly as can be done with the level of accuracy that is required so that the third round of the VicForests auction can take place.

That is an in-general response to your question. Certainly the VicForests board is aware of the issues and engages with industry on the issues that there may or may not be around the actual process of auctioning. I think there were significant changes. I cannot put my finger on what those actual changes were between auction 1 and auction 2, and it is reasonable to expect that there may also be some changes between auction 2 and auction 3. It is an evolutionary system, I guess. It is a brand new system in a Victorian context, and you would expect it to evolve and you would expect VicForests to be conscious of the feedback it would receive from industry and indeed from government in terms of how the auction system is impacting and what modifications may need to be made to it.

As I said before, DPI is keen to drive and I am keen to drive a review of the timber industry strategy so that we bring that in line with current realities in the timber industry as well as current realities in terms of resources and whether they will be impacted on by short-term factors such as the fires I mentioned before, or in some other way.

**Mr DALLA-RIVA** — I was going to ask that: is there any review planned? Obviously you are answering that. Is part of that review going to be looking at reducing the saw-log timber below the 450 000 square metres?

**Mr HELPER** — That is an issue of resource availability and my interest and the government's interest is to have a sustainable and vibrant timber industry. The assessment that I talked about in terms of the impact of the bushfires, for example, will in part inform what resource availability there is into the future.

**Mr DALLA-RIVA** — Just on notice, Chair — —

**The CHAIR** — On notice, yes.

**Mr DALLA-RIVA** — If you can provide us, Minister, as you did with the other charts in terms of the timber industry and how that is progressing in terms exports or anticipated exports or something similar to what you provided in terms of the slides 2 and 3; if there is some way we could look at that, it would be good.

**Mr HELPER** — I should be able to do that.

**The CHAIR** — Excellent. Minister, I have some interest in extension and also sustainable farming systems, probably from my time as a member of the young farmers, and I used to be Australia's representative to the Food and Agriculture Organisation of the United Nations for some three or four years when I was a diplomat.

I notice on page 191 in terms of your major outputs/deliverables under 'Sustainable practice change', the first one is 'Extension groups used to promote business skills and sustainable farming systems'; I see the expected outcome for this year is 1200 and for next year is 600. I see there is a footnote and on page 421 that the FarmBis course has been completed and is now being deleted as a major output. Can you tell us what is going on here and how you expect major deliverables in terms of extension and promoting business skills and sustainable systems for farmers into the future?

**Mr HELPER** — There are two parts in my response to you. Firstly, that output change is significantly impacted on through the completion of Victoria's involvement in the FarmBis program. FarmBis was a \$12 million joint program between the commonwealth and the state. It was primarily targeted at industry initiatives and individual subsidised training provision that did indeed bring about such practice change in the agricultural sector.

I think in January this year I wrote to my federal counterpart, Minister McGauran, offering a one-year extension on FarmBis because Victoria had a three-year FarmBis commitment and the other states that were participating had a four-year FarmBis program in all cases jointly with the commonwealth. So Victoria's FarmBis program was a bit out of sync and was going to sunset before the complete nationwide program sunsetted.

As I said, I wrote to Minister McGauran earlier this year, offering an extension on Victoria's behalf for a further 12 months of FarmBis. Minister McGauran wrote back I think in April declining that offer and on that basis I guess that output is not mentioned or is not part of the extension groups and that particular output measure that you refer to. As it turns out the federal government initiated its very own, without engagement of the states FarmBis equivalent program — I guess it would be up to FarmBis 3 by now..

We await to see if that is an effective program to provide extension and to provide training and educational opportunities for the farm sector in Victoria. We wait to see how that federal stand-alone program will be structured. Suffice to say that Victoria would have been a happy participant, as is indicated by my letter to Minister McGauran, and happy to basically continue participating in it, but it seems to have wanted to go it on its own. We are sincerely hopeful that its stand-alone FarmBis program will be as successful as the joint one previously was.

The second part to the answer is that the quantity of extension that can be delivered under our normal program structure has been impacted on significantly by our staff's deployment into emergencies such as the bushfires — as I mentioned, one in three of our staff were involved in the immediate fire effort as well as the fire recovery effort — as well as issues such as drought, which does not reduce extension, as the discussion earlier with Dr Sykes had indicated, but it does shift it from the program initiatives that are measured by this particular program measure.

**The CHAIR** — Thank you very much.

**Mr WELLS** — Minister, I refer you to budget paper 3, page 185, output summary, primary industries policy. I note that the revised 06–07 budget figure shows \$39.1 million. The 07–08 budget shows \$44.5 million, so that is an increase of \$5 million.

I also refer you to budget paper 3, page 188, primary industries policy, Western Port recreational fishing haven, under note 2. Also at page 265, table 4.1 shows that the entire \$5 million is to buy out commercial fishing licences in Western Port to increase recreational fishing opportunities. My question is: why is DPI funding recreational fishing opportunities with no benefit or little benefit to primary producers; and surely a percentage of the fees collected annually from recreational fishing licences would be used, as was the case I believe in Lake Tyers and Mallacoota?

**Mr HELPER** — The Bracks government is very proud to have met all of its recurrent election LFS3 commitments in this budget and was very proud to have gotten the ball rolling on a significant number of its capital election commitments. The creation of a Western Port greater recreational fishing opportunity initiative was indeed an election commitment that we made and that was widely publicised, and we stand by meeting that commitment.

What we said during the election campaign was that we would fund up to \$5 million to create the recreational fishing haven in Western Port. What the budget outputs reflect is that we are keeping our commitment to do just that, and we in no way, shape or form shy away from that. I am Minister for Agriculture, fisheries and forestry. Fisheries — in terms of the recreational component, which is what we are talking about here — is a responsibility I take very seriously, and I welcome investments by the government in creating greater opportunities for recreational fishing. I am proud of the commitment the government has made.

**Mr WELLS** — In regard to the commercial licences buyback at Lake Tyers and Mallacoota, part of it was funded by the recreational licence fees. Why was the Western Port part of that not used for buying out the commercial licences?

**Mr HELPER** — I am happy for Peter Appleford to go into some more details, but I do not think Lake Tyers — I stand to be corrected, to be frank; I was not minister back then — or either of those were specific election commitments with a dollar amount attached to them. Whereas the Western Port one — and I am now implementing that as minister, as an election commitment — clearly spelled out that we would contribute \$5 million additional funding for the purposes of exiting commercial net fishers from that Western Port fishery. It should be noted that line fishers are not being exited from that fishery. That was an election commitment, and that is reflected in the budget papers.

**Ms MUNT** — Personally I am feeling happy and relieved that my children have grown old enough to take themselves off to the royal show if they want to go. I was wondering if you could tell me how the redevelopment of the showgrounds is going.

**Mr HELPER** — It is absolutely fantastic; I hope members of the committee have had an opportunity to go to the recent royal show and see the development. Some members of the committee are nodding their heads and some are shaking their heads.

**The CHAIR** — The Parliament has a display at the show.

**Mr HELPER** — Exactly.

**The CHAIR** — I am sure members, and new members particularly, will be willing to be on the stand.

**Dr SYKES** — It is the opposition to the animal nursery; it is called the parliamentary zoo.

**The CHAIR** — Dr Sykes, I am sure you will be able to go there this year as well.

**Mr HELPER** — Just to highlight the success of the 2006 show, over the 11 days there were 564 000 attendees, which, given the redevelopment of the showgrounds, is an absolutely spectacular figure. May I take this opportunity to congratulate the Royal Agricultural Show Society for the way it has managed this particularly show. It is a fantastic show. I went and it was a great experience.

The facilities at the showgrounds, which were created through the heritage-sensitive redevelopment, are absolutely spectacular and are really a credit to that particular project. There is a flexibility in the use of the facilities. Members would be aware that it is a project that is delivered under a Partnerships Victoria policy framework.

What we are very keen to have happen is to have the showgrounds utilised as much as is possible, apart from the fixed events such as the Royal Melbourne Show. Nobody would dare want to get in the way of that. They would have a whole lot of very grumpy country people and a very grumpy Minister for Agriculture to deal with if they were wanting to do so. Nevertheless, it is a fantastic facility.

Obviously we are very keen to drive a greater usage of the whole facility throughout the rest of the year when it is not, as I say, used for specific events that are held out there. Through that, we think we can drive significant economic benefits for the whole project. The exact figure for the redevelopment project is \$108 million from the state. We obviously seek the opportunity to drive the best community outcome and the best commercial outcome for that \$108 million commitment that the state has made to that project.

I think it is fair to say that the project has been executed extremely well. It has created an asset. It has created a facility for Melbourne that has many uses apart from the traditional one of the Royal Melbourne Show. It does indeed provide more economic opportunities for Victoria than the old showgrounds did, as much as we all may or may not have been attached to the labyrinth of old buildings out there. The opportunities that generated through this development are absolutely fantastic.

**The CHAIR** — Particularly in terms of what the department is going to be doing, moving forward in respect of the showgrounds, which is one of the things you are talking about.

**Mr HELPER** — Yes, sure. Dale Seymour, the DPI deputy secretary, energy resources, may wish to add to that answer.

**Mr SEYMOUR** — The arrangements for the showgrounds in terms of the governance of the showgrounds and the effective asset management obligations reside with the joint venture, an incorporated joint venture between the state and the Royal Agricultural Society. The primary function of the joint venture is to ensure that the Partnerships Victoria contracts that have been entered into with the concessionaire are met. There are performance obligations through those contracts, and the concessionaire has the obligation to maintain the asset to a fully functioning standard for 25 years, in return for which the state, through the Partnerships Victoria process, makes a contribution along with the Royal Agricultural Society to a stream of payments to the concessionaire as part of the commercial agreements that have been reached between the state, the Royal Agricultural Society and the concessionaire company, which is known as PPP Solutions, which is a consortium of financiers and constructors.

**Ms MUNT** — What happens at the end of the 25-year period?

**Mr SEYMOUR** — At the end of the 25-year period the joint venture, which is the state and the Royal Agricultural Society, effectively has the asset to manage and to consider what further uses or activities can take place on the site. Of course our view is that what we are doing here is creating a sustainable business model for the Royal Agricultural Society, and we are working closely with them in order to build up their capabilities so that they might be the effective manager of the site in terms of events around the show in particular as they go forward, because a key policy objective of the government was to save the show, in effect. As others have said already, the asset in its former state would have guaranteed that the show probably would not have continued. There were significant issues with the asset.

So having refreshed the asset and, as the minister says — he is quite correct to describe it thus — it is now a premier asset. In the event/conference market in Victoria, the challenge is to promote its role in that market to ensure it is being utilised effectively, and, so far as I am concerned, that appropriate revenues are being generated to assist with the payment stream under the PV payment stream to the concessionaire, which as I say, is managing the asset maintenance and the protection of the asset over a 25-year period.

**Mr HELPER** — If I can encourage committee members to lobby the Parliament to hold a session at the showgrounds for greater utilisation purposes, we would welcome that offcourse.

**The CHAIR** — It is an interesting thought; you might wish to put that to the Presiding Officers. But, Dr Sykes, I am sure The Nationals will hold many fundraisers out at the showgrounds!

**Dr SYKES** — Minister, is there any allocation in the budget to funds anomalies which may occur in the administration of rebate schemes or assistance measures? One example was drawn to your attention by the member for Swan Hill in a letter to you dated 30 January this year, and it relates to a highly regarded tank rebate scheme in the Wimmera which is administered by Goulburn-Murray Water and as applied by Goulburn-Murray Water, there is one tank rebated per farm business.

Where the anomaly arises is that many farm families who farm a number of farms have simplified their business structure to have it operate as one business. This approach has been encouraged by GMW because it improves the efficiencies and reduces the paperwork for everyone concerned in water bills et cetera. But up to about 60 farm families may be disadvantaged by the current approach of the rebate scheme, which was presumably intended to rebate one tank per farm rather than one tank per farm business. That is the issue. My question is: have you set aside money to address those sorts of anomalies where the implementation of your program is presumably not achieving what you originally intended?

**Mr HELPER** — Thank you, Dr Sykes, for the question. Firstly, I do not wish to correct you, but I think it is the Grampians Wimmera Mallee Water Authority not Goulburn-Murray Water.

**Dr SYKES** — Sorry, you are correct.

**Mr HELPER** — Because the scheme was specifically associated with farm businesses to be in the future connected to the Wimmera-Mallee pipeline. If I can make a general response in terms of how we respond to difficulties that arise from time to time in our support programs that we put out there, I draw your attention to the rate rebate scheme over which there was a timing anomaly drawn to the government's attention, particularly by local government — —

**Dr SYKES** — And some local members.

**Mr HELPER** — Give me a chance to acknowledge them. It was by local government in the south-west of Victoria, and local members including the opposition spokesperson on agricultural matters, John Vogels. A number of people have raised those issues with government, but, as I say, predominantly raising the concern was driven by local government and one of my local councils.

The response by government has been to work through what is a difficult set of arrangements to come up with a practical solution to remove that anomaly where we now have a pro rata rate subsidy scheme whereas prior to that we had a fixed time rate assistance scheme. In that particular instance we removed the anomaly that was identified to us, carefully, because we certainly did not want to bring about unintended consequences by actions you take in removing particular anomalies. You are quite right in identifying that the issue that you raise with me in terms of the tank rebate for farmers on the Wimmera-Mallee system that issue will be worked through carefully as well.

Yes, I am sure that you may wish to respond by saying, 'Well, why haven't you done it?'. I will underline the word 'carefully': we have to work through these things very carefully so that we do not create further anomalies, if they indeed exist in the first place, and secondly, so that when you change eligibility for a particular program at a point when the program is actually operating one wants to be very, very careful also not to impact on equity issues of those people who have taken part in a given program. With careful consideration of those issues we will certainly work through the issue that I have been aware of and that you raise in a similar way as we carefully work through the issue of the timing concerns that some people have with the municipal rate subsidy.



**Dr SYKES** — Could you give it a time frame? You have had 100 days since it was drawn to your attention by the member for Swan Hill. Is there any indication of when it might be resolved?

**Mr HELPER** — I would prefer not to put a time frame on it, suffice to say that, of course, as with all our measures we have them there to assist farming communities in this difficult circumstance of the drought, so it is not in our interest having put the program there in the first place to have the program — if indeed an anomaly exists — not meet the aspirations or meet the desired support outcome of the government for any length of time. We are conscious of the fact that it is something to work through like all these issues, carefully, and with a great deal of consideration, but as rapidly as one can.

**Dr SYKES** — Given that you are careful, is there a likelihood that it may be retrospective as I believe your rate anomaly measures were?

**Mr HELPER** — Our rate anomaly measures you could not really necessarily consider to be retrospective. It was just simply that, rather than being a time-based rate rebate, we changed them to become a pro rata-based rate rebate, so in interpreting that change to be retrospective the jury is out on that. I make the general point of issues associated with retrospectivity — that is, it is extremely difficult, for a framework of equity and of transparency and of accountability for the expenditure of public resources, to apply that to a retrospective scheme. So I did not frankly perceive the rate rebate fix as retrospective. I saw it more as a change in the style of eligibility that had to be established by claimants. I generally shy away from retrospectivity.

**Dr SYKES** — I understand that — —

**The CHAIR** — I think we will move on to the next question. I think you have had four goes now. You can take it up in writing, or the member for Swan Hill can.

**Mr PAKULA** — Minister, I am sure all members are aware of the very successful responsible pet ownership program. I note that on page 324 of budget paper 3 in the output initiatives it mentions that funding is being provided to extend and expand that program. I am just curious if you could detail to the committee what that extra funding will enable the program to do that it is not already doing?

**Mr HELPER** — Thanks for the question. The responsible pet ownership program has been, I think, a great success story, in that it has increased the safety of particularly young people in relation to dog bites and dog charges and has greatly enhanced community understanding of issues associated and the practical concerns that people should have in terms of the interaction of young children and dogs.

The output initiative that you refer to is to extend that program to indeed cover parents, targeting parents of young children or future parents of young children through prenatal centres, and to raise the consciousness of parents of those practical dog-child interface issues at an even younger age. So far the responsible pet ownership program has been running since 2000, it has been targeted at primary and preschool visits, completed more than 10 000 visits to Victorian primary schools and preschools and educated more than 950 000 children. So we think it is a really effective way to reach into this particular problem. The problem of excitable young children interfacing with a grumpy dog is not a pretty sight, so we do want to make sure that children and indeed parents are conscious of the finer points of that. I would be happy for Peter Bailey, the executive director of Biosecurity Victoria, with responsibility for animal welfare, to elaborate on the details of the program.

**The CHAIR** — We might ask a couple of questions before we finish off, if you do not mind, Minister.

**Mr HELPER** — Okay.

**The CHAIR** — We would also welcome something from Peter Bailey, if you like.

**Mr BARBER** — Minister, is the government intending to bring the pig code of practice into subordinate legislation under the animal cruelty act?

**Mr HELPER** — I might ask Peter Bailey to give some detail on the issue.

**Mr BAILEY** — Thank you, Minister, Chair, members of the committee. The pig code that has recently been signed off by primary industries ministers will be introduced shortly. The ministers have agreed that there

should be a high-level working party to ensure that the implementation of the code, which will be done under state legislation, is uniformly implemented throughout the states and territories of Australia.

In Victoria that code would be picked up under the Prevention of Cruelty to Animals Act, as a code under that act, which provides that it is not an offence to not meet the code but should a pig producer be charged with cruelty, then that code would be a defence against cruelty. That is how codes are handled at the current time.

At the moment there are also national endeavours to look at the issue of codes and standards, and there is a company called Animal Health Australia, which is owned by commonwealth and state governments and industry, and it has been charged with looking at a system of developing standards for the various agricultural industries which could be underpinned by state legislation. It is envisaged that this pig code would be looked at through that process to identify what might be described as the 'musts' in the code becoming standards, which would then be picked up by legislation.

The new pig code is being developed under the old arrangements, but the industry in developing the code and working with government was also cognisant of the new arrangements that are emerging in terms of animal welfare and accountability for the farming industries.

**The CHAIR** — I assume in developing that you will get involved with animal welfare groups et cetera?

**Mr BARBER** — Sorry, my question was a more pointy one: do you intend to prepare a regulatory impact statement as required under state law, or will you rely on the commonwealth one?

**Mr BAILEY** — We have been very fortunate that the officer who actually headed up the group to develop the code was the director of the Bureau of Animal Welfare in Victoria. So, as part of the national development of the code, he has also developed a regulatory impact statement to satisfy commonwealth requirements, but he has also made sure it will satisfy Victorian requirements, which tend to be higher than the commonwealth's in this area. So, as well as the code, the agriculture ministers have recently signed off on the regulatory impact statement, and that would be adequate to meet Victoria's legislative process as far as regulatory impact statements are concerned.

**The CHAIR** — Thank you very much for that. We will try to get two more questions in.

**Mr SCOTT** — Minister, it is my understanding the Victorian government contributes to the federal government's exceptional circumstances interest rate funding. What impact has this had on the Victorian budget, particularly looking to the future for 2007–08?

**Mr HELPER** — During 2005–06 around \$28.2 million was contributed by the Rural Finance Corporation to Victorian farmers for the exceptional circumstances interest rate subsidy. The Victorian government contributed \$2.8 million, or 10 per cent of the total, so the arrangement between the commonwealth and the states is that the commonwealth contributes 90 per cent of the interest rate subsidy and the state contributes 10 per cent.

During this time an estimated 1694 farmers applied for the subsidy, and 1194 of them were approved for the subsidy. The estimated average subsidy paid per farming business was \$23 618. On 12 December 2006 the federal Minister for Agriculture, Fisheries and Forestry announced that small businesses employing 20 staff or less and dependent on farmers in EC areas for at least 70 per cent of their income may also be eligible for EC income and interest rate subsidy assistance. The staff numbers limits was later expanded to be 'less than 100'. So you can see that both the commonwealth and the state are indeed cooperating and collaborating well in terms of the exceptional circumstances support that is extended during this particular drought.

On 9 March 2007 the federal minister announced a full EC declaration for south-west Victoria, and I draw your attention back to the slide in my presentation. That means with the exception of south-east Gippsland that all of Victoria's agricultural broadacre agricultural areas are indeed EC declared. Sorry, I should say not broadacre, but all Victorian agricultural areas outside of the metropolitan areas are EC declared. It is an unprecedented level of EC declaration. During 2006–07 to the end of March 2007 an amount of \$56.4 million has been provided to eligible farmers of which Victoria contributes 10 per cent so we have contributed \$5.64 million in 2006–07 to the end of March.

As I indicated earlier in terms of budget impact, yes, the level of commitment that the state makes to this arrangement and other joint commonwealth-state arrangements and our programs that are predictable at the time of the preparation of the budget have been budgeted for. However, as the number of people that may become eligible increases — or indeed significantly decreases — or as we pass the time when a decision is made on whether the EC declarations are extended in the time dimension, all of those will have an impact obviously on the state commitment to it, and those commitments will be met not in a budgeted sense but as a budget entry here, because we simply do not know what those commitments will be, but in the normal arrangements the state will meet its obligations for particular circumstances, exceptional circumstances and unique circumstances that arise from time to time.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about essentially biosecurity. You spoke earlier about the biosciences centre at Bundoora, which I think is a great initiative.

**Mr HELPER** — Thank you.

**Mr RICH-PHILLIPS** — We have concerns about production capacity to respond in regional areas, and the slide you presented showed abalone virus on the south-west coast, fruit fly in the north-east, anthrax in central Victoria, locusts, with two large outbreaks, one in the east and one in central west Victoria, and there was a report, I am sure you are aware, of DPI retrenching staff, plant and animal scientists, last month from various regional centres at Ellinbank, Epsom, up near Bendigo, Frankston Rutherglen, Warrnambool, Werribee et cetera. What impact will the shift to Bundoora, consolidation of bioscience in Bundoora, have on the department's capacity to respond to regional outbreaks as they occur? And what funding is currently provided in the 07–08 budget for facilities in regional Victoria to make that direct on-the-ground response?

**Mr HELPER** — Can I take part 2 either on notice or Shaun, if you can get that figure out for us? Part 1 of your question is what impact will the biosecurity centre have effectively on regional staff, and I presume your question assumes the connection between regional staff and biosecurity response.

**Mr RICH-PHILLIPS** — It does, yes.

**Mr HELPER** — Right, so let me answer it in the context of the impact on regional staff. There are two things to mention. Overarchingly the Department of Primary Industries staff, particularly research staff, are quite mobile in terms of the programs to which they respond, just as those programs are quite mobile. We have a significant amount of external funding. We do a lot of research in conjunction with industry stakeholders, with RIRCs, with outside stakeholders. So to keep an alignment of those research projects with the aspirations of external parties as well as the priorities, of course, for government means there is a common culture within DPI that resources within the department, and research resources get finetuned on a regular basis in terms of where those stakeholder priorities lie.

So having made that general point, in terms of the biosciences research centre, the up to 450 staff are made up of a university component as well as the moving of research staff, scientific staff and ancillary staff from metropolitan research facilities with the closure of Knoxfield and Frankston and some shifting of staff — however, with the retention of those facilities for other functions of the department from the other three facilities in the metropolitan area. We do not anticipate that there will be a reduction of staff at all as a consequence of the biosciences centre, and I think it is fair to say that the vast bulk — it would be a little bit on the foolish side to say that it is 100 per cent — of the staff that will be part of the biosciences centre would be current metropolitan staff.

**Mr RICH-PHILLIPS** — Will there be —

**Mr HELPER** — Sorry. By extension I think it is therefore fair to say that in terms of the on-the-ground presence we have in regional Victoria, the biosciences centre will not make a difference.

**The CHAIR** — Thanks very much, Minister. I would like you to take on notice that we would like you to provide us with information regarding what resources the portfolio's department expects to expend both in terms of staffing and finances in regard to servicing this committee next year, having regard to experience over the last few years.

That concludes the consideration of budget estimates for the portfolio of agriculture. I thank the minister, witnesses and departmental officers for their attendance today. It has been a very good session. 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 these matters be provided within 30 days, and they will form the basis for consideration to be included in a future report of this committee to be tabled in Parliament. Thank you very much.

**Committee adjourned.**

## **Transcript of Evidence**

### **9.10 Energy and Resources portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 16 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 P. Batchelor, Minister for Energy and Resources;  
Mr R. Bolt, secretary;  
Mr D. Seymour, deputy secretary; and  
Mr S. Condron, chief financial officer, Department of Primary Industries.

**The CHAIR** — I call on the minister to give a presentation of around 5 minutes on the more complex financial performance information that relates to the budget estimates for the energy and resources portfolio.

**Overheads shown.**

**Mr BATCHELOR** — I think it is important at the outset just to give a bit of an overview, and that is what this first slide attempts to do. Victoria has had a lot of success with its economy. This has largely been based on the support provided to it by good, cheap, reliable and affordable energy. We are having growth continuing, but the biggest impact, of course, at the moment is drought. That is reflected in the overall growth figures this year — down I think last year at 2.5 per cent, but hopefully going up to 3.25 next year.

In looking ahead, what we are trying to do with our energy policy and the investments is to concentrate on the technical know-how that ensures that we get the benefits from this global economic growth and that we use our resources that we have abundant supplies of in an environmental and sustainable way, particularly our brown coal. We will come to some of the investments we have been making in that area to achieve that objective — you know, the demonstration plant for clean coal technology, the research into carbon capture and storage, and the renewable energy sector, of which the most recent is our exploration announcements in relation to geothermal. But we have set a long-term target to cut emissions in Victoria by 60 per cent on 2000 levels by the year 2050. We will meet our future energy needs by building on the solid competitive market model we have established in Victoria. Whilst notwithstanding the fact that we have a very competitive energy market here, we have one of the strongest consumer protection systems of anywhere in the utility market in Australia. We will go into that in more detail in a minute.

We will talk about an overview of resources. You can see from the slide there is a lot of activity happening around the state. Exploration in Victoria reached \$82 million in 2006. This is the highest on record. It is more than a 40 per cent increase on the 2005 figures. It is not just in the traditional areas of mineral sands or gold or petroleum. We also announced exploration into geothermal energy across 12 sites, totalling some 74 000 square kilometres of Victoria. We are also wanting to ensure that new industrial platforms that will be provided to the Latrobe Valley proceed, but we need to do that in the context of a carbon-constrained future.

We have been supportive of the Monash Energy project, which has the potential to deliver some \$5 billion worth of industrial expansion in the Latrobe Valley. With respect to gold, where production has risen in Victoria whereas in the rest of Australia it has fallen, we are at the highest volumes since 1917. We have seen gold production increase by some 60 per cent to 200 000 ounces, which has a value of just under \$150 million, so it is worth a lot to the Victorian economy.

We can go to the next slide. What we are seeking to do here is to demonstrate our philosophy or our administration of how we deal with these resources here in Victoria and why we do it. Essentially we are trying to attract exploration, firstly. We have done that through Rediscover Victoria — \$5 million in this budget — which includes a targeted drilling program and also the development of a 3-D geological map of the state. We are facilitating projects. That is the second way we are trying to keep this growth happening. That is in relation to both the Otway gas and the Monash Energy project that I mentioned; and we are encouraging innovation. We are providing resources to the Latrobe Valley resource futures. We have established the Earth Resources Development Council, and we are participating in the trial of carbon capture and storage in the Otway Basin.

If I could just quickly talk about the new initiatives for this coming year, we want to establish a clean coal authority. That would help us determine in a strategic way how we might provide for clean coal technologies to be used in the Latrobe Valley — clean coal technologies in terms of future industrial uses, including future power generation, but also how we might retrofit technology to assist the cleaner production of existing electricity. In this year's budget we have provided for Rediscover Victoria, which I mentioned. We are also going to introduce the Victorian energy efficiency target scheme. This is a scheme to provide incentives to help individual customers reduce the amount of energy that they are using.

Going on to the next slide, basically we are dealing with current challenges and emerging challenges. Not a day goes by without reading things in the paper, as the community at large increases its understanding of the importance of government action in relation to climate change. We have been doing a lot of things for quite some time in addressing climate change, and it is good to see that the community awareness is finally catching up with that government action, and these are the some of the issues.



Essentially we will be concentrating on renewable solutions, on clean coal production and demand reduction, and there is a suite of individual initiatives that we have undertaken there to make sure that we can meet those emerging challenges. We want to do that at the same time as maintaining affordability and addressing the security of supply. Whilst we are experiencing the most severe drought in Victoria's history it was confirmed yesterday that we have had the driest year in Victoria's history. Whilst that is a water issue in some respects, it also impacts on the security of supply for electricity and other forms of economic endeavour as far as my areas of responsibility are concerned in relation to electricity.

The hydro-electricity capacity is constrained by the lack of water, and whilst to some extent that can be made up by gas-fired power stations, it still is of concern that a source of electricity supply has been affected by the drought.

The other impact of the drought of course goes to the issue of the use of water by power stations in the Latrobe Valley. We are working with them to find a whole range of solutions that are styled around the re-use of water, reduction in the amount of water they use, and in the long term how we can use air cooling rather than water cooling. We are expecting that these capacity issues will be addressed through the national electricity market and NEMMCO, and that they will be playing a strategic role to ensure that we meet future capacity.

We are also dealing with consumer protection and retail energy prices. We have the best consumer protection in Australia here, and that stems from our hardship policies right through to the responsibilities that retailers have to undertake in looking after disadvantaged members of our community. But notwithstanding that, we have the most competitive electricity market in Australia. Fifty per cent of energy customers have moved from the safety net provision into the competitive market and are reaping the advantages of lower prices than in the safety net area. We will be rolling out smart meters, or interval meters, that will assist in helping consumers manage their own demand within their households, and of course we are putting great emphasis on renewables, particularly in wind and solar. We have committed very substantial resources to it.

In conclusion, we are pursuing clean energy and prosperity at the same time. We want to make both our energy and resources strong sectors that contribute to the economy and whilst we are seeing record levels of mineral exploration, we are hoping to grow that in the future. There is no doubt that the energy area has and will play a major role in addressing climate change and the need to reduce greenhouse gas emissions. But it is not the only area of our economy that will be required to do that. Essentially what the government is trying to do is find that balanced approach, where we can balance the social and economic benefits of our resources and use those to develop the best clean energy technology and grow alternative energy resources.

**The CHAIR** — Thank you, Minister. Certainly it is very much in the community's consciousness. I have a community forum tonight on climate change, and I am sure there will be strong interest among the community about the sorts of issues that you have mentioned, including the consumption side and the energy efficiency side.

**Mr BATCHELOR** — I hope the rain does not keep them away.

**The CHAIR** — I am sure they will come even though it does rain. We would probably hope for both.

**Mr WELLS** — I would like to ask you about recent electricity price increases. I refer you to the energy policy services output within your portfolio and the media release dated 13 May by the Energy Users Association of Australia raising concerns about the increases in wholesale electricity prices and calling on governments to commission an independent investigation into the high prices and what can be done about them.

To what extent do you consider these price increases are due to, for example, the market anticipating likely price increases under a commonwealth or state emissions trading scheme, the manipulation of the market by the generators, or reduced amounts of water — which you mentioned — available for hydro generation? Or are there any other factors?

In view of the increase in the wholesale prices is the government planning any changes to retail price regulation to prevent retailers in Victoria being driven out of business by a Californian-style squeeze between market-determined wholesale prices and regulated retail prices?

**The CHAIR** — Minister, your answer should be in terms of the estimates and the budget.

**Mr BATCHELOR** — You have asked quite a number of questions there. The biggest risk that I think is feeding its way into wholesale prices — and they are the price rises that you are referring to, wholesale prices, not the retail prices —

**Mr WELLS** — Yes.

**Mr BATCHELOR** — The biggest risk there is that the commonwealth government will keep its head still firmly and squarely in the ground and refuse to introduce an emissions trading scheme. Investment decisions are being delayed and withheld within Victoria — in fact, right around the national electricity market — because of the negligence of Prime Minister John Howard. John Howard refuses to open his eyes and see the obvious: that there is a real issue of climate change, that there is a drought, and that both these issues are impacting, and we need to provide investment certainty — particularly in Victoria, where we have got a privatised electricity-generating market, we need investment certainty. In the context of everything that is happening around the world and within Australia, and of course in the context of the worst drought in Australia's — or certainly Victoria's — history, then his failure to act is the biggest risk. I am sure that that is feeding its way into wholesale prices at this very moment.

I think the average wholesale price over six months has moved from something around \$30 per megawatt hour to around \$50 per megawatt hour. It is clearly at some stage going to feed its way into the retail market. It will not, of course, feed its way in at that level of magnitude, but it is going to have absolute impact.

The retail tariffs of recent times have been covered by a negotiated retail path. That was negotiated in 2003 with the three incumbent energy retailers — AGL, Origin and TRUenergy. The period covered from 2004 to the end of this calendar year. It provided for safety net tariffs to apply to those customers who elected not to enter the competitive market through a contract with one of the energy retailers. Those safety net tariffs for electricity were renegotiated for 2006–07 following the substantial and real reductions in net worth charges as determined by the Essential Services Commission. That retail path extends through until the end of this year.

What has occurred as a result of that is we have seen real price decreases in Victoria on the average retail tariffs for families, on the safety net, and even bigger savings for those who have entered the competitive market. We are currently working on our strategies to define what will happen after 31 December to retail prices, in the background of the setting that you have described and I have described — that background of the drought, that background of climate change and that background of people anticipating what the carbon price might be.

In order to deliver the best outcome for retailers and the best outcome for disadvantaged and hardship cases, we are going to take into account a review that will be undertaken by the Australian Energy Market Commission of retail competition within Victoria. This review will get under way shortly and will examine in detail the market here in Victoria. It will provide a key input as to what sort of retail path we proceed down. The difficulty for us is that the AEMC is just being established as part of the national electricity reforms that COAG has determined and it is unlikely that this AEMC review will be completed in time for the development of tariffs for 2008. So it is likely that for 2008 we will see interim arrangements developed just so the whole of the industry and the government can understand the implications to Victoria of our competitive market and these other matters that you have referred to and we will also have some understanding as to what is going to happen with the national emissions trading scheme.

It is a reality that in other states consumers are facing hefty electricity price increases. In New South Wales it is about 8 per cent a year for the next three years and I think in Queensland it will be about 10 per cent in the next year. Each state has a different set of circumstances and backgrounds. Why I mentioned the competitive nature of the Victorian market is that we have the advantage here in Victoria that some other jurisdictions do not have and that is the competitive nature of our energy market to try and keep the pressure on price increases. So I would be surprised — I would be disappointed — if price increases in Victoria got into double-digit figures like they have in other states. But with the competitive market and the very strong consumer protection regime and the hardship policies that are already in place, plus a number of other initiatives that I will talk about later, in particular the Victorian energy efficiency target, there is a whole suite of arrangements being put in place. We hope, firstly, to keep retail prices as low as possible, and secondly, that we will have put in place protection mechanisms for the most disadvantaged members of our community.

**Mr WELLS** — It is good to see you are such a strong supporter of the privatised industry, but I need to clarify the point that you made earlier, that the federal government not introducing an emissions trading scheme is one of the reasons why there has been an increase in the wholesale price of power.

**Mr BATCHELOR** — I think the wholesale price of power at the moment is largely being driven by the drought. The uncertainty as to what the future holds has to have some impact, but the biggest impact at the moment is the drought. It impacts in two ways. Firstly, in Victoria, as part of the national electricity market. It is a bit of a disconnect to talk about it in provincial terms, Victorian terms, when COAG has determined and we are supporting, and we are already part of, a national market, not just in terms of the supply and price impacts but also because there are large interconnects.

Power comes into and out of Victoria from New South Wales, South Australia and Tasmania. It is truly the very early stages. It is a national market. We have to make sure that the competitive elements that exist here in Victoria extend to other jurisdictions. As part of that we get hydro-electricity from New South Wales Snowy Hydro schemes, and the drought there and at other hydro locations has forced a higher reliance on other forms of electricity generation.

It is typically at the moment made up by gas-fired electricity, and that is more expensive than hydro-electricity, particularly if you are swapping from a contracted source of electricity to the spot market, because the lack of availability because of the drought means if you have to get your electricity from a higher-priced source on the spot market, it is going to be more expensive, and that is going to have an impact on the market.

We cannot control where or when it rains or the volume that rains, and neither can the electricity companies. It has been the driest year in Victoria's history, and those drought conditions are elsewhere. The other impact of the drought on wholesale prices at the moment is that — —

I am sorry to go on, Chair, but this is a fundamental issue in energy activity at the moment. The other area is in relation to the use of water by electricity companies in Victoria as a cooling agent through the electricity process. In fact large volumes of water are required, and the drought in the Latrobe Valley has not been as severe until recent times; there has been a drought in the Latrobe Valley, but it has not been as severe as in the rest of the state. This last 12 months it has, and some of the water that electricity companies use comes from a number of different sources.

Those that draw their electricity from the Blue Rock Dam have an annual cap, and they also draw water from the rivers. With the rivers being down, they have had to rely more on the water they are getting from the dams, and they have been approaching their annual cap. The cap period is the financial year, and we have had to supply additional water to these electricity companies so they did not run out of water from that source, because the alternative was not environmentally available — that is, drawing the water out of the rivers.

To not impact on the rivers and the other consequential impacts, we have made water available to those companies in the Latrobe Valley that have been approaching their annual cap to ensure that they get through to 1 July when a new round will apply — —

**The CHAIR** — A new cap starts.

**Mr BATCHELOR** — Yes, when a new cap starts. Of course, that water has been at a higher price, and that will feed its way back into the retail prices in the years ahead.

**The CHAIR** — Thank you, Minister, we should try to be economical in our questions and answers, please.

**Ms MUNT** — Thank you, Chair. Minister, I was interested this morning to hear the CSIRO said that climate change is no longer a theory but a fact, so CSIRO has also come on board with climate change. I would like to refer you to page 22 of budget paper 3, under 'Tackling Climate Change'. I will just quote from there:

Victoria is the only state to introduce a scheme that requires electricity retailers to purchase 10 per cent of its energy needs from renewable energy by 2016. The Victorian renewable energy target will facilitate the installation of more than 1000 megawatts of renewable energy, worth up to \$2 billion in new investment.

That is a fairly ambitious target — \$2 billion in new investments. I would just like to ask: how much investment has the Victorian renewable energy target attracted to Victoria since it was announced? Has it come close to that target?

**Mr BATCHELOR** — The VRET scheme commenced on 1 January this year. It set a target of over 3000 gigawatt hours of electricity to come from renewable sources by 2016. That will be the equivalent of about 10 per cent of Victoria's predicted consumption at that time. We undertook this course of action because the federal government refused to expand or extend its mandatory renewable energy target scheme in 2004. At that point the scheme was working so as not to encourage any further renewable energy. In fact a lot of the criticisms of the scheme at that stage was that it just allowed the existing hydro schemes that were already in place to soak up certificates rather than encouraging new forms of renewable energy. Understanding that in meeting climate change and how we might reduce greenhouse gas emissions now and into the future in a systematic and deliberate way, we undertook a number of policy actions of which the Victorian renewable energy target was one.

Since it was announced it has had a terrific impact here in Victoria. It has generated a huge amount of investment. Since it was announced we have seen investment in 1000 megawatts of new renewable energy projects. Investment is happening at the moment. More than 800 megawatts of wind energy projects have been confirmed. There is also a \$230 million hydro peaking plant that is under construction now, and they would love some water to go in it when it is built. We have also seen commitments given to a \$420 million large-scale solar power station to be built in the north-west of Victoria.

When you add together these projects that people have already committed to, there is about \$1.5 billion worth of investment commitment that has already been established. We believe that during the balance of the program we will be able to meet and quite possibly exceed that \$2 billion target.

We have seen tens of millions of dollars already invested in western Victoria. There are wind farms operating very successfully down at Codrington and Portland. We have seen the blade factory at Vestas in Portland working around the clock, even exporting blades for wind turbines. Of course you have seen Keppel Prince, the wind tower manufacturing company, also established in Portland. They are at full scale. Some of these companies are working on three shifts and cannot produce anymore because of the constraints of the factory they have got available such is the demand for this type of energy.

So we have no fears that we will not meet that investment target. But renewable energies in whatever form are only one element of a suite of initiatives that we plan to have in place to tackle the climate change issue and to make sure we have a secure energy supply.

**Ms MUNT** — Perhaps the federal government should put in a phone call to the CSIRO today to check on climate change.

**The CHAIR** — Are you expecting the reinstitution of the full subsidy on solar panels by the federal budget to have an impact on the uptake of solar power as part of this?

**Mr BATCHELOR** — Yes.

**The CHAIR** — Minor?

**Mr BATCHELOR** — No.

**The CHAIR** — Or major?

**Mr BATCHELOR** — The biggest impediment to the more widespread choice to install solar panels comes from the capital cost, the initial capital cost. This reintroduction of the subsidy, whilst not fully subsidising it, will make a contribution. Price is a very effective signal in helping people make their initial decisions.

**The CHAIR** — It will contribute between 35 and 40 per cent possibly to the cost.

**Mr BATCHELOR** — Yes. But the federal opposition has also got a scheme that will encourage, so whatever the result of the election, renewable energy will be a key part of the future.

**The CHAIR** — It will continue to be a focus, yes..

**Dr SYKES** — Minister, I am pleased with your recognition of the severe economic impact of the drought. I trust that you are aware that there is a massive social impact as well. I would like to record my amazement about the prediction of full economic recovery from the drought within the 07-08 financial year. But my particular concern is the protection of vulnerable consumers battling to meet their energy costs. These issues are repeatedly raised with the government and with me by a lady called Cheryl Sanderson, who is a very strong community advocate in the Ovens Valley. I note your comments on the electricity pricing and what you have done there, but there are also issues in relation to bottled gas prices in much of country Victoria and also wood prices — both bottled gas and wood being essential for providing warmth in the oncoming winter. In the absence of the connection of the area to natural gas we have got an ongoing problem. Can you expand on the government initiatives to protect vulnerable consumers — for example, do they include expansion to the program involving the Good Shepherd?

**Mr BATCHELOR** — We have got an excellent best practice consumer protection tradition here in Victoria — the first state to do it. It provides protections for domestic and small business energy consumers.

The best protection, of course, is we have got a really competitive market, and that provides people with choice to move from one retailer to another if they are not satisfied with the price or they are not satisfied with the product or the service that they get, and people are doing that. Recently the 1 millionth person changed from their original gas company to a new gas company. So even in the gas area, the reticulated gas market, there are very strong competitive forces at work. But we are not relying on those. We have introduced these laws to require best practice, so, for example, retailers are now obliged to pay consumers \$250 if they wrongfully disconnect. Disconnections, as a result, are now at their lowest for 20 years.

**Dr SYKES** — This is, what, electricity retailers or natural gas retailers?

**Mr BATCHELOR** — Electricity.

**Mr BOLT** — It is both from memory. Yes, it is both.

**Mr BATCHELOR** — Both gas and electricity.

**Dr SYKES** — Natural gas is not an issue in our area, we do not have it, so keep going.

**Mr BATCHELOR** — Electricity certainly is. But LPG suppliers, if they choose, can be engaged in the code of conduct for the supply, which has consumer protections — whether they are exactly the same as with the other reticulated gas and electricity I would have to check for you. But the biggest problem that community organisations reported was that electricity companies cut off people's supply as the first port of call, and we are now trying to discourage that activity by having this imposition of penalties if they do it wrongly.

But the more strategic, important part of the hardship policy is to have utility companies work with hardship customers to try, on an individual basis, to work through how they might meet their obligations. The large three retailers in electricity have agreed to do this, and all retailers now have to submit plans to the Essential Services Commission on their company's hardship policy to demonstrate how they deal with these at their corporate level. The ESC is examining all of them at the moment.

**Dr SYKES** — With electricity it is working quite well. We have a good relationship, and if there are problems that come to my attention, the electricity companies are very good in responding. It is the other issues of natural gas and even something simple like wood. We actually have a fair bit of wood in our area.

**Mr BATCHELOR** — I do not cover the forestry area, thankfully, so you will have to ask Joe that question when he arrives. On the natural gas rollout, we are trying to extend the reach of natural gas. There are some 34 towns that have been supplied or will be very shortly. It cannot go to every sector of the state. But if there are some towns that are not part of the natural gas extension program, we are encouraging them to have discussions with their council, because if they can demonstrate that there is a demand for natural gas reticulation, I am sure it can be taken up commercially.

The supply of LPG to those areas that cannot, or even in other areas the LPG companies claim that people prefer to see the provision of LPG rather than linking up to natural gas because of the connection costs. The other side of that of course is that the operating costs are considerably higher for bottled gas than they are for reticulated gas.

**The CHAIR** — Minister we hope to get through another six questions before we finish.

**Mr PAKULA** — I will endeavour to be brief. Minister, on page 323 of budget paper 3, under ‘Clean coal authority and carbon storage’ there is a paragraph that reads:

Funding is provided to begin implementing the government’s commitment to clean coal development, including formulating a detailed strategy for a clean coal authority in the Latrobe Valley and to support other clean coal initiatives including further clean coal research and the Otway Basin carbon capture and storage pilot project.

In light of that, what I am interested in is what is the government doing to support the use of coal for things other than electricity generation?

**Mr BATCHELOR** — We have got a vast resource in the Latrobe Valley — brown coal — and we cannot turn away from that. The government has a policy of working with industry to find more environmentally cleaner ways of using that coal. A good example of that is the Monash project, which is all designed around having eventually near zero emissions of carbon dioxide through the use of carbon capture and storage or geosequestration. It is a proposal to turn brown coal into diesel that is low in sulphur. It is a high-grade product that would help make Victoria, if not Australia, less dependent on imported diesel. This is possible because of the vast resources of brown coal in the Latrobe Valley. Our brown coal will need to be kept for future electricity generation using clean coal technology, but the development of clean coal technology for electricity generation also opens up the use of brown coal for other uses such as diesel.

Using the same sort of approach you can produce urea for fertiliser, and you can even produce methanol, and people are talking about its role in hydrogen in the future. But of course, all of that is dependent upon being able to capture the greenhouse gas emissions and store them through geosequestration. So the real advantage that Victoria has is the juxtaposition of the brown coal resource and the oil and gas fields relatively nearby. So we are very keen to establish how geosequestration might work, and we are involved with CRC on carbon dioxide to try and put in place a scientifically controlled trial in the Otways to work out and address a lot of issues with carbon capture and storage.

We are also interested in how the brown coal, which is very wet — it is some 60 per cent water — might be dried in advance of its use, either in these coal-to-diesel processes or in energy generation. The use of drier coal in these processes can bring about quite substantial reductions in carbon dioxide emissions from electricity generation in advance of carbon capture and storage being commercially developed.

The other new development is in relation to the Monash Energy project. It is a project that was developed here in Australia and sold to Anglo American, a large international mining company. It has now gone into partnership with Shell to further develop this proposal, and Shell has had the expertise of undertaking this sort of industrial work in other jurisdictions. But the real breakthrough will come once all the issues around carbon capture and storage are resolved.

It has the potential to provide a new industrial platform for the Latrobe Valley where at the moment it is dependent upon electricity generation. We believe there is a whole series of different industrial applications that brown coal could be put to in the Latrobe Valley on the assumption that more environmental use is made of the resource.

**Mr DALLA-RIVA** — What about the trial in the Otway Basin, because you are on that particular issue? I notice it is on the same page. How is that going?

**Mr BATCHELOR** — In the Otway Basin, with industry, the federal government, us and academic institutions we are putting in place what we believe is the first academically sponsored trial of carbon dioxide. In the Otway Basin some number of years ago they were exploring for oil and for gas, and they had the excited pleasure of ringing up the production manager and saying, ‘No, we haven’t found oil or gas; we have found carbon dioxide’. There are big reservoirs of carbon dioxide in the Otways, and nearby to them there are some depleted oil or gas reservoirs.

The proposal is to take this naturally occurring carbon dioxide and to transport it through a pipe, pressurise it and inject it underground into this depleted reservoir, and then study in a scientific way any movements of the carbon dioxide that occur both beneath the surface and above the surface over a period of time so we can demonstrate to the community that geosequestration works. It is a technique that is currently being used in other locations around the world, but it is used as part of the production process. Typically, when an oil well gets close to depletion, the last bit of oil is hard to get out.

In some instances where carbon dioxide is a by-product of extracting the oil, they pump it back in to force the last bit of oil closer and make it more accessible for extraction. In some commercial applications geosequestration is working, but it has not been the subject of a scientific trial. We have put some extra money in this year's budget into the Otway trial to support the second phase or the second stage of that project, but most of the money that is going into it, interestingly, comes from industry. The project is about a \$30 or \$40 million project at this stage, and we have put another \$2 million in, taking our contribution to \$6 million, but it is being auspiced via CO2CRC.

**Mr BARBER** — Obviously the regulatory issues with that are kind of new in terms of sticking something 2.5 kilometres underground and making somebody responsible for it staying there. With all this activity that you have described, is some of that to do with creating a regulatory regime that we can expect to see in the next year?

**Mr BATCHELOR** — We do recognise that we have to produce new regulatory regimes for this here in Victoria and in the offshore water areas controlled by the commonwealth. It is one of the key tasks that have been undertaken in parallel. It is quite an astute question, because most people do not understand or have not grasped the idea of what are the property rights, what are the property obligations, who bears those and over what period of time, and we are working with industry now to define how we might have the appropriate regulations for Victorian land and water. But the big areas for geosequestration — the big potentials, in my view — are in commonwealth waters off Victoria, and we are also working with the commonwealth to try to establish the regulatory regime. The Ministerial Council on Minerals and Petroleum Resources has addressed this matter in the past. The commonwealth is developing some proposals, and we would be keen to see them.

The big concern, I suppose, is the issues between current operators who have got rights to produce oil and gas and whether those property rights automatically give them entitlement to control geosequestration. We think that people who have got property rights for oil and gas have got them for that and that the rights associated with using areas for geosequestration ought to be a separate issue.

It is quite a complex area, because much of this goes to what happens in commonwealth waters over which we — the Victorian government — have no control, and we do not know what its attitude is going to be. As I said before, we are very fortunate in Victoria, having the juxtaposition of these two resources. We just hope that it does not get tangled up and delayed by the wrong regulatory regime being put in place that will inhibit the use of these resources — the geosequestration — and allow them to be captured by commercial negotiations or bargaining by incumbents who are primarily there for gas and oil production.

**The CHAIR** — We will try to get two more questions in, Minister.

**Mr SCOTT** — I will be quick, Chair. My question relates to the Victorian energy efficiency target. In budget paper 3 on page 325 there is a reference to the establishment of a Victorian energy efficiency target scheme. Can you tell us more about this scheme, what it will do into the future budget period and how it will encourage energy efficiency?

**Mr BATCHELOR** — We have given a commitment to establish the Victorian energy efficiency target scheme that, along with other initiatives, will help households reduce by up to 10 per cent their energy use. We are doing that because it is part of this suite of initiatives that we want to undertake to help reduce greenhouse gas emissions. There is no single silver bullet that will achieve this objective, and it is going to require a multifaceted approach from governments and a multifaceted approach from industry and from individuals. So VEET, the energy efficiency target, will be one part of a suite of initiatives that will be directed towards reducing household energy use. It is going to be a market-driven program that will essentially set targets for Victorian households. It will help identify what actions individuals and a whole range of companies can take to contribute towards the target, and it will require retailers to meet the cost of these contributions. It will be based on the issuing of certificates. So if you are a retailer and you undertake assistance to help households reduce their budgets, you will accrue the certificates, or if you are an individual or a company, likewise, and you can sell those to retailers who have not met their target.

In developing and designing this program we have released an issues paper. Submissions from the public and industry are being sought. In fact, they close this Friday, so there is still time for people to make a contribution. We want to learn what has happened in other jurisdictions overseas and we are particularly keen for community groups to make a submission to this sort of program.

Typically what would happen is you would set up a process whereby an energy audit might be undertaken of a household, which would identify activities or changes that should or could be undertaken by the householder to reduce, and we might subsidise the cost of those energy audits. The design has not been determined, so I am sort of speculating on how it might be applied. You might also encourage people to change from one form of inefficient appliance to a more efficient form, and that could generate certificates that would effectively reduce the cost of doing that. They might make changes to the shell of a building by putting in insulation. So through a whole host of actions that individuals will be able to take, we will be able to help them reduce their energy use.

Why are we doing that? We are doing it because this is one way — and it is a significant way — we will meet our greenhouse gas emission reduction targets. Householders constitute about 30 per cent of greenhouse gas emissions, so if we can get them to reduce their energy use, then we can make a significant contribution to reducing greenhouse gas emissions. Many of the other proposals that are going to be put forward in dealing with greenhouse gas reductions by their nature are highly capital intensive, are long term, they may not even be the results of technologies that are yet fully commercially developed, but we believe this is an early starter on a long program to reduce those emissions overall. It is my view that the Victorian community, as shown by their preparedness to assist with water savings, will respond if you go about a program in the right sort of way and educate people and ask them to assist.

In addition to achieving that objective, of course, they will be using less energy and there will be less cost. Their bills will be lower than they might otherwise be in the circumstances if they had not introduced these changes. Of course, that helps us put off the need to build new and expensive electricity generators. It helps us and gives us time to establish the new technologies for producing electricity in a cleaner way, or gives us time to retrofit existing electricity sources and have them reduce their greenhouse gas emissions.

**The CHAIR** — Who owns these certificates, Minister? I notice, for example, that Origin Energy is making available a pack worth up to \$80. It includes a shower head and some new light bulbs to replace the incandescent ones, and then in fine print it says that you will hand over to it any sort of energy efficiency gains when you do the changeover — and you really need a magnifying glass to read the fine print. Has this already started, in fact, that these companies are already anticipating these types of certificates?

**Mr BATCHELOR** — I am not familiar with that particular commercial product that Origin is offering. Our scheme has not started yet. We are still in the early design stages. There are a lot of commercial operators who are looking ahead and know which way the wind's blowing and are getting ready. Of course, it may be that these are packages that come from New South Wales where I think this sort of scheme may already be in application.

**The CHAIR** — I went to a school where a firm from New South Wales is offering these packages. For people that take them up, they give them six globes, and they obviously get the credits, presumably under some New South Wales system.

**Mr BATCHELOR** — Yes, we are looking at how that might work. The big issue with those schemes is that you have to make sure that the globe or shower head gets installed for the benefit to be truly accurate.

**The CHAIR** — I think with the shower heads you can only get a 0.3 benefit if you just give them the shower head, and you get a 0.8, though, if you actually have the shower head swapped.

**Mr BATCHELOR** — So, did you take it up?

**The CHAIR** — I did not take it up, no. I am always a bit wary of fine print. I like to know what is involved.

**Dr SYKES** — But now you are reassured, having got it from the minister's mouth!

**Mr RICH-PHILLIPS** — I would like to ask you about the Ross Garnaut climate change review which was announced in April. A report in *Australian* newspaper said that Garnaut's inquiry will have a secretary



provided by the Bracks government in Victoria. Given DPI's role in providing policy advice on energy on policy, what role does the energy and resources section of DPI have in the Garnaut review, if any; and if so, what resources have been allocated to that review.

**Mr BATCHELOR** — This is being led by the newly created Office of Climate Change and that is where the lead responsibility for this will be undertaken. However, you would be aware that the states collectively, and particularly on the leadership of Victoria, have been working on emissions trading since 2003 or 4 — this is not a new issue to us — and it culminated in a decision taken at a CAF meeting, where the states and territories committed themselves to an emissions trading scheme by 2010 if the commonwealth did not intercede. Our preference has always been for a nationally organised scheme, led by the commonwealth, and we will know probably on 1 June what their proposals are going to be when they get the report from their task group.

But the states have been doing a lot of detailed work; they have had a national emissions trading task force set up and are doing a lot of development and design work. I suspect that through that process also they will feed into the Garnaut report, because of the expertise, knowledge and work that have been undertaken thus far. But it is being led out of the Office of Climate Change.

**Mr RICH-PHILLIPS** — So there are no direct discrete resources from your department going into Garnaut?

**Mr BOLT** — We will certainly take a great interest in it. People's time will be spent on it. It is just that we do not lead it, as the minister is indicating.

**Mr RICH-PHILLIPS** — Maybe that is DPC.

**Mr BOLT** — We are heavily engaged in all state and territory work on climate change that affects the energy sector, including that.

**Mr BATCHELOR** — But you are right; it is in DPC.

**Ms GRALEY** — I want to talk about the Rediscover Victoria program. This was in budget paper 3 on pages 322 and 324. What will Rediscover Victoria do to encourage exploration?

**Mr BATCHELOR** — As I indicated in my overview at the beginning, mineral resource exploration is very important to the Victorian economy. I guess it can be summarised: if you do not look for it, you will not find it.

**Ms GRALEY** — Gold is like that.

**Mr BATCHELOR** — We are trying to encourage mineral exploration to continue here in Victoria at the elevated level. We have been successful. It is fair to say that high commodity prices are also encouraging investment, but it is also encouraging competition from other jurisdictions and other areas where that sort of resource might be undertaken. So we want to continue the exploration activity for a variety of reasons. One, it can hopefully lead to production activity. But of itself it is a significant amount of money. In the December quarter of 2006 alone it was some \$26.4 million spent on exploration. A lot of that exploration takes place in country Victoria. It is a pity Dr Sykes is not here to hear this.

**The CHAIR** — He can read the record.

**Mr BATCHELOR** — What it does for some communities is it helps to provide alternative economic activity and employment in our worst drought ever. We have had a long-running drought, and we believe it is a bit of drought-proofing that will go on or be a help in the recovery process, if you like, if we are providing this minerals exploration.

What are we doing? We are going to spend money doing two things. We have \$5 million, and there are two elements to this program. We are going to do some strategic drilling. There are large areas of the state that have not been explored. People are a little uncertain as to the prospectivity of the resources underneath the surface. Notwithstanding the fact that we have a lot of geological data available — all geological data that has been collected since the time of the gold rush is compiled, and I will talk about that in a minute — there are still gaps in the information base. So we are going to undertake some strategic drilling that we hope, through the use of other

information, will help signal to exploration companies that this particular location has certain prospectivity qualities, which might encourage them to undertake more detailed prospecting in those areas.

The second element of this program, Rediscover Victoria, is to complete a three-dimensional model of Victoria. There are locations where we have already undertaken some of this work, and there are gaps. We want to be able to understand the geology of Victoria right across the state. Again, this can be a tool that exploration companies can use to help them more successfully target their exploration activity. The more strategic you are targeting it, rather than just a thin swipe across the whole of the state, the more certain your outcomes are likely to be.

You might have a part of the state where there is very detailed geological information already converted into a 3D model. What does that mean? It means that it does not just tell you what is at the surface level, but also the layers and types of rock formations that exist below the surface, the directions in which they continue and the depth that they are likely to be at. If you do that across the state, you can overlay that with existing tenements, and you might find that if you have an ore body in this location that underground is travelling in a particular direction, it might take you into a new area where they have not explored because the depth might have been uncertain. So together with the strategic drilling and the three-dimensional map of Victoria we are hoping to provide very specialist information that will reduce the risk and therefore make us more attractive. There is a lot of exploration money around at the moment and it is going to a lot of different locations. We are small state. We have had a long history of mineral development, largely gold, but we want to branch out and find new gold deposits but also new mineral deposits.

**The CHAIR** — One final quick question, please, Mr Dalla-Riva.

**Mr DALLA-RIVA** — Minister, I refer you to BP 3, page 191, under ‘Strategic and applied scientific research’ performance measures and outputs. I note in respect of the total output costs for this current financial year it is 204 million and the expected outcome is down to 191.8 million. We are trying to work out in terms of the anticipated ETIS money that will be allocated over the next five-year period and to determine if some of that money will not be transferred to some other project, as I understand happened with the transfer to DIIRD in one of the programs — the energy technology innovation strategy, I think, after being transferred from DIIRD. We are just trying to work out if there is some guarantee of those moneys that will be allocated will not be transferred to some other project especially with the change in machinery of government. Can the minister outline where the ETIS money will be spent and over what period it will be spent?

**Mr BATCHELOR** — The ETIS money has come from DIIRD, it is not going to DIIRD.

**Mr DALLA-RIVA** — Yes. Sorry, that is — —

**Mr BATCHELOR** — The machinery of government changes have seen ETIS, as we call it, come over to the Department of Primary Industries. There was a quantum of money made available. That money is being transferred across, and much of it has already been allocated to specific projects, but the program will come across and it will be made available to a range of different projects. The sort of thing that it has been made available for is large-scale demonstration projects and smaller research. What we are trying to do with ETIS is drive pre-commercial development. There have been a lot of technologies and initiatives undertaken where the research and development stage has been completed, and what we are trying to do is to then get those ideas to a pre-commercial stage.

The nature of some of these projects, even that part of their commercial evolution, is that very, very substantial amounts of money are required, but the returns to the government are very substantial. For example, what we are trying to do with the existing power generators is work out how you can reduce the carbon dioxide that comes pre-combustion and post-combustion. If you can do that, you can make substantial reductions in greenhouse gas emissions.

We are also wanting to work out how you can use new and different technologies that will dry brown coal and allow it to be used, or allow brown coal to be dried and then gasified. That opens up a whole range of different opportunities, particularly through the use of syngas and the ability then to much more easily capture the carbon dioxide that eventually will come from it.

The sorts of large-scale grants that we have made are \$50 million to a 400-megawatt power station in the Latrobe Valley. This demonstration project — it is not the commercial product, it is just a pre-commercial demonstration —

is going to cost \$750 million. We have put money into this to make sure that it happens because the benefits that will come will be enormous. This project will demonstrate what is called integrated drying and gasification combined cycle technology. The commonwealth has put \$100 million into this particular demonstration project. That is where \$50 million of our ETIS money has been earmarked. It has not gone there yet, but it has been earmarked for that project.

We are putting \$30 million into another brown coal drying and carbon capture project at the Hazelwood power station. The commonwealth has also put in some \$50 million. Whilst the earlier one I mentioned is seeing how you can use new technologies for new power stations, this one is addressing the issue of how you reduce carbon emissions from the existing equipment. We have got to do both here in Victoria.

Another interesting allocation of ETIS money is that \$50 million is available for a \$420-million solar electricity power plant that will be built in the north-west of Victoria. Again the commonwealth government, in partnership with us, has put in some \$79 million. This is a project that will use photovoltaic cells that have been developed for space travel, and will use those in the context of trying to concentrate the solar energy that comes from placing a very large number of these parabolic mirrors in a field, and concentrating all the energy back to a single point. This project has got substantial commitments because we believe, or the proponents believe, it will produce 154 megawatts of power. I have just been reminded it will be the largest solar demonstration project in the world once it is up and running.

**The CHAIR** — Thank you for that, Minister. I put on notice a couple of questions regarding productivity and the support the department provides to this committee. That concludes the consideration of the budget estimates for the portfolios of Victorian communities and energy resources. I thank the minister, witnesses and departmental officers for their attendance today. We have learned a lot. 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 those matters be provided within 30 days. They will form the basis of the consideration of the future report of this committee to Parliament. Thank you very much.

**Committee adjourned.**



## **CHAPTER 10: DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT**

### **Transcript of Evidence**

#### **10.9 Planning portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 29 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 J. Madden, Minister for Planning;  
Mr P. Harris, secretary;  
Mr M. Clancy, acting chief finance officer; and  
Ms G. Overell, general manager, Office of Planning and Urban Design, Department of Sustainability and Environment.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the planning portfolio. On behalf of the committee I welcome the Honourable Justin Madden, MLC, Minister for Planning; Mr Peter Harris, Secretary of the Department of Sustainability and Environment; Ms Genevieve Overell, general manager, Office of Planning and Urban Design; and Mr Matthew Clancy, acting chief finance officer, Department of Sustainability and Environment. 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; there is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee within three working days of receiving the proof version — and I would actually prefer it a little quicker than that, if possible. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the 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 on the more complex financial and performance information relating to the budget estimates for the planning portfolio.

**Mr MADDEN** — Thank you very much, and I wish everyone a good morning. I will take you to our PowerPoint display. In terms of this year's budget, the 2007-2008 state budget delivers on many of the government's election commitments, building on the achievements of our first two terms, and providing a framework for our future.

We continue to fund and support the implementation of key planning, urban design and heritage policies through this year's budget process. I would like to outline some of those initiatives across the planning portfolio, and some of the major achievements to date on which these initiatives are built. They clearly demonstrate the government's strong commitment to a framework for sustainable and effective planning decisions to benefit all Victorians.

#### **Overheads shown.**

**Mr MADDEN** — This slide provides a breakdown of the budget by output for the planning portfolio; \$169.8 million in output funding was allocated to the planning portfolio in the budget this year. Planning and urban design and housing affordability received \$71.5 million to implement the government's strategies for sustainable metropolitan and regional development, in particular the transit cities program. If you are interested in that, it is in budget paper 3 on page 196. Land administration and property information received \$88.1 million, and finally heritage protection was allocated \$10.2 million.

The next slide shows Melbourne 2030, activities centres, and structure planning. Planning for the activity centres generally contributes to progress well. Around 60 per cent of activity centres have completed structure plans or have one on the way. This year an additional \$3 million has been provided to the activity centres expert assistance program to help metropolitan councils more effectively implement planning for activity centres.

We also continue to work with local government to secure public and private investment. For example, this year the state government provided \$7 million over two years towards Banyule City Council's \$400 million Greensborough project.

There has been major government investment in the transit cities program; \$219 million was allocated in the 2006–07 budget, and a further \$63 million additional funding is allocated this year to kick-start developments in Footscray, Ringwood and Geelong and vital infrastructure in urban design work.



Work on the Melbourne 2030 audit has commenced. The initial focus will be on a stocktake to assess the progress of the delivery of Melbourne 2030 to date. Stage 2 of the audit will commence around the middle of this year and will include opportunities for input by local government, industry and the general community. The audit of 2030 will not involve a fundamental re-examination of the principles and directions. A million dollars has been committed in the state budget to undertake the audit. This will be in addition to the current departmental resources.

The Creating Better Places program, a \$12.5 million, four-year program, has so far funded over 100 projects across the state, and \$7 million has been allocated since the program started in the 2005–06 financial year.

In terms of coastal spaces, a number of coastal councils — Moyne, Colac-Otway and Surf Coast — have begun a process which will see the recommendations of the coastal spaces landscape assessment implemented into their respective planning schemes. This is being done through the assistance of the state government at a cost of \$115 000 through the environmental sustainability action statement. The recommendations will assist councils in guiding and managing growth of settlements and protecting Victoria's valuable coasts.

On green wedge management plans, green wedges represent some of the most valuable land in the state in terms of environment, agriculture and tourism, and it is important that councils have comprehensive plans in place to safeguard these important areas. An additional \$350 000 in direct funding is being provided to selected councils this financial year to assist in the completion of plans.

Good progress has been made in delivering the cutting of red tape in planning program. Actions include a procedure to fast-track removal of redundant planning provisions, initiatives to speed up the planning scheme amendment process and the availability of local planning policy review teams to assist councils.

In terms of rural zones, last year the previous planning minister reported to this committee that just under half the councils with rural zones had completed their rural zones translation. I am pleased to announce that 80 per cent of councils have now completed their rural zones translations. A further \$500 000 has been allocated this year to help councils develop agricultural and rural strategies in response to the changing trends and pressures facing rural Victoria.

In the past year three wind farms were approved by the previous Minister for Planning, bringing the total to 11 approved in Victoria. I recently approved the 64-turbine Mount Mercer wind farm, which is expected to generate around 160 megawatts — that is enough energy to power around about 73 000 homes. Approval of these wind farms not only represents a substantial investment of 1.2 billion in regional Victoria, but the wind farms will result in a potential saving of approximately 2.8 million tonnes of greenhouse gases.

In terms of building activity, 2006 was another record year for the building and plumbing sectors, with total building activity being \$16.65 billion — an 8.9 per cent increase on 2005 — and total building activity in rural Victoria being an additional 3.99 billion worth of building permits. This is a 5.8 per cent increase on 2005.

On sustainability, energy efficiency requirements for new commercial dwellings were introduced in May 2006 as part of the Building Code of Australia. These requirements have been implemented smoothly over the last 12 months. I am pleased to note that Victoria's leadership on the 5-star led to the adoption of 5-star nationally under the Building Code of Australia in May 2006.

On the urban development program, the 2006 annual report identifies that overall there was a total supply of approximately 25 years of residential land and over 25 years of industrial land available across metropolitan Melbourne and the Geelong region. However, deficiencies have been identified with regard to the supply of zoned land in some locations.

Geelong region and the Casey-Cardinia growth area: the Growth Areas Authority is currently working with local councils in the growth areas to get zoned land supplies to a more satisfactory level.

In terms of heritage, the heritage strategy has supported local councils and communities managing heritage places and collection through \$2.5 million in grants. As a result, heritage preservation works have proceeded for many important sites across the state.

Electronic conveyancing is a world-leading initiative that brings the property conveyancing process into the e-commerce world. Additional funding of \$6 million was provided in the state budget to complete the electronic

conveyancing (EC) system. The EC is estimated to result in \$70 million worth of annual savings to Victorian industry and the community by 2012, and this equates to a saving of \$395 per four-party settlement.

In terms of priorities for the forthcoming year, I have identified a number of priorities for the coming year for the planning portfolio. Briefly, high on my priorities will be continuing the implementation of Melbourne 2030 through facilitation of investment in activity centres around public transport nodes, delivering further efficiencies in the planning system through electronic delivery and cutting red tape, building sustainability to support climate change response, providing a greater certainty to councils to assist them in managing change and protecting valued neighbourhood character, and, of course, given we are in the 21st century, increasing the recognition of Victoria's 20th century heritage as well.

I think I have covered a fair amount there, and I am happy to proceed to questions, Chair.

**The CHAIR** — Thank you very much for that, Minister, and thank you also for the response to the department's questionnaire. I might add that as we learn a little bit more about this as we go along, I wonder about the different figures that are often provided in this regard. There seems to be a different figure, for example, in terms of output for the department in budget paper 3 from what you get in budget paper 4 and in your response to the budget estimates questionnaire in regard to the administered statements.

Here it says there are no commonwealth-specific purpose grants, yet in the budget paper it says there are \$98 million worth. Maybe the department can perhaps look at some of these things or maybe we should look at it in terms of getting these things in sync in terms of the responses.

My interest and the committee's interest is an interest in productivity. Productivity is very important for the future of the state. I would like to ask you what impact will your portfolio's spend have on productivity, particularly new initiatives in your portfolio?

**Mr MADDEN** — I suppose in terms of productivity savings, we are always looking for the opportunity to improve productivity and across this forthcoming financial year the department, broadly right across the department, is looking, I understand, for a \$14.8 million productivity savings in terms of what we are currently dealing with. We expect those savings to be delivered through a range of measures.

My understanding is that the department is currently working through the best options to find those productivity savings, but I am confident that can be done. I know that we have a good track record when it comes to productivity, and we look forward to making productivity savings in the future, based on the figures that I am reporting today.

**The CHAIR** — How do you see what you are doing on Melbourne 2030 in planning actually helping productivity overall across the state?

**Mr MADDEN** — In terms of employment, building activity and also just the economy, building is a key driver for that. Whether it is domestic, commercial or industrial, it provides an enormous number of jobs right across the community and is a key driver for the economy right across the community.

So it is important that if we can speed up the process, we can deliver efficiencies. If we can cut red tape, we can deliver efficiencies in the planning permit application process, whether it is the bigger projects that we deal with at a state government level or whether it is assisting local governments at a more local level to improve their efficiency. If we can get projects off the ground sooner, it means there is a great opportunity for increased growth in the economy and more jobs to go with it.

I see one of the priorities in my portfolio as being also to improve that efficiency, and if we can improve that efficiency it means we can bring more jobs online, more productivity right across the community and give people greater confidence not only in the planning and building processes but also to see that translate into the uses of those buildings, whether they are domestic, commercial or industrial. We can bring on board more jobs which flow on from that just by getting these projects brought to fruition by implementing the project sooner, by having a swift and effective planning system.

**The CHAIR** — Thanks very much for that.

**Mr WELLS** — Minister, on pages 212 and 213 of budget paper 3 there is a reduction in the funding for the department, in planning, urban design and housing affordability, and a target in 06–07 of \$73.9 million which has now been cut to 71.5 million. Given what you said in the previous answer, can you explain what sections of your department are going to be reduced, and how much of these line items will be directly related to combating or providing strategies to address the crisis in housing affordability?

**Mr MADDEN** — Thank you very much for the question, Deputy Chair. It is a little bit technical so bear with me as I run through some of the issues in relation to the one which is reported. There are two issues that you have raised: one is the reporting of the department through the budget papers and the other is housing affordability, and I am happy to address both of those.

In 2007–08 the planning portfolio output budget shown in budget paper 3 is \$169.8 million, which represents 14.2 per cent of the total 2007–08 DSE recurrent budget. This is represented by the planning, urban design and housing affordability output budget of 71.5 million, land administration and property information output budget of \$88.1 million, and heritage protection output of \$10.2 million. The planning, urban design and housing affordability output budget comprises \$43.2 million for planning and urban design output, \$18.2 million for housing affordability output, and \$300 000 is dedicated to housing affordability programs with the balance attributed to capital asset charges appreciation and corporate overheads.

There are a number of new initiatives which I have announced, and I am happy to refer to those again. Expert planning teams output is \$3 million over two years; Footscray transit city output is \$13.6 million over four years; Geelong transit city output is \$2.2 million over two years; Melbourne 2030 five-year audit output is \$1 million over two years; regional town development output is \$0.5 million over two years, and the Ringwood transit city output is \$2 million in 07–08, and then the rural zones output is 0.5 over two years. So that is basically the portfolio.

In terms of some of the detail that you want in relation to the differences between previous years, I am happy to refer to that more specifically. The significant movement is due, and it is technical, to the redistribution of corporate overheads — I understand minus 18.3 million — to more accurately reflect the allocation across the department than the original allocation. This removed the historical allocation, and the corporate overhead is now based on a share of the output budget. The land data fees, which were overstated by, I understand, minus — —

**Mr HARRIS** — Nine million.

**Mr MADDEN** — Minus 9 million, when a decision was made to move from a trust account management to a section 29 revenue retention arrangement. This accounting error has been rectified with a downward revision to the estimate.

In terms of housing affordability, Mr Wells, I think we have got a pretty good track record when it comes to housing affordability. That has been reflected by national figures and also even more recently by a presentation to the HIA by its main economist in relation to how we are performing in terms of housing affordability in this state. We have got planning policies that are addressing housing affordability on a number of levels. The success of those policies is demonstrated by the fact that, as I mentioned, we are doing much better than other states in responding to the impacts of strong housing demand on house prices and affordability.

For example, according to the HIA *Land Monitor Report*, the average price for vacant land in Victoria is \$155 000 compared with \$357 000 in New South Wales, so there is a fairly significant difference there even with the sorts of numbers that we have got coming into the state. Victoria is the only state that has committed to maintaining a minimum of 15 years and up to 25 years of land supply. The government established the urban development program in 2003 to monitor land supply and project demand for residential and industrial land in Melbourne and Geelong, and in 2006 the urban development program report confirmed that the government was more than meeting the overall residential land supply target. However, the government is giving priority to increasing zone land supply in Melbourne's south-east corridor and in Geelong.

As a government we have established five metropolitan regional housing working groups, which have now produced their reports on responding to future needs for housing, including affordable housing. The Growth Areas Authority has been given a specific directive to address housing affordability in growth areas as part of its planning processes. Precinct structure planning guidelines for growth areas now include a requirement to provide a variety of housing types, sizes and costs, and priority has been given to streamlining the planning system to reduce delays, as I mentioned before to the Chair, and holding costs associated with residential developments.

This includes targets for reducing the time taken by DSE to process rezoning applications. DSE was given the responsibility after the 2006 elections to lead a whole-of-government policy on affordability in the housing market and with the Office of Housing and DHS to implement the government towards an integrated housing strategy initiative. That is progressing quite soundly at this point in time.

**Mr WELLS** — Can I clarify my original question: so the reason for the reduction in the 06–07 target and the 07–08 target is because of an accounting error and that the corporate overheads have been distributed to other sections? Is that the reason there has been a reduction?

**Mr HARRIS** — Practical effect.

**Mr MADDEN** — I am advised that is the practical effect.

**Mr HARRIS** — If I could, Chair. There is a note on page 196 that supports that. On page 196 you will see those numbers that the Deputy Chair listed run across the page, the lowest line on that table on page 196, and you will see the note (f) which describes this in the same terms.

**The CHAIR** — So that is page 196, note (f) on table 3.8.

**Ms GRALEY** — I have a particular interest in growth areas. I am interested in the establishment of the Growth Areas Authority, which was announced last year with the funding of \$20 million over five years. It undoubtedly has an important role in delivering many of the budget initiatives highlighted in this year's budget papers. Could you please update the committee on what the GAA has achieved to date as a result of the funding it has received and any important future plans?

**Mr MADDEN** — The Growth Area Authority, as I mentioned, is certainly making a significant difference in terms of not only land affordability but also availability, as I have mentioned in my previous answer, to manage the future growth of Melbourne 2030 in particular in trials of the urban growth boundary for the Melbourne metropolitan five designated growth areas.

Melbourne's growth areas, I just highlight to the committee, are Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham, and these areas contain three of the fastest-growing municipalities in Australia — Melton, Wyndham and Casey. As well as defining where growth areas are, the government is setting the development parameters for growth areas in a plan for Melbourne's growth areas, which was released in 2005 and which created that new authority, the Growth Areas Authority, to better coordinate development in these areas.

The Growth Areas Authority is charged with ensuring that the building blocks of sustainable new communities — infrastructure and services — are coordinated with new housing planned in the growth areas, and this means providing better access to and the timely provision of infrastructure and services like transport, jobs, shops, open spaces and recreation facilities. Sufficient land has been set aside to ensure the adequate availability of developable land to maintain housing affordability, as mentioned. There are three main tasks before the Growth Areas Authority: coordinating the state development contributions plan to guide, fund and deliver infrastructure; provide strategic advice on precincts to help streamline planning processes; and advising me on development issues in Melbourne's growth areas.

One of the first achievements of the Growth Areas Authority is the release of the precinct structure planning guidelines. Precinct structure plans will ensure new development is well serviced and integrated with existing communities. The structure plans will set objectives for housing yields, choice and affordability; provide for dwelling densities in line with government strategies; provide for reliable public transport, activity centres and services; ensure communities have better access to services, transport, jobs, shops, open space and recreation facilities; and give developers and investors in local communities greater certainty and confidence about future development. The Growth Areas Authority brings together councils, developers and government agencies to plan and negotiate the desired outcomes of precincts. I have used the word collaboration many times since coming into this portfolio, and this is one of those examples where the collaboration will see a direct impact on the ground. The process is focused on providing certainty and speedier decision making.

There are currently 20 precinct structure plans under way, with eight of these to be completed by the end of 2007. In combination, the area of land being planned equates to 5850 hectares, and five of the precinct structure plans — those in the Casey-Cardinia area — will address the projected shortfall of zoned land in the south-east corridor. The

Growth Areas Authority is also working on identifying the components of livable communities, and developing the strategies for faster planning processes in the growth areas. This links to an overall commitment to reducing red tape and improving timing of planning outcomes. So I am looking forward to further achievements of the Growth Areas Authority over the next few years, and I am very keen to report the progress of the Growth Areas Authority and its success stories to the committee in future PAEC hearings.

**The CHAIR** — That would be great.

**Dr SYKES** — My interest is in rural zones. Minister, I noted in your presentation that you indicated 80 per cent of councils had made the transition from the old zones to the new and that \$500 000 has been allocated this year to aid councils with the zoning issues. Just by way of background, when the zoning legislation changed, many councils in fact wanted to use that as an opportunity to review their existing zones rather than just do a direct translation of old zones to equivalent new zones, but they ran into two problems. One was that it was going to cost them about \$100 000 per council to do it, and secondly, there was a lack of planners available to do it.

How will the \$500 000 be allocated amongst councils, and how will it then be used by them? Secondly, given the background I have given you, would you give consideration to increasing the amount of financial assistance available to councils, given the \$100 000 cost for each one, and would you give consideration, or take action, to attempt to increase the number of planners that are available to carry out these tasks?

**Mr MADDEN** — Thank you very much, Dr Sykes. There is a lot in that question, and I am going to spend some time answering it.

**Dr SYKES** — Very simply it is more dollars on the table.

**Mr MADDEN** — That is right. There are a few issues there. First of all, generally the councils have been a very good in making that transition. Members of the committee may not be aware, so I will just give them a little bit of context to where the answer is going. The new rural zones were introduced into the planning provisions in 2004 in response to a wide concern that existing zones did not reflect or protect the right to farm and were leading to land use conflicts by allowing a range of non-farming uses in rural areas. These zones were developed and finalised during extensive consultation with rural communities, farmers and councils over a number of years.

But I do acknowledge some of the smaller municipalities, or those with added complexity, are a little slower in making that transition. Because of that, \$150 000 was provided in 2004 through the Municipal Association of Victoria to support the program. However, a number of those councils, 12 months after that contribution, were still struggling to apply those zones. So we recognise that there are some municipalities that are not making the sort of ground that we would like them to make. I understand there are only 12 councils that are yet to complete that transition, and a number of those I expect will be finalised shortly. The 500 000 we expect will go a long way. We also anticipate that we will work with the Municipal Association of Victoria to make sure that we get the best value for those councils so that they can make a significant impact on the ground.

There are some municipalities where we have got just a little bit of complexity in dealing with that. I will give you an example: yesterday we were in Mildura with the Mildura community cabinet process, and there were issues there. You would appreciate this, Dr Sykes: I was speaking to a local vet, and he had some issues around some of the conflicts of land usage, particularly the definition of where a vet can locate a new development, particularly for large animals, as opposed to a vet who deals with smaller animals. That was a worthwhile discussion, and I am looking forward to being able to accommodate some of those requests from those vets in rural Victoria who need to fit within the respective zones in a way that is applicable to what they do.

For some of those councils, too, they have some of their own local complexities which they have to deal with. An example of that in Mildura was some of the old soldier settlements. You have a different type of use that has historically come to be disaggregated over a long period of time. Some of those councils we will work with in consultation, we will assist them with some advice, but we will also work with them through that funding to make sure we get them over the line in relation to this. As you would realise, the right to farm is particularly important. It is important not only for those to give assistance and assurance to those farmers and to agriculture but also to make sure that we do not subdivide the land to a point where farms are no longer feasible or sustainable — that you have the critical mass to make farming operate.

When you look at some of the old soldier settlements in Mildura, they were nice allocations historically at the time for those who settled in those areas, but, of course, farming practices may not be necessarily sustainable in those locations going into the future, or they may never have been, really. We have to bear that in mind. Within that historical context and also acknowledging some of the technical requirements in some of those local areas, we are conscious that we need to work with councils and support them through the funding.

We are finalising the details of how we will apply that funding, but preference will be given to councils that provide an integrated response to rural issues. That is common to a range of councils. They have to be, in a sense, enthusiastic about the process as well. We would be looking for some complementary contribution in some way to combine with the funding that we are making available. That might, in a sense, grow the critical mass of that funding to a point where it will provide greater opportunities for those councils, potentially through the MAV, in a way to make sure that we get all these councils over the line.

**Dr SYKES** — Is the \$500 000 just going to those 12 councils that have not yet made the transition?

**Mr MADDEN** — We are still working through the detail of that. It has not been brought to my attention that those councils that have made the transition are facing any added complexity, but I will take advice in relation to what is out there in the regions as to either the complexities that some may be facing if they have already implemented it, or the complexities facing those who are yet to implement it. I use the word ‘collaboration’, and this is an instance where I think the more we collaborate on this issue the better result we will get for everybody. Of course there will always be a degree of tension around these matters, but we are eager to make sure that we protect the right to farm and that we also get these other local governments across the line in terms of clarifying the status of the new zones.

**The CHAIR** — Thanks for that.

**Dr SYKES** — Could I just make a comment?

**The CHAIR** — I think we have — —

**Dr SYKES** — Just a comment quickly — —

**The CHAIR** — A very quick comment, please.

**Dr SYKES** — I am just letting you know that the previous planning minister had particularly strong powers of persuasion, and a number of councils felt obliged to comply because of the powers of persuasion that were exerted upon them rather than because they really wanted to, but if you are going to be prepared to look at that, that would be encouraging.

**Mr MADDEN** — Just a quick comment: I appreciate that a lot of councils have shown very good faith to do this. They have recognised and agreed in principle to do it. They have implemented it. We recognise the good faith in which that has been done, and as a minister I am keen to make sure that not only do we get the other councils across the line, but we also have to work with the other councils to make sure that the implementation over and above just the integration of it works effectively. No doubt there will be some teething problems, but we are keen to work with councils to make sure that it operates in the way it is expected to.

**Mr SCOTT** — Minister, I refer to you to budget paper 3 on page 213, where it makes reference to the urban development program. Can you please advise the committee about the urban development program and the benefits it will provide for forward planning in our growth areas?

**Mr MADDEN** — The urban development program was established in 2002. It is a very important tool. It provides us with a better understanding of the land supply relative to demand and the infrastructure requirements of future residential and industrial development in Melbourne and Geelong. We monitor the land supply to ensure that the land supply is not unduly influencing housing affordability in Melbourne, and sufficient planning is undertaken so that the physical transport, education and community infrastructure can be in place as new communities develop and that land speculation is also minimised.

The 2007 urban development program report shows that we have 25 years of broad hectare residential land available for new housing in Melbourne’s growth areas. A recent report released by the HIA and the Australian Property Monitors confirms that Victoria’s track record has been much better than some other states. The report

also cautions that to maintain this position we need to avoid extreme pressure being placed on available land supply. To this end our priority has always been on increasing the total available supply. We are now at a point where there is adequate supply in Whittlesea, Wyndham, Melton and Hume to meet the 10-year zoned land supply benchmark. Action is now being taken to ensure sufficient supply of zoned land in the Casey–Cardinia growth corridor. The Growth Areas Authority is giving this area its full attention. I have also asked the department to look into land supply in our key regional cities, because, as you would appreciate, recent figures confirm that the growth in regional areas is quite substantial, and that growth is exceeding that of metropolitan Melbourne.

My department is working with the City of Greater Geelong to facilitate the supply of zoned land in the Armstrong Creek area. There is also pressure on land, I understand, in Torquay and Bacchus Marsh. The urban development program also tells me about industrial land. In six industrial areas across Melbourne there is an estimated stock of more than 25 years, and overall industrial land stocks are adequate. However, there are localised shortfalls of zoned land in the south industrial node and the north industrial node, and action is being taken to bring these areas up to the 15-year supply of zoned land.

This knowledge allows us to take measured steps to address any shortfalls of residential or industrial land. Importantly the urban development program also allows for us to more rigorously plan the rollout of infrastructure — physical infrastructure such as power, water and sewerage; community infrastructure such as schools, child-care and aged facilities; and of course important environmental infrastructure such as our open space network and paths and trails. This is all set out in *A plan for Melbourne's growth areas*, a plan that would not have been possible without the urban development program.

It certainly places us in a good position in comparison to other states and other cities to have this program so that we can monitor and make that knowledge public and work to ensure that we have sufficient and adequate stocks of land provided for development in the future.

**The CHAIR** — Thank you, Minister. I might note regarding outputs and deliverables, and refer to your budget estimates questionnaire, where the department has provided a brief outline of these changes — the ones we are just talking about in terms of the urban development program report — there has actually been a renaming of that from residential and industrial land supply assessment.

I wonder if the department could actually give us a more detailed response in terms of the changes to performance measures. I know we have at the back of the budget paper the ones which have been discontinued, but where there have been changes, for example, it would be useful if we could have them more clearly set out for us rather than having to find them in footnotes.

**Mr MADDEN** — Would you like me to provide that to you on notice?

**The CHAIR** — On notice, please.

**Mr BARBER** — I am interested in the \$1 million for the Melbourne 2030 audit over the next two years and obviously what that 1 million will deliver. Will it look at the specific objectives of Melbourne 2030 and how they have been delivered — for example, one of the objectives is to have more development around activity centres? Will there be an analysis? You could use the 2001 and 2006 census if you wanted to do an analysis of whether more jobs or more housing are now to be found around activity centres.

**Mr MADDEN** — Thanks for that question. There are a number of elements to that. Melbourne 2030 is no doubt the framework — the plan — for development in Melbourne going into the future. There are a couple of critical issues that are worth bearing in mind with the support for activity centres, so we manage that growth within existing suburbs in a way that does not take us back to the old days of just dual-occupancy development across any suburban block as of right, which was the case for many years prior to us coming into government.

The other element of that is not only the focus on the activity centres per se and the development around that — that is done in order to protect the suburbs that we have, the green leafy suburbs, the elements that we know and love about Melbourne — it is also about ensuring that suburban development on the fringes is managed, and part of that is, as I have mentioned, the Growth Areas Authority so that we are not hamstrung by the focus on the activity centres, so we still provide growth on the fringes but also that we provide protection to the green wedge, as it is affectionately known. That is also necessary for all those other elements that make for good consolidated urban planning.

In terms of the audit that we will be conducting over the next two years and the funding for that — the million dollars — that is basically to examine the extent to which it is being implemented and the success of the implementation. I would like to point out it is not a reiteration of the case for Melbourne 2030. I know there has been criticism from the opposition in relation to this matter. I know that the Deputy Chair himself, in his budget reply speech, has even threatened to dismantle the Melbourne 2030 boundaries. It is all right to make that assertion, but what is the alternative? If you do not have an alternative, and I know the opposition does not have one, it does not have policies in this area, it is vacant in this area, then —

**Mr WELLS** — That is a bit rich. I thought the election was 2010!

**The CHAIR** — Please, Minister.

**Mr BARBER** — Will the audit be an audit of councils' strategic planning activities, or will it be an audit of the success of the policy's objectives?

**Mr MADDEN** — What we will do is — we are currently undertaking stocktake and that stocktake is basically to find out the relevant information in many of those areas that you are talking about; to critically examine where we can access the information that will assist us on many of these fronts, and then based on that there will be a second stage. I do not want to telegraph those yet, but we will be making announcements in terms of the second stage of that process once we have consolidated that information and done some examination of that information as part of that overall stock take.

**Mr BARBER** — You have telegraphed a million dollars so can you tell us what the million dollars will be spent on?

**Mr MADDEN** — It will be involved in that extensive process. I know that, Mr Barber, you are very keen for the community to be involved in that, and we are very keen for the community to be involved in the process as well. So some of it will be — as I said the first stage is primarily about bringing together information and seeking that information, and consolidating it in a way that makes sense in relation to 2030 — then the next stage will be about hearing from the community or the relevant stakeholders in relation to many of these issues as well.

**Ms MUNT** — Minister I refer you to budget paper 3, page 277, under the heading 'Assets initiatives-government-wide' which details funding for transit cities in 2007-08 of \$17.2 million. Can you please outline to this committee how that funding will be used, and what will be the benefit to Victorians from that funding, now and in the future?

**Mr MADDEN** — There are a number of issues in relation to transit-city initiatives and the status of that. I have responsibility for quite a number of them, but not all of them. Some of the other elements are delivered by other ministers, but there is quite a range between this year's announcements and last year's announcements, as well. I will go through some of those; some of those are more obvious in relation to this year's but also some of the others in previous years.

Basically the intent of transit cities is to make sure that we focus development around many of those older transport stations or transport network areas. What we have seen over many, many years historically, as some of the infrastructure of those stations has got old or was not seen as attractive at the time, although it might look very attractive now because of the heritage values of some of those locations, many of those retail or service centres turn their backs on many of those stations. Rather than link themselves to those stations and have a strategic link, many of those shopping centres, or those local communities, turn their backs on the stations. Rather than draw people from the stations or into the stations, that created a blockade.

You can appreciate today more than ever that the use of public transport is on the rise, and that is a great thing. If people had said four or five years ago that we would see an increase of somewhere between 16 or 20 per cent in the use of public transport, people would have thought that that was not possible, particularly in Melbourne, given people's habits. To see that shift has been a quantum leap, and that is a great result, but of course there are challenges in dealing with it.

Transport cities are a great avenue in which we can focus people's attention around public transport and get more people using the system out of peak as well. We know there is peak demand, but also if we can get people using it



throughout their daily lives over and above just for commuting into the city, then that is a great outcome and transit cities is a great way to do that.

Recently announced, the \$52 million over four years for Footscray, and the project planning is currently under way; Geelong, \$5.8 million over two years and that project planning is under way. The work down at Geelong is also complemented by the relocation of the TAC, and the ability to link the Geelong station as a transit city with the jobs from the TAC down in Geelong will really help drive that.

In terms of Footscray, Footscray is a great initiative because that will complement the regional services that also come through and stop at Footscray. It means that there is a great ability to have a strategic link to the regions and, whether it is the Bendigo, Ballarat or Geelong lines, to link those in a way which forms a strategic link to Footscray and the city as well. There are some great opportunities there.

Given that Victoria University is very keen to expand its campus into the retail precinct and to link that in and around the station precinct, there are some great opportunities for that Footscray transit city to be a model for urban renewal. We are very excited, and you can tell I am very excited about the prospect of that.

In terms of Ringwood, there is \$5.4 million in the 2007-08 budget for project planning. In terms of the previous year's budget, 06-07, for Dandenong there is \$290 million and the projects are currently under way. That is a big project. No doubt people will be eager to see the result of that, but it is not a plan that will take place over one, two, three or four years; this is a long-term project with big parcels of land being redeveloped. It will take some time to come to fruition, but it will happen and the result of that will be quite spectacular.

In Ringwood we have also seen, in the 2006-07 year, \$791 000 over two years to assist council and get projects under way. I want to compliment the council for the outstanding work it has done in really embracing this. In that year as well Footscray received \$1.2 million, a funding deed was signed with council and the Nicholson Street Mall upgrade was commenced. That has been a great result. At Frankston, \$11.6 million over four years, the funding deed was signed with council in June and the project is under way; at Box Hill, \$378 000 in 2006-07, funding deed signed by council, the project is under way; at Werribee, \$855 000 over four years, funding deed signed with council and the project is under way; Epping, \$477 000 over four years, funding deed signed with council and the project is under way; Broadmeadows, \$720 000 over four years, funding deed signed with council, the project is under way; Latrobe-Warragul, \$450 000 over four years, funding deed signed with council, the project is under way; Bendigo, \$369 000 over four years, funding deed is signed — —

**Mr WELLS** — Maybe just table the document.

**Mr MADDEN** — And under way. The last one — —

**Mr WELLS** — Maybe just table the document.

**Mr MADDEN** — Mr Wells, Ballarat, \$11 million in railway improvements — under way. I was very keen to get those on the record, Mr Wells.

**Mr WELLS** — Yes, I know, but you could have just tabled the document and saved us a lot of time.

**Mr MADDEN** — But they are all good stories, and whilst I know that transport and the demand for transport is in the news at the moment, we are making those strategic investments. They need to be on the record; they need to be recognised. What this is saying is that we are making that investment; we are getting communities to work together, particularly local governments. The local governments that have made the quantum leap and have really embraced it and done the strategic work have seen funding come to fruition this year. We look forward to seeing the relationships with many local governments continue to develop in a collaborative way, to see greater investment in many of these areas in years to come.

**The CHAIR** — Thank you, Minister, for the comprehensive reply.

**Mr RICH-PHILLIPS** — Minister, this is the first time you have appeared since relinquishing the Commonwealth Games portfolio, but I am pleased to see the Premier has given you a portfolio where you can maintain your positive relationship with Julianne Bell and the protectors of public lands!

I would like to ask you about the funding for the electronic conveyancing system — firstly, about the contradiction in the information contained in the budget overview which refers to the funding being provided, \$6 million over four years, and budget paper 3, which refers to the funding being provided in one year, being the 07–08 year.

**The CHAIR** — What page is this?

**Mr RICH-PHILLIPS** — That is page 333. Can you just clarify, please, which is correct — the overview or the budget paper? Is it one year or is it four years?

**Mr MADDEN** — I am informed that it is over one year.

**Mr RICH-PHILLIPS** — I understand that is \$6 million in addition to \$24 million that was provided for the land exchange program. Can you tell the committee how that existing money has been expended in setting up this electronic conveyancing system and how the additional \$6 million was spent?

**Mr MADDEN** — I might ask Peter Harris, secretary of the department, to reply to that. I would ask, Chair, that if there are any supplementary questions that they come through me so that I can respond.

**The CHAIR** — That is fine. They always do, Minister; don't worry.

**Mr HARRIS** — In answer to the basic question for the committee's benefit, the electronic conveyancing project has proved to be very successful and has met its technical milestones for being deliverable. If I could just ensure that it is in everybody's mind that this electronic exchange will effectively replace the exchange that might occur otherwise, which would be managed by conveyancers. So when cheques are handed over and titles are provided as a result of a property transaction, this will now be able to occur electronically, with a significant estimated saving for every property transaction of the order of \$300 or \$400 on average.

It is quite an important piece of technological development for the property industry. It has substantial application outside Victoria — it is potentially a national system — and it has generated quite a lot of interest from the kind of institutions that are involved in electronic conveyancing.

In terms of the funding, the project was supplied with funding on an incremental basis, and it has built up by cost over time according to its success. So having met each of its individual technical milestones, this last segment of funding approved by the government budget for this year will ensure that in effect this system is available in Victoria. I believe — I might look across at my adviser at this point — it will be available in the early part of 2008, if not earlier than that.

**Ms OVERELL** — Yes; the middle of 2008.

**Mr HARRIS** — Certainly it will be completed in the coming year. Those savings will then flow on to institutions and obviously on behalf of purchasers who care to use the electronic system. The paper-based system will nevertheless remain available for those who do not want to take advantage of that, and there undoubtedly will be some reasons determined by the individual institutions — banks and the like — as to whether or not they choose to go down this path. But we think the savings are very attractive, and the project is therefore likely to be considered quite a success.

**Mr RICH-PHILLIPS** — I understand the project has been on trial since 2005 and that there have been a couple of trials. I am curious as to why the extra \$6 million is required now, if the project is already to a trial stage.

**Mr MADDEN** — First of all, in terms of the development of this, I understand that it has been ongoing for some time. This is the sort of technology you do not just do on your own. I also understand that you have got to bring people along with you, particularly if you are relying on many of the large financial institutions.

I understand that financial institutions such as Westpac, ANZ, Commonwealth Bank, National Australia Bank, Macquarie Bank and Bendigo Bank are already using the mortgage transaction as part of their electronic conveyancing systems, so it is important that those sorts of stakeholders have confidence in the product and that when the extension of that is fully operating, people can feel completely confident about that.

**Mr RICH-PHILLIPS** — Are there concerns now?

**Mr MADDEN** — Let us also appreciate that this puts Victoria at the forefront of other Australian states and that in actual fact it is a world leader in terms of financial property settlement and lodgement of land transfers and mortgages. This is groundbreaking, and in terms of the intellectual property that goes with this we will see countries from around the world wanting to replicate what we are doing here in this state. I am not sure whether you have any more comments, Peter, in relation to any of those matters.

**Mr RICH-PHILLIPS** — You mentioned the banks that are trialling the system now. Have there been any problems in the trial? Have they expressed any concerns with the system that is currently running?

**Mr MADDEN** — My understanding is that those financial institutions are currently using the system and at this point it appears that they are very supportive of it, so I think all the indications are very supportive. But, of course, I suppose you have to trial these things before you roll them out completely, and that is just the cautious nature of how you would manage something that could have quite profound change and significant implications for the operation of any organisation. As I said, one of the great elements of this is that what we will see —

I do not know if you are aware of the way in which they exchange titles and mortgages and all sorts of things at the last minute. Everyone has to come together at the last minute and often you have four parties involved, sitting around the table, and they all have to find a place to meet, and what you do not want is a glitch at the last minute because not only does it stop that transaction, but because there are a lot of linked transactions often for similar times of the day, people sell one property, purchase, and try to combine the dates so that they are not having to use different forms of credit. So it is important that the operation of this is absolutely sound, and no doubt you would not have the banks supportive of it if they did not feel confident about it, and we would expect that when they take it on board fully, it will be a world leader.

**The CHAIR** — Our family had a transaction last week and it went through very smoothly. In fact it was a day or so ahead of what they originally expected, so I am very grateful for the new system.

**Mr PAKULA** — Minister, in the last question from Ms Munt you touched on the Footscray transit cities program. My recollection is that all up it is a \$52 million investment. I suppose I am interested in some more detail as would you be, Minister, given that we share an electorate. I am interested in the details of the outcomes of that inner Footscray area that we can expect from the transit city program.

**Mr MADDEN** — Thank you for that question, Mr Pakula. I know this is a matter that is very close to your heart, and I know that you are very conscious of the opportunity for urban renewal in that Footscray precinct. If members of the committee have not been out to Footscray I would encourage them to go out and have a look now and get a sense of what it looks like because it will be different over the next few years through this investment. It is a tremendous opportunity waiting to happen, and what we will see is \$52.1 million invested over four years to renew and revitalise central Footscray. The strategic location of Footscray is quite remarkable, and sometimes you forget how well located it is in relation to the ports, the city and many of these logistical aspects. Given the number of trains that come through the precinct as well, it is a fairly substantial commercial precinct, but it needs a catalyst for renewal, and there are some marvellous opportunities there.

The initial work that will take place will include the modernisation of the pedestrian bridge at the station, so basically a new pedestrian bridge, which will take you past the old Olympic Doughnuts caravan; and anybody who has been out there would feel a sense of nostalgia for that caravan. I have not tried the doughnuts recently, but I am told they are very good. The old bridge traverses from one side of the station to the other, and — —

**Mr BARBER** — Termites are holding hands to keep it together!

**Mr MADDEN** — Yes, it is probably a bit like that. It is a pretty old bridge, it needs the upgrade and this will make a significant difference. It will be a catalyst because the bridge is used by enormous numbers of people, and students in particular. Lots of Victoria University students who get off the train move through the shopping precinct up to Victoria University at the other end. There are huge numbers throughout the course of the day, not just at peak times. That will straight away improve the amenity of the precinct. It is also a signpost for those who are thinking about investing in the precinct. The government is committed. We are putting money into this and encouraging people to do the same.

We expect it will facilitate development particularly around a number of strategic sites around the station. We will have to acquire some of those as part of that upgrade. Probably most critically there will be a one-stop shop for the

marketing and development of central Footscray. We are doing this in conjunction with Maribyrnong council. It has been very supportive, and I would also like to compliment the council for the enthusiastic way it has embraced the opportunities here. Of course that has translated into this financial support from the government.

It is likely that I will become the responsible authority for development applications in a defined area of central Footscray, but major applications however will be considered by a planning partnership committee, it is anticipated, with the City of Maribyrnong — again, collaboration. The investment builds on the outstanding work that, as I mentioned, has been done by the City of Maribyrnong in recent years, and that has come about through a shared vision for Footscray's future.

The council also went to great lengths, I understand, to consult on this and really allowed the residents of Footscray the chance to express what they love about the area. They are very keen to not lose either those diverse qualities or the eccentricities, in some ways, that make Footscray different from many other centres. So we are looking forward to making sure that we retain that but also renew it.

**Mr DALLA-RIVA** — They would like a pool, I think.

**Mr MADDEN** — I also expect that there will be an increase in affordable housing and sustainable options, reinforcing the safety of public transport and the creation of, most importantly, as I mentioned, a sense of place. That does not come overnight, but it will come eventually.

Again, in terms of the strategic location of Footscray it has unique opportunities. It is less than 10 kilometres from the Melbourne CBD, it has great transport options, it has a really large shopping precinct and civic district, and as well as that Victoria University is a world-class educational institution. The university is also committed to engaging with the local community so that it is not just a stand-alone university but is connected to the community and works through this process to make sure that it is well and truly embedded in the whole urban renewal.

It is also one of the most culturally diverse communities in Melbourne, and we are committed to trying to maintain that. We expect that we will be able to do that. We are committed to stimulating investment in the centre but most importantly improving employment options and providing the facilities for such a unique community. This will be a wonderful example of urban renewal. I am particularly excited about it, as you can tell, and I know Mr Pakula will be able to sing its praises as this progresses.

**The CHAIR** — I can see the Council members are very excited by this. We will take a break for a few minutes and Mr Dalla-Riva will then have the call.

**Mr DALLA-RIVA** — Minister, I refer to budget paper 3, page 327. You referenced it earlier in relation to the Melbourne 2030 five-year audit. I see the five-year audit has only an additional two years of funding, so I thought that three years had already been audited, but that is not the case. Can the minister detail how the money will be allocated — that is, how many staff will work directly on the audit, the facilities, reports, printing et cetera? What is the final reporting date of the audit? Will it be made public and, if not, why not? Who will be overseeing the audit?

Will you be engaging any external consultants, as part of the expenditure of the \$1 million, to assist in the audit? Will they be advertised appropriately under the normal terms of employing consultants? In part of that process of consulting with the community, my understanding is — you may correct me in this — that as part of the \$1 million that is going to be used for the five-year audit there are no architects, councils or community groups involved, just the MAV and a few Labor-friendly groups. Can you just clarify what the \$1 million is, in the context of all those questions?

**The CHAIR** — There are quite a lot of questions there. I should note I think that the five years reflects the fact that it has been around for five years, not in terms of the budget matter.

**Mr MADDEN** — In relation to Mr Dalla-Riva's question, there are obviously quite a lot of questions there and I am happy to try to answer as many of those as I possibly can. I know and we know that the Liberal Party does not support Melbourne 2030 — —

**Mr DALLA-RIVA** — No, no — —

**Mr WELLS** — We want to know what you want.

**The CHAIR** — Thank you.

**Mr WELLS** — Is there a problem with the question?

**Mr MADDEN** — There is no problem with the question; I am going to answer it.

**Mr WELLS** — Let's get to an answer.

**The CHAIR** — Can we have the minister's — —

**Mr WELLS** — He is inciting interjections.

**The CHAIR** — I wish you would ignore them.

**Mr MADDEN** — Thanks, Chair. It is always interesting after the half-time break — —

**Mr DALLA-RIVA** — We are coming out a bit stronger after three-quarter — —

**The CHAIR** — On with the answer, please.

**Mr MADDEN** — On Melbourne 2030 we have said we are committed to undertaking a review five years after its implementation. We are at that stage, and we are committed to doing that. As mentioned, we have committed \$1 million to that audit, and basically it will take place in two stages. The first stage of the audit is a stocktake, and that is led by DSE to assist the progress on the delivery of Melbourne 2030. The stocktake is being informed by meetings with key stakeholders. Stakeholders have so far confirmed widespread support for the principles of Melbourne 2030 and emphasised the importance of focusing on the implementation of Melbourne 2030. Even in my meetings with stakeholders aside from this audit, when very early on I met with them in relation to this portfolio, what was reinforced to me, which was not prompted in any way, was the broad support of the many, many stakeholders for Melbourne 2030. Now what — —

**Mr DALLA-RIVA** — So what is an example? Is it architects, Minister?

**The CHAIR** — You have asked that question. Keep going, Minister, please.

**Mr MADDEN** — The implementation of Melbourne 2030 is what is being reviewed or audited or assessed through this process. It is anticipated that I will announce the details of that second stage of the audit by the middle of this year, and it will include opportunities for input by local government, industry and the general community. This is an election commitment and we will fulfil that commitment. Again I reinforce that the audit of Melbourne 2030 will not involve a fundamental re-examination of the principles and the direction. I will say that again. The audit of Melbourne 2030 will not involve a fundamental re-examination of the principles or the direction. I know the opposition would like — —

**Mr DALLA-RIVA** — Keep focused, Minister.

**Mr WELLS** — Do not lose your place. We are going to be here all day if you lose your place.

**Mr DALLA-RIVA** — Focus.

**The CHAIR** — Minister, please.

**Mr MADDEN** — They are very sensitive, Chair.

**Mr WELLS** — No, we are concerned about you losing your spot.

**Mr MADDEN** — We will concentrate on finetuning it and making it work better. So the audit will focus on whether new development on the ground reflects the policy intent of Melbourne 2030; whether the initial implementation plans have been completed and effective; and what new initiatives need to be completed over the next five years to continue to effectively implement the plan.

The audit will fully utilise the \$1 million allocated in accordance with our election commitments, and any extra requirements will be funded within existing DSE resources. This will ensure that we continue our focus on creating

a more sustainable, prosperous and livable Melbourne. We will not abandon our commitment, as I suspect the opposition is prepared to — —

**Mr DALLA-RIVA** — No, no. Focus, Minister, you are doing all right. Keep focusing.

**Mr WELLS** — Is that actually writing on your sheets?

**Mr MADDEN** — To keeping Melbourne as one of the world's most livable cities, Mr Wells.

**Mr WELLS** — What about we table the document so we can have a look at what is actually written there?

**The CHAIR** — Can we have the answer, please, Deputy Chair? We need to have questions and answers and not necessarily interjections and responses to the interjections. The clarifications have been made.

**Mr DALLA-RIVA** — I am surprised that he has actually gone down the path and answered the questions, except for the final one. When will the results be made public as a result of that stocktake and audit?

**Mr MADDEN** — I seek clarification of your question, Mr Dalla-Riva.

**Mr DALLA-RIVA** — You are undertaking that you are spending \$1 million of taxpayers money on an audit. Are there going to be any expectations that the money that has been spent will be as part of that audit and that the results of that audit and stocktake on Melbourne 2030 will be made publicly available?

**Mr MADDEN** — This will be a public process. I mean, it is a public process.

**Mr DALLA-RIVA** — I understand that. You have answered that.

**The CHAIR** — Let the minister answer please.

**Mr MADDEN** — We have already committed to it being a public process.

**Mr DALLA-RIVA** — The final report, Minister, that is all.

**Mr MADDEN** — The Melbourne 2030 report will be released, and we will make a statement to it. That is the whole idea of the whole review. It is not — —

**Mr WELLS** — The audit?

**Mr MADDEN** — It is not a review. Yes, the audit.

**Mr WELLS** — It is going to be made public?

**Mr MADDEN** — The audit — we will release the audit as a response. The audit is a response to what is happening on the ground, and we will release that. I mean it is not intended that this is as you might like to portray it.

**Mr WELLS** — The results of the audit?

**Mr MADDEN** — You might like to portray it as some grand conspiracy.

**Mr DALLA-RIVA** — No!

**Mr MADDEN** — This is not a grand conspiracy, Mr Dalla-Riva. I hate to disappoint you, but it is not and it will not be.

**Mr DALLA-RIVA** — I am surprised you mentioned it.

**Mr MADDEN** — I have had the misfortune of having to listen to many of your speeches in the Council chamber.

**The CHAIR** — We are not in the Council chamber now.

**Mr MADDEN** — They are often premised on conspiracies, Mr Dalla-Riva.

**Mr DALLA-RIVA** — So you will make them public — the results of the audit?

**The CHAIR** — We have an answer from the minister, Mr Dalla-Riva. I also ask you, Minister, whether in terms of employing any consultants of people to do this you will employ them and do it in the normal processes of the public sector?

**Mr MADDEN** — There will be people involved in this process, the second stage, and I will release those details in relation to that second stage when we get to that point. But can I just say that the current work, the stocktake, is being done within DSE. The next stage will involve external experts of one form or another, and I will make public the details of that when we get to that point.

**The CHAIR** — Thank you, Minister. I just refer you to page 266 of budget paper 3 regarding Labor's financial statement 2006 output initiatives. Under 'Planning' you have got 'Expert planning teams'. Certainly in my local area we always like to see more expert planning and resources, because it is something that people are very interested in. Can you give us some details on how you are wishing to implement this particular initiative?

**Mr MADDEN** — Basically the planning system, as it works, has local government predominantly delivering the vast majority of the planning system at a local level. I understand there is in the order of about 55 000 planning permits issued each year, and the vast majority of those, of course, are done through local government. So local government is really the coalface of the planning permit process. We have councils that do an excellent job; some do a very good job, and some struggle a bit for various reasons.

That is not to lay the blame for any particular reason, but where we can assist a local government in doing a more effective job, then we are eager to do that. Some of that may be capacity, it might be their own strategies, it might be the zone — there are a whole lot of reasons or elements where certain local governments can be more effective in delivering the planning system. As I said, the more effective, the more efficient the planning system, the better in terms of productivity efficiency right across the building sector and the housing sector, and the more economic activity and jobs that go with it. So the better the system, the better the outcome.

We realise we need to assist our local governments with expert assistance from time to time, and of course Melbourne 2030 is our blueprint for development in metropolitan Melbourne and regional cities. Major elements of the plan include accommodating growth in our growth areas. Whether one likes it or not, Melbourne's reputation as a liveable city draws people to the city. Of course that will be a challenge — to accommodate that growth — and we have to do that bearing in mind we have to accommodate growth in our growth areas, protecting our green wedges and directing growth into established areas to activity centres and around principal public transport networks.

We have worked in partnership with local councils to implement Melbourne 2030, particularly around establishing appropriate development parameters in activity centres. Since Melbourne 2030 was released the government has provided councils with more than \$23 million support for strategic planning. As mentioned in my presentation, around 60 per cent of principal and major activity centres now have completed structure plans or they are significantly under way. I am proud of the work of many councils, but I would like to single out a couple.

I would like to mention Manningham council and its plans for Doncaster Hill, and the Banyule council and its work in relation to Greensborough. Both Doncaster Hill and Greensborough plans contain all the elements that government expects in good activity centre planning — a long-term vision that the council passionately believes in; a holistic approach to the planning and promotion; local government infrastructure and community services funding; public seed funding; and a healthy dose of private investment.

It is worth remembering these are 20-year plans and improvements will not just happen overnight. But the councils have made significant progress. It is this work that gives certainty and confidence to private companies such as Westfield and LendLease to invest substantially in those activity centres. The development industry has told us that the structure planning process is at times hindering investment in activity centres, and the best way we can help is to hasten the finalisation of the plans to allow both developers and councils to get on with business.

Up to \$3 million over two years is provided in the budget to help metropolitan councils finalise and implement their structure plans for activity centres. The Melbourne 2030 activity centres expert assistance program has been

developed to support councils with specialist technical advice to progress structure planning in activity centres and work with councils to identify blockages or gaps of knowledge or expertise that are hindering the completion or implementation of activity centre structure plans.

The expert assistance program will include advice about commercial feasibility, transport planning, community consultation, built form and 3D design. The type of advice required will vary, depending on where councils are up to in their structure planning. Whilst the specifics of the new program are still being finalised and are yet to be announced, councils will be selected for the program based on a demonstrated commitment to revitalising their activity centres where there is scope for significant further private investment and development, and I have indicated on a number of occasions that I am committed to working with councils and the development industry to identify barriers to private investment and ensure that planning frameworks are as simple, certain and transparent as they can be.

The expert assistance program will work in partnership with local councils over the two years of the program to deliver real improvements in activity centres, build long-term planning capabilities and exemplary outcomes of Melbourne 2030 activity centres.

**The CHAIR** — Thanks, Minister. I hope that part of this process will also be to push down into the neighbourhood activity centres as well, particularly if councils are at that stage?

**Mr MADDEN** — Yes, very much so. I think we will have some good news on that front, Chair, in the not too distant future.

**The CHAIR** — I know there is a lot of interest in my area in that regard.

**Mr WELLS** — Can I just clarify a point on the same question: will the guidelines that they work to —

**The CHAIR** — Is this your question?

**Mr WELLS** — No, I just want to clarify a point on the same issue. Who will these expert planning teams report to, and what guidelines will they have to work to?

**Mr MADDEN** — As I said, Mr Wells, we are still finalising the implementation of that. I have used the word ‘collaboration’ on a number of occasions. This is not going to be a one-sided approach. I would expect that councils would work collaboratively and positively in good faith, as we would, with those councils to make sure that the outcome is well supported by councils as well as by the state government.

**Mr WELLS** — Who would they report to?

**Mr MADDEN** — We will work through that process. If the outcome directly relates to me, then no doubt I will have to consider the structure. It might be one thing for me to determine what the effect might be, but if councils have to implement it, then they need to be supported as well. In the long term they may well report to me. That is yet to be finalised, but I would expect that the outcome would have to be a positive experience for both stakeholders — state government and local government — throughout the process.

**Mr WELLS** — So that is not determined yet? My question is in regards to heritage planning protection, which is a similar question to my first one, on pages 214 and 215 of budget paper 3. We have had a target of 12.3 million. This year it has been reduced to 10.2 million. What is the reason for the reduction? Is this another accounting error, or is it another redistribution of overheads?

**Mr MADDEN** — You would appreciate our government’s commitment to heritage. I personally feel very strongly about heritage issues. In a sense, you cannot celebrate your future unless you know the present and understand it and also unless you recognise what has taken place in the past. We have to draw upon our heritage not only to maintain and keep that heritage but also to understand and interpret that heritage as well.

Many of the funding grants that have been announced — and I have announced a number just recently — were in relation to supporting many of the community groups who work at a local level in terms of heritage. It is worth bearing that in mind because, whilst we sometimes look at magnificent collections or we look at magnificent buildings, much of the support for or the driver of the maintenance for that is very much based around local community groups.



Significant amounts of funding in recent times have been provided to those community groups to make sure that they are well supported. We are eager to not only ensure that we maintain and restore the built form, the fabric or the collections — whatever it might be that comes under the definition of ‘heritage’ — but we also support those who seek to be actively involved in heritage maintenance.

I made some of those announcements recently. I made a visit to Clunes earlier in the year. The local community in Clunes have done a marvellous job of looking after their local town hall, and they were at a point where they had quite a unique interior. The stage and the stage curtain — made by a local, hand-painted, absolutely magnificent — were deteriorating. They were very keen to look after that, and we gave that group funding to restore the interior of the stage and the setting as well.

That grant acted on two fronts. It was not just about the restoration or the upgrade of the facility but it also complemented members of the community who had for so long worked particularly hard to find a proper use for the building. Now what is happening — —

**Mr WELLS** — Minister, the question is actually about the reduction in expenditure, not examples of an increase in expenditure.

**Mr MADDEN** — Yes, I will get there. The great outcomes of that are that we have seen increased use of that hall to the point where now the local community is able to attract weddings into the Clunes area. So some of the students who might have been at the school camp up there — —

**Mr WELLS** — Wesley.

**Mr MADDEN** — The Wesley school camp. They were telling me the story that a number of those students are now coming back and having their weddings in Clunes and using the old Clunes town hall as a reception area. A little grant can go a long way to build economy activity in a community, and we are committed to continue doing that.

In terms of the technical question about the funding amounts, I refer you back to my answer earlier on in terms of the reporting mechanisms. That is a technical one, I understand, Mr Wells, in relation to the overheads we distributed across the department in the expression — —

**Mr WELLS** — Is this another accounting — —

**Mr MADDEN** — The redistribution of the corporate overheads more accurately reflects the allocation across the department than the original allocation. So on the ground it will not make any difference. It is just a technical expression, an accounting expression in relation to that allocation, so it will make no difference at ground level.

**Mr WELLS** — So this is another accounting error and a redistribution of overheads?

**Mr MADDEN** — My understanding is it is not accounting error; it is an accounting treatment, Mr Wells. I do not profess to be an expert in the technicalities of accounting, but on the advice I received from the department, it is a more accurate reflection of the required accounting treatment within the department.

**The CHAIR** — We would like the minister to ask the department to provide us with more details of that, because it does not just occur in the two that Mr Wells has mentioned, it also occurs elsewhere. A fuller explanation on notice I think would be very useful for the committee.

**Mr MADDEN** — Chair, I am happy provide it, because I know from time to time, having come to the Public Accounts and Estimates Committee across a number of years, if there is a different treatment from year to year, there needs to be a recognition of the change in consistency of approach so that the members of the Public Accounts and Estimates Committee can fully understand the difference from year to year in relation to the treatment.

**The CHAIR** — That would be very useful. I must admit that I notice from the chapter of the department that there is a much fuller description of outputs than for many other departments. We obviously appreciate the fact that the committee has good information.

**Ms GRALEY** — Minister, in budget paper 3 on page 212 it is stated that your department will implement strategies for sustainable metropolitan and regional development. There has been a lot of media talk around about sea changes. I ask you to inform the committee what initiatives are being implemented in coastal areas to help councils manage development and growth? It is a big issue out there.

**Mr MADDEN** — It is, thanks for the question. As I mentioned before, people are flocking to Victoria in droves. We have seen enormous growth not only in the Melbourne metropolitan area but also across the regions. We are also not only attracting growth but also getting a shift in growth, in a sense. So we are getting many people who are very eager to move to coastal regions, and, I suppose, there is not only the sea change but also the tree change. Of course the great challenge of that is accommodating that demand and growth, so in a sense we — and I have used this term before — do not love our coast to death, but we are great risk of that if it is not well managed.

The coastal initiatives — the coastal space framework was launched last year, and it identified settlements capable of sustainable future growth as well as those with limited capacity to accommodate growth. Over \$2 million in funding was provided to coastal councils to help them develop coastal settlement framework plans. Many are well advanced. The Gippsland councils in a regional initiative are working together with a common strategic approach, and I want to compliment them on that. The framework plans have developed with their communities and have been adopted by East Gippsland and Bass Coast shires.

The City of Greater Geelong, the Borough of Queenscliff and the Surf Coast Shire all have done significant work to develop framework plans. Overall 19 per cent of towns already have coastal settlement boundaries in their planning schemes. A further 58 per cent have framework or structure plans completed. Only 15 per cent are still in development, with 8 per cent not yet started. Whilst good progress has been made, I am keen to see that the settlement plans reflected in planning schemes are a key to local decision in these towns, so I intend to facilitate the planning scheme amendment process so that the coastal settlement boundaries can be put into planning schemes more quickly.

For those councils that are not well progressed we will focus the remaining funding on the completion of strategic work. I have also asked my department to provide specialist advice and skills to assist. The completion of coastal settlement boundaries work will enable councils to be firm about the developments that are clearly outside the boundaries and that are stand-alone developments. The coastal spaces landscape assessment study has now also been completed, and the study provides strategic identification of significant landscapes and advice around siting and landscape management, particularly for areas between settlements. It will play an important role in preventing the fragmentation of non-urban coastal landscapes.

The coastal spaces landscape study now needs to be implemented through local policy and controls in individual planning schemes. Recently I announced \$115 000 for funding to Surf Coast, Colac-Otway and Moyne shires to support implementation of the recommendations into planning schemes, and this funding forms part of the \$600 000 allocated to implementing findings of the coastal spaces landscapes study.

standing order a lot of work has been done and there is still a bit to do, but this will no doubt assist local governments, particularly in those coastal regions, to give clarity to what can and cannot happen in their regions. We are eager to support local governments to make sure, as I mentioned earlier, that in a sense as a community we do not love the coast to death.

**The CHAIR** — Thank you very much, Minister. I am sure Dr Sykes will be interested in that particular answer, although I think all the National Party seats are landlocked, except for your leader's. Is that correct?

**Dr SYKES** — The member for Lowan goes from the New South Wales border to the coastal communities.

**The CHAIR** — That is right. He does, too. I forgot about that one.

**Dr SYKES** — Minister, I have got an interest in Lake Mokoan. I am aware that you have chosen to call in the planning aspects of the government proposal to decommission the lake, and I presume that you are aware an alternative proposal is being put forward by local irrigators assisted by Murrumbidgee Irrigation.

Does your calling-in process allow for the possibility of the minister accepting the irrigators' alternative proposal in preference to decommissioning, and are you prepared to work with the local community to achieve the best possible outcome for the future use of that site?

In particular, do you support the government-appointed Future Land Use Committee's request to the government that the government underwrite the first \$15 million of a \$23 million or \$33 million project to restore the wetlands, because that has budgetary implications for yours and the other departments we have?

**The CHAIR** — Minister, insofar as it relates to the budget and in terms of particular things in the past you do not need to answer it, but in terms of how it affects your budget and estimates, please — the protocols.

**Mr MADDEN** — Dr Sykes, the last two questions that you posed, can I ask you to repeat those? I got most of it, but it was a fairly comprehensive question.

**Dr SYKES** — Does your calling-in process allow for the consideration or the possibility that the minister will accept the irrigators' alternative proposal rather than the full decommissioning? Secondly, there is a recommendation by the government-appointed Future Land Use Committee that the government underwrite the first \$15 million of a \$23 million to \$33 million restoration of the wetland. Do you support that recommendation?

**The CHAIR** — Minister, your answer, insofar as it relates to your portfolio and with your processes.

**Mr MADDEN** — That is quite a substantial question, and I would not want to give you an incorrect answer.

**Dr SYKES** — I am happy to have it taken on notice.

**Mr MADDEN** — Given that some of that will probably reflect on the minister for the environment and his portfolio as well as any planning authority decisions I may have to make within my portfolio, I am happy to take that on notice and give you some answers in relation to those questions.

**Mr SCOTT** — Keeping with the regional theme that the question from Dr Sykes touched on, I refer you to budget paper no. 3 at page 327 and the item about regional town development plans. Could you provide the committee with further detail of what is involved with these plans and how they will assist, during the estimates period, regional councils plan for future growth?

**Mr MADDEN** — There are quite a few issues there in terms of regional plans. Of course the regional issues are quite a theme to what is taking place out there in the community. As I mentioned before, we have got substantial growth right across Victoria, and that is not a bad thing; but that growth also places a lot of pressure on local communities about how that is managed, how that is dealt with. As you would be aware, some of the regional areas in Victoria are growing faster than Melbourne. For the first time since 1986-87 we have seen two consecutive years of faster growth in regional Victoria than Melbourne, with growth to 30 June 2006 at 1.4 per cent.

**Ms MUNT** — That is great!

**Mr MADDEN** — That is pretty impressive really. It says a lot about people wanting to be in the regions. Of course all the flow-on effects for that is really quite substantial. It also reinforces this government's investment in the regions too. The regional fast rail, whilst I know it is much bemoaned by — —

**Dr SYKES** — The what?

**Mr MADDEN** — The regional fast rail. I know it is bemoaned by some. It has obviously complemented the growth in the regions and I think it has provided a greater vision for what can take place in the regions. Given that we have got provincial cities located, in a sense, so close to Melbourne, what we have seen is a natural growth in those areas. Victoria is in a sense geographically a small state in terms of land, and our regional cities are nicely located in a strategic sense in terms of being able to operate effectively with Melbourne, and vice versa. So we need to complement and help key regional centres plan for and attract the growth, and we are supporting this for a continued growth that we have seen.

In the budget \$500 000 has been allocated for town development plans in Geelong, Ballarat, Bendigo, Latrobe Valley and Wodonga. This delivers on commitments made in the 2006 state election. The objective of the program

is to enable land to be bought to market more quickly, through faster rezoning processes, ensuring that shortages are avoided, and any flow-on effect or impact on housing affordability is limited. The funding will provide customised assistance to councils for technology, training and land supply, and demand assessment. It is also intended to build council capacity to provide reliable land supply information, and monitor growth in the future.

The funding dovetails nicely with the audit of industrial land in provincial Victoria. That is a project funded under the Provincial Victoria Growth Fund. This project is gathering baseline data about the supply of and demand for industrial land in 177 towns in provincial Victoria. The urban development program, the program to monitor supply and demand of residential and industrial land, will be extended to regional cities so that both the councils and the state have the best possible data on which to base decisions about priorities for planning and investment in new urban development.

As a priority, however, my department is working very closely with the City of Greater Geelong to address the city's shortage of residential-zoned land. With financial support from the state, their efforts were focused on completing the planning and rezoning processes for the Armstrong Creek development area as quickly as possible. When planning is completed this area will provide residential growth for the next 25 years or more. So the great work this government has done in terms of focusing on the regions, celebrating the livability of the regions, celebrating the opportunity there and complementing that with the connectivity to Melbourne has really seen this tremendous growth in the regions, and we need to assist councils to manage that in a way that is compatible with the demands, the aspirations and the intentions of people in those communities. It is one of those great news stories of this government.

**The CHAIR** — Thank you very much, Minister.

**Mr BARBER** — In relation to cutting red tape, which you mentioned in your opening presentation — and I am now going back to the Carbines report of August 2006 — one of the recommended actions, action 15, was to free up the way councils charge fees for planning applications. Obviously it is a bit silly that the cost of the application would be the same for me if I put in an application for a pergola as for someone who puts in for a multimillion dollar shopping centre development. In relation to the recommended actions and the key milestones, the report says:

Compile the data needed to support an examination of planning fees so that the system is fairer for all stakeholders.

The key milestone is February 2007. Has the data been compiled? Is there an examination of planning fees under way or completed? And would we, in this coming year, expect to see some freeing up of those planning fees?

**Mr MADDEN** — That is a very good question on a number of fronts, Mr Barber. The cutting of red tape process, or the Carbines review, which has been referred to on a number of occasions, has been very successful in a number of ways. It has identified the red tape that often planners, or the planning process, get bogged down in. I know that earlier Dr Sykes mentioned demands for planners, or the resources for planners in country Victoria.

Where you have got planners who spend an inordinate amount of time dealing with, in a sense, the rats and mice of the planning system, the small-scale stuff, it stops them from being freed up to either do the strategic work or the bigger project work which, no doubt, is of great consequence in a community. From time to time planners will no doubt deal with the smaller stuff because they can, and some of the bigger, more complex stuff, because it is complex, might be put aside for a little while.

Sometimes that might also impact on the ability to consult with the community on these matters. So if planners or the system are dealing with the small-scale stuff — the aerials on roofs, or the palings on fences, or the painting of a fence, or a cubby house, or a shed or some of these sorts of things — and if the system is bogged down in the smaller stuff, then the big stuff that is important often cannot be dealt with in the degree or complexity that it needs to be.

In relation to your specific question, my understanding is that the process started in February in relation to that matter. I am advised that its anticipated completion is July. The study will advise what type of data needs to satisfy, I think it is, the regulatory impact process and how it needs to be obtained if it is not available already.

One of the — and I just extend the answer a bit too — critical elements about working collaboratively with local government, and for us to be able to recognise complexities or difficulties on a number of these fronts, is to have

the information, but also have a way of getting that information from local governments. That information to a local government may not provide any specific purpose to that local government other than be something they may already know or they could get from one of their personnel. But if we could compile that across a number of local governments, and other information like that, we could read that in an analytical and strategic way that would allow us to improve the planning process statewide.

Some local governments, no doubt, have their own idiosyncratic complexities or problems, and some regions have it more than others. So if we are able to amass this information on a number of fronts — not just this, but other fronts — and analyse it that can provide us with a loop or information that we can deal with in a more strategic way and improve the efficiency of the system.

We have also got to develop those systems in consultation, conjunction and collaboration with local governments so they do not feel threatened. Sometimes local governments may think that we are trying to access high levels of information to make their life more difficult, but in actual fact we would like to access some of their information and make their life easier. If from time to time councils or their planners are defensive about some of this information, which is understandable I suppose, it might make it difficult for us to access that information. We are interested in getting that sort of information.

I have just been provided with some information about the fees and the regulations. I understand that review is still some time away. We are trying to get ahead of the process. It is probably not as timely as we might like, but again we have to get the support of many local governments, and that is often not easy to do if we are trying to collaborate with them on that. We want to make sure that those new fees and any fees that are set are based on proper data.

We want to free up those little things in the system that should not need planning permits so that there are not any fees. If there is still small-scale stuff that does need a planning fee and that is in the planning process, we want to make sure that that reflects — as you have mentioned — the scale of the project and the scale of the resources that local governments have to apply to it rather than having a big project that does not sort of sit pro rata with a smaller project in terms of the fee. Recognising your concern and your interest in it, we are concerned, and we are eager to get this matter processed and resolved as quickly as we can.

**Mr BARBER** — Did I hear you say that by July you think you will have the information needed to start a regulatory impact process if you decide that is what you need to do?

**Mr MADDEN** — My understanding is there is a scoping of the sort of data that is needed. My understanding is we will have an understanding of the scope by about July, then we will have to access that data or try to get councils to supply that data, which no doubt will need some negotiation. Then we would expect to have a regulatory impact review done, and hopefully we would get that completed within the next year or two.

**Ms MUNT** — Minister, I would like to follow up on red tape as well. As we know, everyone hates red tape, and I know some other government departments have already put in place some measures to try to cut red tape, in particular in small business, I understand. I also understand that some initiatives have already been put in place following the Cutting Red Tape in Planning report.

I refer you to page 212 of budget paper 3. Now that those initiatives have been put in place and some red tape has been cut, how do you think planning scheme amendments and planning permit activity numbers will be affected by those changes?

**Mr MADDEN** — Thanks for that question. Based on my previous answer to you, red tape occurs probably in two ways. One of them is just cumbersome and time consuming, but also for anybody who is making an application for a planning permit, if they have got a small-scale project they still have to make the same sort of application. But as well as that, in a planning department or a planning office in any local government they have to deal with that as well and go through the process of having to administer or process it; and if we can free up the system and reduce the workload on those offices, then they can go about the work that they need to do on some of the bigger stuff.

I mentioned earlier that somewhere between 53 000 and 55 000 permit applications are made annually, predominantly through local government. I know that the former minister, Rob Hulls, took the first step and slashed the need for planning permits on a number of minor matters, and that will reduce the number of applications by

about 4000 annually. I am currently exploring ways to reduce the annual amount, and I expect that I will be able to remove or simplify the process for a further 5000 permits each year.

Therefore, I am looking forward to making some announcements, and that is great for mums and dads who are trying to make minor improvements to their homes. It allows them to make changes more quickly and with less expense. It is also good for councils because it frees up their personnel for more difficult applications involved with strengthening their planning schemes.

We have now made it easier for councils to be master of their own planning schemes. We have cut out unnecessary or redundant requirements through a fast-track planning scheme amendment process. Moreland City Council and Melbourne Water were the first to use the new process and greeted it with great enthusiasm. They commented that what used to take months can now be done in a matter of weeks, and I welcome councils taking up the opportunity because it can remove controls from a large number of properties and relieve the burden of unnecessary regulation quickly.

A number of councils already have fast-track proposals in the pipeline. I have written to all councils to advise them of this service and they are all, I understand, busily examining their planning schemes to remove outdated requirements.

It is not just councils that I am asking to improve their performance but also my own department, the Department of Sustainability and Environment. DSE has just released a protocol with two key performance measures for planning scheme amendments. There is now a 15 business-day performance target for requests for authorisation of an amendment, and a 30-day business performance target for approval of planning scheme amendments, and I am very pleased to report that departments are performing very well against these.

There are a number of other projects that are progressing in cooperation with councils, with the aim of cutting red tape even further. We have completed trials of a simpler process for assessing straight forward planning applications, known as Code Assess, and this new process will save time and resources for both applicants and councils.

The trial suggests that it will be of most benefit to greenfield, industrial or commercial permit applications. We are now developing the detailed processes to implement the new approach in the system. I have appointed an expert working group to examine ways to improve the effectiveness of local policy, and I am due to receive that report shortly and will be giving careful consideration to its recommendations.

I am pleased that local government has made a positive contribution to this project, both through its members on the working group and its submissions. I have also provided an opportunity to local government to strengthen and clarify its local policies. Councils can ask for an expert team to improve their policies, as I mentioned earlier, so they can be clear, concise and unambiguous, and this is a service we are providing at no cost to councils.

I know councils have now volunteered to have expert teams review their local planning policy, so you can see there is a busy program of cutting red tape in planning, and I am pleased to be working with councils towards this objective and hope that together we can contribute to making progress in improving the performance of the planning system.

**The CHAIR** — One last question from Mr Dalla Riva.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, pages 212, 213, 214 and 215, which are the performance measures and outcomes for the liveable cities; responsible development; effective property markets and living cultural heritage. In the first range of questions we spoke about planning, urban design and housing affordability and the total output costs and the variation there, and I think you used the words — that there was an accounting error.

We then had a subsequent question in relation to heritage protection on page 215, where you indicated that there was an accounting adjustment or ‘an adjustment’ were the words you used —

**Mr MADDEN** — I am not sure I used the word ‘error’. I think I might have used ‘treatment’ — an ‘accounting treatment.’ I am not an expert on accounting so we take advice from accountants in relation to these matters.

**Mr DALLA-RIVA** — Then I get to the middle one — Land administration and property information — and again the same issue is related to the accounting treatment to be adjusted or the accounting adjustment to be treated or whatever the words were that you may have used, but again there is a reduction there. Does that relate to the same issues in the other two total output costs in that there is an adjustment there, or a treatment?

**The CHAIR** — Thank you, Mr Dalla Riva. I must admit that I already asked, in respect of the accounting treatment, that the question be taken on notice and given a detailed answer. In so far as there are other elements with regard to that section on land administration and property information with regard to the bottom line, could you answer that please, Minister?

**Mr MADDEN** — Chair, I might ask the secretary, Peter Harris, to answer that — but I think it is just a flow-on effect.

**Mr HARRIS** — It is exactly that. We have reallocated corporate spending across the department according to output, as the note says that I drew attention to earlier at page 196, table 3.8, the last line, note (f):

2007–08 budget has decreased as a result of the reassignment of administrative support costs to other outputs which have been pro rated, based on budget share.

What that means in practical effect is we are saying that this output group previously had historically too much of the corporate responsibility the department allocated to it, so all of the cuts that have actually occurred, that you are drawing attention to on pages 212, 213 and 214, are a cascading effect of that \$18.3 million being taken out of the major output group, so that each of them are otherwise sub-output groups.

The difficulty in tracking that, obviously, from 18.3 to each group depends on how other additions have gone up, because 212, 213 and 214 include increases that the government has put in place.

Perhaps the best indication of the overall position of the planning output group are the numbers for the budgets, if I can just go back — you will not have these in your budget papers, but we have them here. For this output group the total output budget in 03–04 was 123.9 million for this group; the next year it is 134.3 million for this output group — that is 04–05; 05–06, 146.3 million for this output group. You can see it going up just in a standard sort of marginal way.

The revised 2006–07 budget without that additional corporate overhead effectively misaligned inside the department's accounting processes for 06–07 is 156.5. So if I just read them in sequence — 123.9, 134.3, 146.3, 156.5 — you can see it is the standard what I might call growth of activity that is quite consistent, and there has not been any shock, horror, major slash-burn cut.

In this year, predicting the budget for 07–08, 169.8, so again it is consistent with that what you might call for an output group standard incremental — a slight shift depending on how much additional initiatives the government is putting into those budget areas. So we have a one-off problem of a misallocation of corporate overhead, which we are affecting here, and that is the explanation.

**Mr MADDEN** — Just reinforcing, it is an accounting treatment — —

**Mr WELLS** — We have got misalignments, we have got misallocations — —

**The CHAIR** — Thank you, Minister. We will get some detail on that on notice.

**Mr MADDEN** — Sure, we are happy to provide that on notice.

**The CHAIR** — I know, for example, under statutory activities in environment protection, which is the responsibility of another minister, the obverse is occurring. So if we could get the detail there.

**Mr HARRIS** — It has to go back the other way.

**The CHAIR** — I have a question on notice in terms of green wedge planning management. I notice in table A.17 on page 327 of BP 3 there is some funding for green wedge planning management which actually comes out of this year's budget. Could you provide details of which councils have provided assistance under this line item.

I would also like the department, if I have not asked it before, to detail for us under the department's expenditure what it expects to allocate to supporting this committee in 2007–08 based on experience over the last couple of years.

I thank you, Minister, for your consideration and for answering our questions on the budget estimates for your portfolio. I thank witnesses and departmental officers for their attendance today. It has been very useful. Where questions have been taken on notice the committee will follow up with you in writing at a later date. We ask that those written responses to these matters be provided within 30 days, and they will form matter for consideration for inclusion in a further report of this committee.

**Mr MADDEN** — Thank you very much, Chair, and I thank the members of the committee. I always enjoy attending, I always look forward to attending, and I look forward to attending next year as well.

**Committee adjourned.**



## **Transcript of Evidence**

### **10.10 Water, Environment and Climate Change portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 15 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 J. Thwaites, Minister for Water, Environment and Climate Change;  
Mr P. Harris, secretary;  
Mr M. Clancy, acting chief finance officer;  
Mr D. Downie, general manager, Office of Water; and  
Mr K. Love, deputy secretary, Department of Sustainability and Environment.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2007–08 budget estimates for the portfolio of water, environment and climate change. On behalf of the committee I welcome the Honourable John Thwaites, MP, Minister for Water, Environment and Climate Change; Mr Peter Harris, Secretary of the Department of Sustainability and Environment; Mr Matthew Clancy, acting chief finance officer; Mr David Downie, general manager, Office of Water; and Mr Kevin Love, deputy secretary, Department of Sustainability and Environment. 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. There is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses who speak at the hearing will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the 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 presentation of not more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the water, environment and climate change portfolio.

#### **Overheads shown.**

**Mr THWAITES** — Thanks, Chair, and thanks to the committee. The 2007–08 state budget builds on the Bracks government's commitment to securing our water supply, protecting our environment and tackling climate change. In broad outputs, you will see set out some 228 million in relation to water — a substantial increase from last year; healthy and productive land, 643 million; less waste, less pollution, clean air and a livable climate, 155 million — also a substantial increase from last year.

In relation to water, I turn to some of the projects undertaken around the state: in the west of the state, the Wimmera–Mallee pipeline — the largest rural water project in the country; the goldfields super-pipe; and the Bendigo recycling project, which is already in operation. Bendigo will be one of the first places to be recycling up to 100 per cent of its water.

The Lake Wendouree recycling project; the Eildon Dam wall upgrade, which is complete; major upgrades to irrigation systems in the Goulburn; and in the east of the state the Snowy environmental flows project; the recycling at Mt Buller and Mt Hotham; the eastern treatment plant upgrade; and the Gippsland Water Factory. So a very substantial investment in water infrastructure has been undertaken.

In terms of this budget, what we have announced are a number of new initiatives including rebates for household water-saving products, upgrading water quality in small towns, helping industry and councils use alternative water supplies, improving on-farm efficiency, community and industry programs to save water, promoting interconnections, a grid, improving the efficiency of the Shepparton irrigation system, and recycling projects in Leongatha and in Melbourne. All of that is consistent with the fundamental policy that we have adopted since 2004 under Our Water Our Future of water conservation — to save water and water recycling — to reuse it, boosting supplies through a grid and connecting our water system, and looking after the environment.

In terms of some of the details in relation to water, there is a substantial investment in water recycling — \$39.6 million of investment, major projects in Altona, Western Port, Frankston and Leongatha. There is a \$10 million extension to the Stormwater and Urban Recycling Fund and \$10 million towards the Werribee Vision.

In relation to direct incentives for industry and for homes, we are continuing our very successful rebate programs so people are able to get rebates for things like water tanks and the like. We are also co-funding with industry a range

of water saving programs, and there are real opportunities to reduce water use in industry. One example is cooling towers. Currently cooling towers can use quite a lot of water. The way in which you reuse and recycle the water as part of the cooling process can save significant amounts of water, and we will be working with industry to achieve that.

Together with industry and commercial laundries there will be a requirement that all of the top 1500 water users in industry develop water management plans. We are installing smart water meters so industry is able to determine how much water it is using, and we are expanding the WaterSmart program to reduce household water use. That is a comprehensive program.

On farms, as well as our irrigation upgrades and the major investment in the Wimmera–Mallee pipeline there is a major investment in the Macalister region in Gippsland. On farms we are working directly with farmers to become more efficient on farm. Obviously that provides extra efficiency, which I know is something the community is very concerned about. It provides extra access to water for farmers. It sets an example for other farmers, and it provides co-investment because the government provides funds, and the farmers does that also.

I think for many Victorians fire has become an increasing concern; that is certainly so for regional Victorians who had to live through the fires last year and in 2003. Last year's fire season was one of the worst we have faced, with more than 1 million hectares burnt.

We were well prepared for what was going to be an extremely tough season. We took on extra seasonal firefighters, and we hired them early. We took on extra permanent firefighters as part of our overall investment of some \$168 million of extra investment in fire. We put on extra air support, including an extra air crane, which we announced prior to the season, knowing that we were likely to have a bad season, and we are very glad that we did that; and of course we were able to work with the CFA and its volunteers who did a magnificent job working alongside CFA employees, DSE, DPI and Parks Victoria in fighting those fires.

Despite the fact that more than 1 million hectares were burnt, around 50 000 hectares of private land was affected, and there was minimal loss of property. There was only one death, which was not directly part of the firefighting effort. It demonstrates the increased skill now that we see in the fire effort — not just fighting fires, but in prevention.

As to the advantage of fuel reduction burning, for example, at Woods Point, I visited the area and could see where the fire went and around where the fuel reduction burning occurred, that they were able to protect the town. As part of our continued investment, we are maximising our efforts in fuel reduction burning, and I am pleased to be able to say that we will achieve our target. We have already achieved 97 per cent of our target fuel reduction burn to date — some 131 000 hectares of fuel reduction burning this season — so it has been a good effort.

**Dr SYKES** — Plus the million — you are well head of target!

**Mr THWAITES** — We do not count that. With climate change and, as minister for environment and climate change, I know that the increased risk of fire has to be seen as one of the key consequences of climate change. That has also required us to invest in bushfire recovery and, as a government, we have put in place a \$138 million package, 31 million of that being for essential infrastructure and rebuilding and land recovery issues associated with my portfolio.

The sorts of things we are talking about include rebuilding roads, parks and forests, rebuilding Craig's Hut, assisting volunteer groups with those efforts and, very importantly, land recovery. It is obviously not only the physical infrastructure that has been damaged by the fire; it is also the ecosystem, the land, and we are going to need to work on regeneration of fire-affected forests and better weed and pest control.

In terms of parks and tourism, the budget contains substantial investment in parks and tourism, which is one of the things Victoria is famous for and which is a great attractor of interstate and international as well as Victorian visitors. We have extended the additional 50 rangers we announced in 2002 and put on an extra 15, which is an investment of some \$25 million additional over four years. We are also investing in camping and recreational facilities in national parks, expanding walking and bicycle paths, upgrading piers and jetties, which are amazingly popular according to how many people use the piers every year, and protecting beaches.

Finally, climate change has a dramatic effect on Victoria, on Australia and on the world. There are specific initiatives in this budget, including rebates to help families save on and reduce their greenhouse gas emissions. There is funding for the CarbonDown project, which is a partnership project with business, so that business can help business reduce their emissions; funding to boost the government's purchase of green power from 10 to 25 per cent; funding for solar panels for schools; and funding for research, understanding that this is all on top of the major initiatives that we announced last year for VRET, which will provide very substantial incentives for renewable energy. It is not directly budget-funded, it is nevertheless funded through the electricity system.

**The CHAIR** — Thank you very much for that, Acting Premier. I would like first of all to concentrate on the issue of productivity and to ask you what will be the expected impact on productivity of portfolio spend, particularly any new initiatives?

**Mr THWAITES** — In terms of the environment portfolio, the key productivity issue is resource efficiency — that is, how we use our resources in the most efficient manner so that we maximise their value, reduce the negative impact on the environment and improve our lifestyle.

There are a number of good examples of how we are improving productivity through this budget. One obvious one is the Shepparton irrigation project. That will make the Shepparton irrigation system more efficient by some 50 billion litres of water a year. That is water that is now otherwise not used as efficiently as it might be. Of course our irrigation industry is a key economic industry for the state. Assisting irrigation to be as efficient as possible is a key productivity target for me and for the government. That is one good example.

Another important one in agriculture is salinity and the work that we do on salinity programs. By reducing the impact of salinity we look after the land, but we also enable land to be used more productively, so that is another productivity benefit.

In terms of water use generally, productivity is going to be assisted by more efficient water use, and that means not wasting water, and reusing water. This budget continues our policy, which I previously indicated, of water conservation and recycling. Examples of the recycling include the major recycling project which I launched today with BlueScope Steel down at Hastings, and also projects with Qenos, Australian Vinyls and other companies which are able to become more efficient by utilising their water in a more efficient manner. That is another productivity benefit. Another important one is the requirement, which receives budget backing for all industry that uses more than 10 megalitres a year, to have a water conservation plan. In many cases industry has not to date given sufficient emphasis to having that water-saving plan. Big industry has; the top 200 have all done it, but now we are talking about the next 1300. By working with industry to have water-saving plans is another way that we can improve productivity.

**Mr BARBER** — Did you mean gigalitres there, Minister?

**Mr THWAITES** — What did I say?

**The CHAIR** — You said 'megalitres'.

**Mr THWAITES** — And what was the figure I used?

**Mr BARBER** — Ten.

**Mr THWAITES** — It is 10 gigalitres; sorry. Another example is CarbonDown, which is a program working with business to reduce their energy use and become more energy efficient. Energy efficiency is one of the major resource efficiency measures that we ought to be targeting, so that is another example. If you look right across the portfolio, being more efficient with the way we use our resources is one of our key objectives that is better for the environment and it is also better for the community and boosts productivity.

**Mr WELLS** — Thank you, Minister. I have a question in regard to major water infrastructure. I refer you to the Melbourne Water website which states that it would cost \$1 billion to build a new dam equivalent to the Thomson Dam. It actually says:

The cost of a new dam, equivalent in size to the Thomson Reservoir, would be approximately \$1 billion. Such a huge cost cannot be justified when there are many low-cost opportunities to use our available water more wisely.

So it is using a cost argument in relation to that. I also refer you to the Treasurer's speech in which he stated that the government is looking into four main water infrastructure options, which I note are all costed at \$1 billion or more. So I have two questions: why is building a new dam not being considered as an option, given the cost for a new dam would be the same as two of the options and cheaper than the other two options — that is, the desalination plant, eastern water recycling, stormwater recycling and the north-south pipe plan? The second part of my question is: what is the contingency plan that you have in place if it does not rain?

**The CHAIR** — The first one, with respect to the estimates.

**Mr THWAITES** — In relation to the question of dams, I can say a number of things. First, Melbourne already has nine dams — very substantial dams. We have a very large total storage. The problem that we face at a time of climate change is not the volume of storage, it is the amount of stream flow into the dams. At a time of climate change it makes sense to be seeking alternative ways which are more efficient in their use of water rather than relying on rainfall as the sole source. That is the first thing to say about dams.

Second, very specifically in relation to Melbourne, having another dam on the Yarra or the Thomson would not increase the amount of water available to Melbourne because those rivers, which are the two rivers that supply Melbourne, are already fully allocated. If you wanted to get more water from those rivers, you would not have to actually build another dam, you would just divert more water into the existing dams. So spending more money for another dam on the Yarra or the Thomson would not create the extra water that you seek.

What you need to do, if you have a dam, is to divert water from a new river that is not already dammed or is not fully allocated. In relation to Melbourne, one of the alternatives — and some would put it forward — is the Mitchell River. The Mitchell River is obviously a very great distance from Melbourne. The costs associated with damming the Mitchell River would be substantially more than the figure that you have indicated, because of the distance involved. The Mitchell is also a river which is part of a national park, and, as I understand, no party in Victoria supports damming the Mitchell River for Melbourne. That is the Mitchell.

The other river that has been put forward is the Maribyrnong River. The Liberal Party put forward the Maribyrnong as an option. The amount of water that would be available from that is estimated by Melbourne Water to be about 6 gigalitres of water, but that would not be available in a dry period. So, as we speak, it is likely that there would be zip — zero — water available from a dam on the Maribyrnong, and a dam on the Maribyrnong would come at not only a substantial economic cost but at a great environmental cost, a very significant environmental cost. Just to put that 6 gigalitres that you might get from the Maribyrnong into perspective, since we commenced our water-saving effort, our program, Melbourne has saved the equivalent of more than 100 billion litres a year — 100 billion litres a year!

**Dr SYKES** — How many gigalitres is that?

**Mr THWAITES** — It is 100 gigalitres.

**Dr SYKES** — Just use one unit. Don't confuse us — we're simple country boys.

**Mr THWAITES** — It is 100 000 megalitres a year — more than that — in savings. Just to put that in perspective, that is 16 times the amount of water that would be obtained, at times, from a dam on the Maribyrnong. If anyone is in any doubt about that, just go and have a look at the existing dams on the tributary to the Maribyrnong, because there is one, and see how much water there is in there. It is not sufficient to supply. So people who make broad comments about dams need to be specific about which river they are proposing to dam and how much water it will produce.

The alternative that Melbourne Water talks about and the government talks about is to be more efficient with the water that we have, through conservation and through recycling. Examples of efficiencies include upgrading irrigation systems, which can be done, upgrading the efficiency of factories and industries, and utilising modern technology. So there are some clear ways forward to get substantial extra water, which is the government's policy. Finally, I should say in relation to dams that the government is reconnecting the Tarago Reservoir. The Tarago Reservoir was decommissioned under the previous government. We are reconnecting it, and that will provide around 20 gigalitres of extra water a year, and that water is available water.

**Mr WELLS** — Can I clarify just two points? The second part of the question you have not answered: what is the contingency plan that you have in place now, if it does not rain? The other point is: are there no dams, apart from the Tarago being reconnected, being considered in Victoria?

**Mr THWAITES** — No, what we have said is there are no dams for Melbourne because of the reasons I have indicated: that they would not provide any extra water for Melbourne, because the problem is not lack of dams, it is lack of stream flow. In the rest of the state we have not ruled out dams if it can be shown: one, that they provide substantial extra water; and, two, it is at a reasonable environmental cost. There could be some mid-system storage in the Murray system that we would look at in terms of the overall management of the Murray. That is an example of one that is a possibility. But apart from that, any additional dam that is built — for example, in north-east Victoria — while the government has not ruled them out, it has to be within the Murray-Darling Basin cap. On building a new dam, people say, ‘We will just raise the wall of Eppalock’, or we will do this or that. That can be considered, but you have to understand that if you raise the wall of a dam or build a new dam, you are taking the water from downstream, so people who access that water downstream, and the environment, miss out on that much water. That is why there is a Murray-Darling Basin cap that puts a limit on that and ensures that if you are going to do that you have to buy the water from someone downstream. So there may not actually be any benefit in doing that.

In relation to the other question, I know the Chair has ruled it out in terms of the questions here, but I am happy to answer. We have already announced substantial contingency planning which includes the better pumping of water out of the Yarra and out of the Yarra system, the better calibration of the environmental flows and the other flows into the Thomson, which together over two years produces about 40 gegalitres — the measures that we announced in January. We have also indicated that dependent upon what happens we will go on tougher restrictions from 1 August. We have also announced that we will be making an announcement about augmentation for Melbourne in coming months. So there is a very complete suite of contingency plans that we have. You say if it does not rain at all. We expect some rain, but obviously we have to plan for all eventualities ends, and we are doing that.

**The CHAIR** — Thank you, Minister. As someone who used to be involved in a research centre on river basin management at Monash University before I was elected to Parliament, a Maribyrnong dam certainly would be flood mitigation rather than storage.

**Ms GRALEY** — Minister, I want to pick up something that you briefly touched on in your slideshow and that is in BP 3 as well. I must say when I am out in the community people like to talk about water and climate change, and they like to tell me how much bucketing they are doing and the shower fittings and gadgets they have attached to their laundry and whatever. But the issue they always raise with me is: what is the government doing, or going to do, to reduce industry water use?

**Mr THWAITES** — Thanks for that question. Certainly that is one of the key objectives that the government has had, not just now but over our whole water saving program.

If I can start by indicating that industry has on a per capita basis under our government saved around 25 per cent, which is actually a greater saving than the residential sector. Overall under our government we have achieved a total saving of 22 per cent per head prior to the recent tough restrictions. That is as it was in 2005–06. Just to be a little bit more specific about the amounts in terms of industry, the total amount of industry use — and when I say industry, this includes all non-residential use: hospitals, sporting facilities et cetera — has come down from 142.3 gegalitres in 2000 to 117 gegalitres in 2006. That is a 25-gegalitre reduction in non-residential use under our government. That follows a very comprehensive program that our government has introduced to work with industry to reduce its use.

We have had a program with the top 200 industrial users. They have done water-saving plans which they are implementing, and they are saving water. A great example of that is Qenos, which was one of the biggest water users in the city. Qenos’s total water use, I think — and I could be corrected — was around 4 gegalitres for one company. They have already saved well over 1 gegalitre. They have had a 30 per cent reduction to date. With the initiatives we have announced in this budget they are going to save even more — around another 1.5 gegalitres — so that by the end of that process they will have reduced their water use by more than 70 per cent. That is a good example of how industry and government can work together to make very significant savings. Another example from today is BlueScope Steel, which will be reducing its water use by 60 per cent by using recycled water.



In addition to that there are some regulatory things the government is doing. It is requiring all businesses that use more than 10 megalitres a day to have water-saving plans. We are working with industry on issues like cooling towers and laundry use so that industry very much plays its part.

Finally, I should indicate that the water authorities are responsible for developing proposed water pricing schemes, and they are approved and oversaw by the Essential Services Commission. Those pricing schemes will come into effect from next year. In developing those schemes the water authorities are very mindful of the need to provide incentives for business to save water, and pricing will be an important part of the water conservation effort through sending the message to business that it pays to save water.

**The CHAIR** — Thanks, Minister. I have a project in my electorate which can save up to 200 000 litres a day, so I am sure we will be knocking on your door.

**Dr SYKES** — I wish to ask a question in relation to the equal share in the paying of reduced water supplies. Just before I do, to touch on the new dams issue, I am pleased that you have not ruled out the possibility of new dams. I would just like to clarify something. North of the divide we have to work under the Murray–Darling Basin cap. The cap is on allocation of water, not on storage, so a cap per se does not prevent the construction of a new dam, as long as the construction of a new dam or an increased capacity does not result in further allocation of water. You have to do trading of water allocation if you are going to shift usage?

**Mr THWAITES** — That is right. So you need to trade. What I am saying is that if you were going to do that you would have to purchase water from someone downstream, or upstream even, but somewhere in the system.

**Dr SYKES** — Yes. Except, say, if it is Wangaratta that has an allocation, does building Big Buffalo to improve the security of the supply of water to deliver that allocation impact on the Murray–Darling Basin cap?

**Mr THWAITES** — That is a specific issue on which we are seeking advice from the Murray–Darling Basin Commission. But what needs to be understood is that whenever you build another dam or increase the wall on an existing dam you have an impact on the downstream users and the environment. In getting less spills, that means less water for the environment, and the environment actually relies on spills for its health. So as we do the Living Murray initiative, part of that has to take into account the need for floods at times. Floods are a good thing when it comes to the environment.

**Dr SYKES** — Yes, but the counter to that is — and you use that with Lake Hume at the moment — there is actually environmental water stored in Lake Hume and released to top up seasonal floods so that you get your environmental effects. You can use your upstream storages as an environmental management tool, so it is not necessarily upstream storage equals bad news for the environment.

**Mr THWAITES** — No.

**Dr SYKES** — It can be a plus?

**Mr THWAITES** — That is absolutely right. What we are seeking to do is store some of the saved water from these efficiency projects in storages — and it could be an upstream or it could be a midstream storage — and then release that at a specific time. That is what we did last year with the river red gums along the Murray, which was very successful. That was done the year before in the Barmah forest; all the scientific evidence is that that has been really successful. With climate change we are going to have to do more of that because the total amount of water in the system will drop substantially. The CSIRO has already advised that there will be a very substantial drop in the amount of water in the Murray–Darling Basin because of climate change. That means to protect the environment we will need to store the environmental water and then release it at specific times and, if you like, mimic flood conditions.

**Dr SYKES** — Sounds like a great argument to increase Big Buffalo, but I will not go there!

**Mr THWAITES** — And for Lake Mokoan decommissioning.

**Dr SYKES** — No, for a midstream storage, Minister. That is for another day. My question —

**The CHAIR** — Quickly, please; you have already had one.

**Mr THWAITES** — My apology; I interrupted.

**Dr SYKES** — It was just a point of clarification; the minister chose to — —

**The CHAIR** — Okay, quickly.

**Dr SYKES** — My question relates to the equal sharing of paying with reduced water supplies. In the case of irrigation water is there an allowance in the budget for the government to pay water charges for those who will not receive their full water allocation next season, if the drought continues, as it did for this season? And for householders is there a budget allocation to extend the \$1000 tank rebate that currently applies only to houses with reticulated water to households that are not on reticulated water supplies?

**Mr THWAITES** — Last year, as you state, we announced a very substantial drought package. It was, I think, around \$140 million in total. A substantial part of that was our support package for irrigators, which provided a rebate on their water bills up to around \$5000. That provided a full rebate to, I think, 75 to 80 per cent of irrigators. That program was — of course some people want more — widely supported. Indeed the Prime Minister, at the national water summit, commended the program and urged other states to follow. So I think it is fair to say that Victoria had the program to support farmers that was certainly best supported by the federal government.

What we have indicated this year is that at this stage it is too early to say what the water situation will be. We need to see what happens with the winter rains and the early spring, and we will assess the situation at that stage, and the Treasurer has indicated that. If you recall last year the funding for that package, the drought package, and the funding for the water rebates was not in the budget. It was announced by the Treasurer and the Premier out of the contingency funds that we have for events like that. That is what you have contingencies in the budget for. So yes, there is a contingency should that occur, just as if there were a major disaster or other incident. Good management of your budget ensures that you set those things aside. But as for whether we will make that decision, of course it depends entirely on the circumstances.

**Dr SYKES** — And the tank rebate?

**Mr THWAITES** — The tank rebate would be the same thing. There has been a very good take-up of the tank rebate. It has been a major assistance in the Wimmera. I might say that in the Wimmera region, of course, we are now investing very substantially in the Wimmera–Mallee pipeline, which we are accelerating. For many people in that region that will remove the need to cart water, which will be fantastic.

**Dr SYKES** — But is the tank rebate going to apply to non-reticulated households in other parts of the state? At my place I have to cart water, and I take it from the town supply. I, as an example, am not eligible for the tank rebate, whereas my friend in Benalla is.

**Mr THWAITES** — That is a different question. We have had a tank rebate for farmers that are part of the drought and that need it for water carting for the drought. The general issue of whether there should be a rebate for water tanks on non-reticulated systems — that is, for people not connected to town water systems — we have been very clear that that is not the purpose of the rebate. The purpose of the rebate is to reduce the pressure on town water systems, which people pay for through their bills. By having water tanks we are reducing the need to have new or additional infrastructure in those systems. It is an efficient thing to do, to have water tanks. That argument does not apply for people who are on non-reticulated systems in the same way.

**Dr SYKES** — It does, Minister, because when I run out of water I get a truckload of water from the reticulated supply in Benalla — and thousands of people have done that.

**Mr THWAITES** — This has been an ongoing discussion. We have had many other programs and rebates that substantially assist on farms — for example, smart farm grants. Those ones do not apply to urban areas, so we have — —

**Dr SYKES** — Those from the community of Tatong which are not on farms, are not on reticulated water, have to get their water from Benalla. It places a burden on the Benalla reticulated supply, but those people pay \$200 to cart it out to Tatong and they do not get a tank rebate. It is not equitable.

**The CHAIR** — I think that is the third time you have done this. We might give you a miss next time, if you keep doing this. Mr Pakula?

**Mr PAKULA** — Chair, I thank Dr Sykes for giving me a go.

I am just going to change the subject a bit, Minister, to beaches and foreshores. I think the budget has an allocation for the regeneration of beaches and foreshores. I know that issues like breakwaters and groynes are pretty controversial and they always get a bit of an airing amongst locals where they are built. But what are the key issues or key measures in the budget to deal with the regeneration of beaches and foreshores?

**Mr THWAITES** — Thanks for that. There are a number of elements. One of them you mentioned, piers and jetties. Sometimes people's eyes glaze over; you think, 'Piers'. I was absolutely amazed at the number of people who visit piers. Just the St Kilda pier in my electorate, I think a million people a year visit, but if you go right around the state, there are extraordinary numbers. So right around the state there are a lot of piers that are very important parts of our infrastructure. In this budget we have allocated \$10 million to assist in upgrading of a number of piers, including the Mornington pier, the Flinders pier, the Frankston pier, Queenscliff and Rosebud. So there are some examples of piers that are already subject to budget funding, which will be I think of real benefit.

More generally in relation to beaches, there is \$8 million of funding towards beaches and that is a continuation of the programs that we have been supporting over a number of years. It does provide funds for regeneration of beaches — that sort of work — groynes and the like. That builds upon a number of projects that we are already undertaking. There are about 25 beaches around Port Phillip Bay which currently are abutting the foreshore and potentially could be subject to coastal erosion, so they are the sorts of beaches that we would be looking at targeting as part of this program.

**The CHAIR** — Mr Barber?

**Mr BARBER** — That was quick.

**The CHAIR** — No, it was very good.

**Mr BARBER** — Minister, this is a chart of weekly water consumption for the Melbourne Water area and how it moves over the year, so that is why the horizontal axis goes from 1 to 52 — it is 52 weeks. Obviously there are five years there, and part of this year. That is just to illustrate the question I am going to ask you, I guess. Mid-winter water use, which, I guess, is largely indoor water use, has never really fallen below about 7500 megalitres a week, whereas in January, February and March you can clearly see the impact of different restrictions at different times. But the problem is that our week-in, week-out use is around about 7000 megalitres — that is, baseload use, if you like, and that is actually where 80 per cent of our water is used. So really what I am seeing is that in five years we have not had a reduction — take out the capita growth — —

**Mr THWAITES** — Sorry, I missed your last point there.

**Mr BARBER** — The last five years we have not had a reduction in the amount of water that is used mid-winter. It has always been around about the same; about 7500 megalitres a week. Eighty per cent of our water usage is actually in that baseload. It is year in, year out; it is not affected by water restrictions, which are mainly about outdoor use. So my question is: in relation to budget estimates, what measures have you got in this year's budget that will reduce water use permanently on an ongoing basis, and how many megalitres do they add up to?

**Mr THWAITES** — There are a number of aspects to your question. First, in fact on these figures there has been a reduction in winter use as well. If you look at even this year, we are well below where we were last year. Having said that, look at the overall picture for Melbourne. What we have seen is that prior to these restrictions we have had a 22 per cent reduction in water use per head. That is the first point.

**Mr BARBER** — All of it due to water restrictions; that is my point.

**Mr THWAITES** — No, not at all. This was prior to the water restrictions. Last year, 2005–06, we were not on water restrictions. If you look at our figures there, they are 22 per cent lower than the amount that we were using per head in the 1990s.

**Mr BARBER** — That is prior to your being in government too. I am asking about the last five years.

**Mr THWAITES** — That has been the success of the program we have run to drive down water use — 22 per cent reduction per head compared to the 1990s.

The second point to make is that, of course, we have had a substantial increase in population over that time. Therefore you would expect, as the population has increased, that our water use would rise in winter and summer, but it has not because of the measures we are taking inside the home as well as outside. In terms of what are those measures inside the home, for example, first, we are now requiring all new homes to have water-efficient appliances and shower heads. Now any new home has to have a water-efficient, 5-star shower head. Your taps and things have to be water efficient. On top of that, in terms of retrofitting, we are now putting out an extra 270 000 shower heads for inside-the-home use, each of which saves, I think it is, 30 000 litres per shower head.

**Mr BARBER** — So we will save 30 megs this year?

**Mr THWAITES** — I am going through every one. You asked the question; there is not just one answer, there are a number of answers. We have got the water-efficient appliances and shower heads et cetera — compulsory in new homes, a major retrofitting campaign. We have also had a major behaviour change campaign, with the advertisements and others, which encourage people to use less water in their washing machines, less water around the home. The result of that is that we are seeing a reduction.

We also have in this budget funds for a behaviour program to continue into the future of some \$3.5 million, once again, driving down in-home use. In fact it has been an extraordinary success story. I might compare that with other cities, because there is a bit of concentration now about what has occurred, say, in Brisbane or Sydney. In the years between 2000 and 2005 we were driving down water use; in Brisbane there was almost no change at all. To give a demonstration I would just like to show you this. It is quite interesting. If you have a look at that slide there, you will see between 2000 and 2005 Brisbane made almost no difference in its total water use. Look at Melbourne; it is the best in the country.

**Mr BARBER** — That is a per capita basis; that is what I am asking you.

**Mr THWAITES** — Of course. You cannot have it both ways. You are saying, what are we doing? We are driving down water use per capita.

**Mr BARBER** — I did not ask about per capita. I asked about total water use in light of your other policy which is to increase Melbourne's population — fair enough?

**Mr THWAITES** — The per capita water — I will go through the actual water use, which has come down too, in a minute — if you just have a look at that, that is the kilolitres per household, in Melbourne there has been a very substantial reduction in those periods. Before water was the front-page story we took the action. Before certainly some of the commentators now were raising water, we were out there saying it is a big issue cutting water use. Just have a look at Sydney where there has been a marginal cut; Adelaide is well above us; Canberra and Perth are all using far more than Melbourne. That is because we took the action six years ago to start this program. As I say, to go through things like rebates on water-saving devices, we have rebates on low-water-use washing machines; we have had the shower roses; we have had the low-water-use appliances, which are now compulsory. We are going to be introducing legislation so that when houses are sold the water-use appliances, such as the shower roses, must be efficient. It is actually an incredibly comprehensive picture which has led to these savings. On top of that you put the industry savings — —

**Mr BARBER** — So that does not include industry?

**Mr THWAITES** — It includes industry.

**Mr BARBER** — That is household per year.

**Mr THWAITES** — Sorry, that is household. Industry is the same picture basically.

**Mr BARBER** — That includes outdoor obviously?

**Mr THWAITES** — Sorry, that is household. If you look at the picture including industry, and you just compare us to the total consumption in litres per person per day, including industry, between 2001 and 2005, we came down from 404 to 329 per person per day. Brisbane went from 726 to 717 — so almost no change. Victoria,

not just Melbourne but the whole of Victoria, has made a major effort in water conservation. To put it in perspective, because some people sometimes say water conservation does not matter, it does not make much of a difference, we have saved more than 100 billion litres of water a year. That is the equivalent of two times the amount of water from the Perth desalination plant — two times.

**Mr BARBER** — My argument, Minister, is that all the heavy lifting has been done by outdoor water restriction, and that is quite clear. This chart shows the same thing yours shows, that per capita is going down, but what I am saying is that total consumption outside outdoor water restriction periods is pretty much the same for the last five years.

**Mr THWAITES** — No, let me come back. You said the heavy lifting; in fact the heavier lifting has been done by industry which has had, on a per capita basis, a bigger reduction than households. That has had a very substantial reduction. In addition to industry, though, households have played a major role. Has there been a bigger impact from the outside use than inside? Yes, there has. Is that surprising? No, because there is greater discretionary use of water outside the home than inside.

**Mr BARBER** — My point is you are running out of savings you can make.

**Mr THWAITES** — We are talking about drinking water; we are talking about toilet water, showers and those other items. It is harder to make the level of savings. But if you look at the fact we have actually made savings inside the home, despite the increase in the population, that is a significant effort. Are we going to do more? Yes, we are doing more, which is why we want to keep our behaviour change campaign going; that is why we have got rebates; it is why we require new homes to have these water-saving devices.

**Mr SCOTT** — My question is in regard to energy-efficient hybrid cars, which is referred to in the budget paper 3, appendix A, pages 299 and 300. Minister, what is the government doing to increase incentives for the purchase of energy-efficient hybrid cars?

**Mr THWAITES** — Certainly the government supports a range of measures to reduce petrol use. Hybrid cars are a key part of that. In this budget we have reduced the registration fee for hybrid cars by \$50 a year from 1 May 2007. That will make it cheaper for people to use those hybrid cars. It is a demonstration also of the government's support for those vehicles. I mean, we would obviously be very pleased if at some time we could see the manufacture of hybrid cars in Australia. That would obviously be a great initiative if that were able to be achieved. Having said that, there are more and more people interested in hybrid cars. We believe that there will be more of a secondary market. There was uncertainty about whether there would be, but I think now people are seeing that yes, there will be a second-hand market in it as well. I certainly see that over coming years that will be very much the way of the future.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the four major water projects that the Treasurer spoke about in the budget speech. I note that in your slide presentation of 15 minutes you did not touch upon them. Of the four projects in the speech, the first was the desalination plant. The Victorian government white paper *Securing Our Water Future Together* referred to feasibility on desalination being completed by the end of —

**Mr THWAITES** — Sorry, which was that?

**Mr RICH-PHILLIPS** — The white paper, which refers to feasibility on the desalination being completed by the end of 2006, which I understand has not been met. You have made public comment in the newspapers that it would be 2015 before it would be operational. In relation to the eastern water recycling proposal, the feasibility study for that proposal indicates it will take approximately seven and a half years from the business case approval for that proposal to be operational. On stormwater recycling the central region water strategy action to 2055 refers to the feasibility for that proposal not being completed until 2009, with, obviously, the project actually being implemented some time after that. More recently we have heard about the north-south plan, for which I understand there is yet to be a feasibility study. My question to you is: when one of these projects is eventually chosen by the government, what is the earliest that we can expect to see it online and providing additional water to Victoria?

**Mr THWAITES** — Can I start by saying that you made a number of statements in your question which are factually incorrect.

**Mr RICH-PHILLIPS** — They are out of your documents.

**Mr THWAITES** — That is just completely false, what you have said. For example, in relation to desalination you have alleged that the report is late. In fact, that is incorrect. What we committed to in the our water — —

**Mr RICH-PHILLIPS** — ‘Is expected to be completed by 2006’.

**Mr THWAITES** — Just read what it says. It says:

The government will investigate the environmental, social and economic costs and benefits of large-scale application of desalination. The investigation is expected to be completed by 2006.

We have done that and it has been completed. We did investigate the environmental, social and economic costs and benefits of large-scale desalination. We carried out that investigation. We, as a result of that, established it is something that is potentially available for Melbourne. We carried out the investigation to determine those matters — the environmental, social and economic costs. Now we have indicated that we are undertaking a feasibility study for particular sites that could supply Melbourne. The Premier and the Treasurer have indicated, as I have, that we will be making announcements about major augmentation in coming months. We will do that. We are considering desalination, we are considering the eastern water recycling project, we are considering the north of the Divide proposal by that group of irrigators and we are considering stormwater. We are considering those projects. It is appropriate that we do.

These are projects which have very substantial social, environmental and economic costs. They are big decisions for Victoria and for Melbourne and it behoves us to ensure that we get that decision right and not jump in and make the sort of unprepared statements that the Liberal Party has made. It has announced a dam on the Maribyrnong which everyone concedes would not provide any substantial water, or where even on desalination the Liberal Party, when it made the announcement, just picked two sites and without doing any feasibility — —

**Mr WELLS** — We are in opposition. We made the announcement. You criticised the desalination plant; now you are boxed into a corner — —

**The CHAIR** — Minister — —

**Mr WELLS** — And now you are going to do exactly the same thing.

**Mr THWAITES** — You said — —

**The CHAIR** — The minister to answer the question please.

**Mr WELLS** — What is the point?

**Mr THWAITES** — The point is that you have to do the study properly, not jump in. Even on the sites that you claim to have announced, I see your leader was on television the other day saying that a desalination plant had to have an ocean outlet, which is inconsistent with what you announced during the election. It just demonstrates that you have to get it right.

**Mr WELLS** — So you are going to come on board with a desalination plant though — that is the point.

**The CHAIR** — Okay.

**Mr THWAITES** — As we have indicated, all of those matters are under consideration.

**The CHAIR** — We are waiting for a decision in the next couple of months.

**Mr RICH-PHILLIPS** — What is the earliest — —

**The CHAIR** — I think — —

**Mr RICH-PHILLIPS** — The minister has not answered the question.

**Mr THWAITES** — In relation to that, that is — —

**Mr RICH-PHILLIPS** — Is it 2 years, 5 years, 10 years — —

**Mr DALLA-RIVA** — Never.

**Mr RICH-PHILLIPS** — Twenty years? I just want to know when is it going to come online.

**The CHAIR** — The minister to answer, please.

**Mr WELLS** — Answer the question. It is an easy question.

**The CHAIR** — Can you let me chair this please, deputy?

**Mr THWAITES** — It is a little rude.

**The CHAIR** — Thank you. Minister, quickly and then we will move on to the next question.

**Mr THWAITES** — This is obviously a key part of the consideration that is being undertaken.

**Mr RICH-PHILLIPS** — You cannot give us any indication at this stage?

**Mr THWAITES** — That is a key part. Once again, are you able to say — —

**Mr WELLS** — No, you are the minister.

**Mr DALLA-RIVA** — No idea.

**The CHAIR** — I think the minister has answered the question. Next question.

**Mr WELLS** — No, he has not.

**The CHAIR** — Mr Dalla-Riva, next question

**Mr DALLA-RIVA** — In a 2006 budget press release issued by you, Minister, on 30 May 2006 you announced, and I quote:

The 2006-07 state budget will deliver an extra \$160 million for vital water projects as part of the Bracks government's statewide plan to protect Victoria's water supplies for future generations.

That was in the forward estimates for that year. In the 2007 budget you released a press statement on 1 May, and I will quote from it. You had a lot of intelligence on this; I think you just used copy and paste. It says that the 2007–08 state budget delivered an extra \$136 million for vital water projects generating water savings as part of the Bracks government's plan to secure Victoria's water supplies for future generations. My question is: given the sense of urgency and the water crisis in Melbourne and in rural and regional Victoria, which we all appreciate, why is there a decrease in the allocation of funding for water projects and infrastructure when you compare those two press releases over the years?

**Mr THWAITES** — There are a number of answers to that. The first is that the overall output for water has substantially increased this year. There is a very substantial increase in the output for water, which I can give you.

**Mr DALLA-RIVA** — I have got that. It is in budget paper 3, page 199. My specific question was not about — —

**Mr THWAITES** — Hang on — —

**Mr DALLA-RIVA** — Your press release headings relate to vital water projects, so while you can talk about outputs which discuss a range of other issues, I am just curious why there is that reduction in major water projects.

**Mr THWAITES** — I will come to that, but you have raised the issue. The output for water has increased from 162 million to 228 million.

**Mr DALLA-RIVA** — I can read that, Minister. That was not my specific question.

**Mr THWAITES** — That is a very substantial increase in the output — —

**Mr DALLA-RIVA** — But that was not my specific question in relation — —

**Mr THWAITES** — In relation to — —

**Mr DALLA-RIVA** — Vital water projects. They are your words.

**Mr THWAITES** — Hang on.

**The CHAIR** — The minister to answer please.

**Mr DALLA-RIVA** — Thanks, Chair.

**Mr THWAITES** — There is a very substantial increase in the output on water this year. The second and important point is that water projects are not all announced in the budget, and a very good example of that is the announcement that we made in, I think, October last year for the Ballarat super-pipe where we made a significant commitment of \$70 million outside the ordinary budget process to that project. So we as a government have indicated — and we have indicated also that we will be making announcements in coming months about augmentation for Melbourne — that you cannot simply compare one budget press release with another. You have to look at the whole amount of the things you do over the course of a year. This government has very substantially increased funding to water and we will continue to do that. It is quite misleading to just take one figure in one press release and another and say, ‘That is the whole picture on water’. I have indicated, first, that the total water output has increased substantially, and second, there will be more funding, as there has in past years been, as we proceed through the years.

**Mr DALLA-RIVA** — This is public accounts and estimates, Chair, where we are trying to estimate future expenditure, and we are just hearing from the minister saying that projects are going to be on the hop because he does not quite know, so there is no real allocation that he has got planned into major projects. That is what I want to get on the record.

**Mr THWAITES** — You keep trying to paraphrase things incorrectly. That is not what I said. I gave the example of last year where we made a substantial extra commitment. It was not announced on budget day, so you cannot compare simply the announcements on budget day; you have to look at what occurs through the whole year.

**The CHAIR** — I think it was pretty clear from budget day that there were announcements made with respect to water, and there were also announcements made by the Treasurer — —

**Mr DALLA-RIVA** — Thank you, Chair, but we are looking at forward estimates, and there are no forward estimates.

**The CHAIR** — I think would be a good opportunity now to have a cup of tea. We will have a break for a couple of minutes.

Minister, in regard to climate change — as you know I have got a strong interest in this and actually was involved in some of the first studies in the Asia-Pacific on this 15-odd years ago — what funding have you got in the budget for strategic and economic research into climate change impact, and what is the purpose of this funding?

**Mr THWAITES** — Thanks, Chair. Obviously climate change is one of the biggest issues that not just Victoria is facing but the whole world. As a government we see this as a whole-of-government issue. I am minister for climate change, but we have also established an office of climate change in the Department of Premier and Cabinet and put a whole-of-government approach to climate change. That means that within this unit they will be coordinating policy work and research on not only the environmental aspects of climate change but the economic and social aspects as well.

There is funding in the budget for that. It is not directly in the DSE portfolio, it is in Department of Premier and Cabinet, but that work will give us a much better strategic position as a state to tackle climate change. In terms of some of the specific areas it will include support for our work on emissions trading, and Victoria with New South



Wales has led the push for a national emissions trading scheme. We now have an agreement from all the states to implement emissions trading by 2010 if the federal government fails to do so. If we are going to do that we have to undertake a very substantial amount of work in understanding the various costs and benefits of different aspects of the scheme. That means things like what the level of caps should be; the way in which permits for emitting carbon dioxide should be allocated; the time frame for those permits; and what should happen to the funds, if any, which are produced by optioning or allocating those permits. There are a range of very important issues that need to be determined, and the office of climate change will be leading that, working with departments like DSE and others.

We are also giving support in Victoria to the economic work that is being carried out by Professor Ross Garnaut, which is part of the national study which, in a sense, is doing for Australia what the Stern review did in the UK. We will be supporting the work that is being undertaken by Professor Garnaut. All of that is occurring. We are also looking at some of the vulnerabilities of key sectors — for example, various sectors of society and the economy and how vulnerable they are to climate change; the effect on infrastructure; and the effect on biodiversity and on the land. All of those issues are subject to this research.

**The CHAIR** — I hope some of that research comes before the Parliament as well.

**Mr THWAITES** — It is certainly proposed that we will have legislation to back up what we are doing. We will have the energy efficiency target legislation.

**The CHAIR** — Good.

**Mr THWAITES** — That will provide a direct support for energy efficiency around the home. We will need to work with retailers to ensure that, wherever possible, people in their homes are more energy efficient. That is an example of legislation. That will follow our VRET legislation which we introduced last year, which is building up renewable energy.

**Mr WELLS** — You have mentioned a couple of times your Top 1500 Industry Program. I refer you to budget paper 3, page 327, and the output initiative of the Top 1500 Industry Program and \$1.2 million — —

**Mr THWAITES** — Sorry, which is this one? Is it page 327?

**Mr WELLS** — Yes, it is the output initiative Top 1500 Industry Program, \$1.2 million spread out over four years.

**Mr THWAITES** — Yes.

**Mr WELLS** — Can the minister explain why it has taken three years to allocate funding for industry to write a water-saving plan, and now industry has a further four years to actually write this plan?

**Mr THWAITES** — There are a few answers to that. First, we have already implemented plans for the top 200, so that has been put in place. We announced that we would now proceed with a top 1500. That is sensible; you start with the biggest users, you do their plans, and then you move to the other users, the top 1500. In terms of those plans, they will be done over the next 12 months, not over the next four years. The funding is to support a range of initiatives arising out of the plans, not just to do the plans — so the plans themselves will be done over the next year. We are working with the water authorities so that they can accelerate the work with that industry. It is a major undertaking; we are working with 1200 or 1300 companies to do their plans, but we will do it.

In the meantime I should emphasise that we have been working with industry of all sizes over the last seven years driving down water use, and that is why we have got those lower water-use figures compared to other states. It is why we have seen a 25 per cent reduction in the per capita water use of industry since we came into government. That is something that certainly was not achieved under previous governments. It has been achieved under our government because of our approach, firstly, to the importance of water, and secondly, to working with industry to achieve these things.

**Ms GRALEY** — Minister, I was talking before about how everybody is trying to do their little bit. I am wondering if the minister can outline what initiatives are in the budget to help families, especially low-income families, tackle climate change.

**Mr THWAITES** — That is a key part of our strategy — to understand that climate change will have a particular effect on low-income families, remembering that for lower income families the proportion of their total income that is spent on energy is higher than for wealthier people. We have a number of plans to work in harmony with lower income Victorians and social welfare groups to achieve that. One of the really good programs is the Energy and Water Task Force program, which is funded by \$2.1 million. That assists low-income Victorians to save energy and water by improving the energy and water efficiency of their homes. It basically involves an audit of the home; then following the audit, simple energy-saving measures can be introduced — it can be sealing doors and windows, it can be pelmets, it can be a range of things.

With the Chair, we launched and delivered a really fantastic program in his electorate where we worked in the ministry of housing area implementing energy retrofits for the homes there. The other great thing about this project is that it is also a job-creation project, where we in many cases are able to work with people who have otherwise been unemployed, who get skills in doing this home auditing and energy efficiency work. This is a real win-win program. It helps low-income Victorians cope with energy issues and it reduces greenhouse gases. It is something that we are also looking at maximising in our rebate program. We do want to see that our rebates are targeted in a way that low-income Victorians get the benefits.

Recently I launched the Phoenix fridge program with the Brotherhood of St Laurence. Under that program, people are able to bring in their old bar fridges, which often are absolute shockers when it comes to greenhouse gases if they are sitting out in the garage.

**Dr SYKES** — As long as they have got cold beer in them, there is nothing wrong with that!

**Mr THWAITES** — They can be about 70 per cent more inefficient than modern fridges. What we are doing is setting up this program where they are brought into the Brotherhood of St Laurence. Some of them are recycled or upgraded so they do not use as much energy, and then they can be shared out to low-income people who cannot otherwise get a fridge. That is another practical example. We have a range of programs. Overall one of the biggest challenges we are going to face in climate change is how to make sure that the impact both of climate change and action on climate change is not disproportionate on poor people. That has to be one of the key criteria in emissions trading in all actions that we take — that is, asking how can we have a system that is not disproportionately difficult and unfair on low-income Australians.

**The CHAIR** — You do not want the J-curve effect.

**Mr THWAITES** — That is right.

**The CHAIR** — Dr Sykes, with economy, please.

**Dr SYKES** — My question relates to bushfires and asset protection, but just in a brief digression I would like to acknowledge the outstanding efforts of the DSE staff under fellows like Johnny Kneebone, who are still out there working very hard in their rehabilitation activity when others are trying to move on. Minister, my question relates to the imposition of maintenance of permanent containment lines as you put in place for the Thomson Dam. In conjunction with increased fuel reduction activity, are you intending to have more permanent containment lines to protect other assets and in particular local communities? If so, what are the general guiding policies, and what is the budget allocation for more permanent containment lines?

**Mr THWAITES** — Thanks for the question. I should, since we are being so nice to each other, thank the member for his role during the fires, which was very positive in working with communities that were under unbelievable stress in places like Benalla, Mansfield and right through that region. In relation to fire prevention efforts, we are now implementing a major fire prevention program, and it has a number of aspects to it. One is fuel reduction burning, where we are committed to maximising the amount of fuel reduction burning. We have a target this year of 134 371 hectares, and we have already done 131 000. We believe we will exceed our target this year, and that is because we have had good weather conditions to achieve that — —

**Dr SYKES** — That is the thing about drought — the lovely sunny days, Minister.

**Mr THWAITES** — The dryness has actually been a problem, because it is very dry, but the lack of wind has meant that we can do more fuel reduction burning. That is the first thing.

The other thing is that we have put on staff for longer periods, so we have seasonal firefighters now on for a longer period, who are helping with the fuel reduction burns. We are also coordinating the CFA so that they in future can provide some additional support and backing for that fuel reduction effort, and there will be more work done on that. We are also investigating how we can extend that fuel reduction burning season even further into winter. Obviously the major problem there is if it rains, but given the weather situation we will seek to maximise the opportunities.

In relation to firebreaks, we have already announced that we will be leaving in place some 350 kilometres of firebreak that was put in during the fires. That will be a permanent firebreak protecting essentially the Yarra and Thomson catchments, but also of course it acts as a firebreak protecting the area into Melbourne from fires. Those firebreaks have already been built as part of the fire effort. What we are doing now is ensuring that they are properly built so that they can be long-term, permanent features, and that means partly revegetating and partly clearing to make sure that we maximise the natural values while at the same time having the firebreak. Why do we do this? Because it forms the basis on which we can back-burn during a fire. In some cases the firebreak itself can assist the stop of the fire, and it is also a staging point from which we can mount our operations towards the fire. Along most of this route there is a road anyway, so it is not as though this is simply all native bush. There is a road along there, but it is widened out to make a much more practical firebreak. In relation to the rest of the state, we have said that we would consider leaving in place some of the firebreaks and having some firebreaks around strategic assets. We are looking at some particular areas, and in the Otways we have already started to implement that. In the Otways we have recently built that. When was that?

**Mr HARRIS** — We have done clearances throughout the late part of summer, but now there is an assessment for how we would actually put a strategic firebreak across the Otways.

**Mr THWAITES** — So the Otways is another area that we are doing. In relation to other parts of the state, we are investigating that. It is, as you say, something that you do around strategic assets. It is a way to ensure that you have quick access during a fire and also to use it as the basis for back-burns.

**Dr SYKES** — I hope you would be using local knowledge, as I believe has been the case. I would hope that you are not rehabilitating existing fire containment lines, only to go back and re-establish them in two years time or something.

**Mr THWAITES** — And that is part of the thinking. The number of fires that we are getting now has increased so that where once you might have expected a fire season like that every 10 years, here we have had it once every 3, so it does make sense to keep some of those firebreak lines rather than rebuild them every time you have a fire.

**Mr PAKULA** — You mentioned in your presentation the recycling program at Qenos, which as you know I am well aware of, but there was also I recall in the presentation mention of Australian Vinyls. I am assuming that is the Laverton facility, which is also in my electorate. I am just keen to hear some of the detail of that particular project.

**Mr THWAITES** — This is another important project. In the budget we provide funding towards the project at Australian Vinyls' Laverton plant. That will save about 300 megalitres a year in addition to about 1.4 gegalitres, 1400 megalitres, that Qenos will save. Essentially, what they will be doing is reusing water on site, so it will be a reuse on site project. The budget has provided funding for that as part of the \$4.3 million towards recycling in the Altona area.

Australian Vinyls has already managed to reduce its water consumption by 29 per cent, despite the fact that they have increased their production, so again it is an example of industry reducing its water use, which is part of our plan that we implemented when we came into government. This will provide additional water savings for Australian Vinyls of some 300 megalitres a year. The other benefit of course is that it reduces the outflow to the bay as well. So you get reduced outflows, more water available for households and more efficient use by industry — good project, good local member!

**Mr BARBER** — This one is in relation to the valuation of commercial native forests on DSE's accounts. In 2003 they were worth 258 million, today they are worth 78 million. My question in relation to the estimates is: are we likely to see any more write-downs this year? You and I know what is going on. A lot of them went up in smoke. There has been massive over-cutting for years, and you continue to reassess downwards the amount of

forest that is actually out there that is available and suitable for logging. In previous reports — and you now do one a year on sawlog yield — you have already flagged further reductions to sustainable yield due to the 02–03 fires. Are you able to tell me in relation to this year's accounts whether there will be any further reductions to sustainable yield and any further write-downs in the valuation of these forests?

**Mr THWAITES** — As you indicate, there have been some major changes since 2003, the figure that you first gave. First there was Our Forests Our Future. Under Our Forests Our Future we reduced the amount of sawlogging in the state by over one third, so that obviously writes down the value. That was a program that was aimed at ensuring that we had much more sustainable forestry in this state. I would agree with you that prior to that time the level of forestry was greater than was sustainable. That is why the government implemented Our Forests Our Future, why we funded it with around \$90 million to assist workers and industry in the transition, and why we reduced the total amount of forest.

In addition to that we have had the fires of 2003 and the more recent fires. The area that is affected by the fires is still being precisely ascertained, so we cannot give you a specific answer as to how much less forest there will be available. We know that the total area affected was more than 1 million hectares, but of that only a portion was part of the area that would be subject to forestry. We are now doing quite a sophisticated mapping of the whole area to determine what part of that forest that has been damaged by fire should be subject to salvage logging, what cannot be logged at all and what would be logged in the future. So there is a sophisticated mapping process that has been under way. That was actually funded by the bushfire recovery task force. In addition to that, during the election we announced a further reduction in forestry in East Gippsland and some of the major old growth areas we took out of the area to be logged. So essentially the point you make is right; the total amount of area subject to logging is being reduced, and that will have an effect on the total asset value.

**Mr BARBER** — So in a qualitative and quantitative sense can your CFO here give us an explanation of where those forests went?

**Mr THWAITES** — No, I have just given it. I answered the questions — —

**Mr BARBER** — In terms of dollars. Because three-quarters of them have gone in the last three years. It is now worth \$70 million. I could just about buy them off you if I got the right backers. That would be the end of all our problems for logging, right?

**Mr THWAITES** — I am not sure what your income levels are, I will leave that to you. But obviously if you take an area of forest out of the area that is subject to logging, which we did — no more than 30 per cent — then that will have a substantial effect. You then — —

**Mr BARBER** — There will be further cuts to sustainable yield; that is my point.

**Mr THWAITES** — No, I am saying what has happened. You have said, 'How is it reduced?'. We have then substantially lost areas through two major fires. That obviously has a net effect.

**Mr SCOTT** — Minister, my question relates to national parks, which there is reference to in budget paper 3 on pages 23 and 270. What is the government doing to increase tourism in our national parks?

**Mr THWAITES** — Our national parks are obviously fantastic places for tourism. If you look at places like the Grampians, the Great Ocean Road — all of these areas — they are really some of the most important places in terms of tourism for Victoria. In 2006 the government committed nearly \$50 million over six years to renew park assets and to upgrade and improve our parks. In this budget we provided additional funding for a range of upgrades to national parks, such as Port Campbell, Wilsons Promontory, the Grampians and the Alpine National Park. All of them will receive additional funding — things like the Lochard Gorge, the Twelve Apostles, Tidal River and the Grampians National Park. That is in terms of infrastructure in those places. As well as that, there are additional funds for park rangers in the national parks. We are also introducing a new junior ranger program to encourage young people to get involved in national parks. There is funding for the Otways, because we will be getting out of all logging in the Otways in 2008; there is funding to assist workers in that transition. We also announced in the election that we would be creating a new national park, the Cobboboonee national park, and a forest park outside Portland. In the future that is another initiative that I am sure will be very popular.

**Mr RICH-PHILLIPS** — Minister, the budget for 07–08 provides just under \$10 million for water recycling projects. There is Altona, at \$5 million, the Frankston sports facilities project at 2.2, Australian Vinyls and Qenos at 2.1, and stormwater and urban recycling at half a million.

**The CHAIR** — This is water recycling you are talking about?

**Mr RICH-PHILLIPS** — Yes, totalling 9.8 million. Last September the Auditor-General produced a report on government advertising and he commented on the Our Water Our Future campaign, which was the one where the Premier flew over a reservoir in a helicopter, told couples to shower together, told little old ladies to cart buckets to their gardens — —

**Mr THWAITES** — Really? You keep making statements that are just completely wrong.

**Mr RICH-PHILLIPS** — According to the Auditor-General, the cost of that campaign to May 2006 was \$12.9 million, so my question is: why is the government spending more on advertising about water recycling than on actual water recycling projects this year?

**The CHAIR** — In respect of the estimates, not in respect of past activities.

**Mr THWAITES** — The member has made a number of statements that are completely incorrect. In terms of water recycling, the government and water authorities are investing very substantial funds in water recycling projects — for example, the Werribee water recycling project, which has required an investment of around \$160 million in upgrading the western treatment plant. The result of the — —

**Mr RICH-PHILLIPS** — Nothing in 07–08.

**Mr THWAITES** — In your question you were using information that had nothing to do with 07–08; you were talking about the past and why people were talking about recycling and I am indicating the investments that have been made.

**The CHAIR** — And also into the future, please.

**Mr THWAITES** — The Werribee recycling project is a very substantial project. Without that recycling the farmers at Werribee would have very little water at all this year to irrigate their crops. This year in excess of 6000 megalitres of water is being recycled for farmers down there. As I indicated, that required a very substantial investment in the Werribee treatment plant. I think it is around \$160 million in upgrading that, as well as the cost of the particular recycling scheme. To the east of Melbourne you have the eastern irrigation scheme, which is now also recycling more than 5000 megalitres and delivering for the first time recycled water to homes. That also has involved very — —

**Mr RICH-PHILLIPS** — Yes, but there is nothing in 07–08.

**Mr THWAITES** — Because the investment has already been made in that and the majority part of that investment is made by the water authorities, which is obviously part of their job, in recycling. They receive some assistance from government in some cases, but the majority of the expenditure on recycling, as all infrastructure in the water area, is that of the water authorities. So you have the eastern recycling scheme — more than 5000 megalitres. It is now recycling to homes; it is recycling to industry as well. That is a very positive scheme. If you look around the whole of Melbourne, under our government we have increased recycling from a few per cent under the previous government to now in excess of 14 per cent of our water being recycled — more than, once again, other places like Brisbane and other cities around the country because we got in early and started that recycling. So it is important. It is important that we continue to do it. In relation to the behaviour change campaign that you referred to and the Auditor-General, if you recall, the Auditor-General actually supported that campaign in his report. He said it was the sort of thing that funds should go towards because it changes people's behaviour and — —

**Mr RICH-PHILLIPS** — That is not what he said.

**Mr THWAITES** — It changes people's behaviour and changes their attitude to water. The advertising campaign was directed at doing the very thing that I think Mr Barber was talking about before, which was changing

people's attitudes, including attitudes inside the home. So in fact the Auditor-General backed that campaign. It is sensible. It does mean that we — —

**Mr DALLA-RIVA** — He just said it met the guidelines. There is a big difference.

**Mr THWAITES** — You have purported to argue — —

**Mr RICH-PHILLIPS** — You spent more on that campaign than you are spending on recycling this year.

**Mr THWAITES** — Hang on. You have made a whole lot of statements. I am just pointing out — —

**Mr RICH-PHILLIPS** — You spent more on that campaign than you spent on recycling in 07–08.

**Mr THWAITES** — I am just pointing out the fact which you find somewhat — —

**Mr PAKULA** — A lot better than spending 55 million on IR.

**Mr THWAITES** — The fact that you find a little bit concerning is that the Auditor-General actually supported that campaign and said it was the sort of thing that — —

**Mr DALLA-RIVA** — Met the guidelines.

**Mr THWAITES** — He said more than that.

**Mr RICH-PHILLIPS** — It cost more than you are spending this year on recycling.

**Mr THWAITES** — Anyway, but can I emphasise — —

**The CHAIR** — Minister, conclude the answer, please.

**Mr THWAITES** — I will conclude it. That a sensible thing to do — to have a behaviour change campaign, and we will continue to do that.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 333, and to 'asset initiatives', table A.18 — —

**Mr THWAITES** — Sorry, where is this?

**Mr DALLA-RIVA** — Budget paper 3, 333. In relation in particular to the Continue Werribee Vision, the \$10 million TEI project for additional recycled water being supplied to the Werribee irrigation district, I note in some previous correspondence or in news items in particular the concerns about the yellowing lettuce, the wilted lettuce and the like. Given the recent news report, as I have sort of indicated, on the yellowing and stunted growth of vegetable crops from the trial scheme, does this allocation of funding mean that it has been concluded safe to be continued?

**Mr THWAITES** — Sorry, I missed the last part of your question.

**Mr DALLA-RIVA** — Minister, in respect of that particular line item, does this allocation of funding, the \$10 million over the four years and given the recent news reports on the yellowing and stunted growth of vegetable crops from the trial scheme, mean that it has been now concluded safe to be continued and therefore the funding or the allocation of moneys is going to be put forward?

**Mr THWAITES** — Certainly the government supports the Werribee irrigation recycling scheme. Without it, as I indicated, there would be very few, if any, lettuces at all that could be grown in a year like this. It has been the saviour for many of the farmers there. We certainly support the continuation of the recycling scheme. That recycling scheme is overseen by Southern Rural Water. It works with the farmers to ensure that it is efficient and profitable for the farmers, and we will continue to do that.

**Mr DALLA-RIVA** — The recent new reports, I guess, have been dealt with so that the \$10 million that is allocated will be money well spent, given those concerns about the stunted crops that have been reported?

**Mr THWAITES** — The money will be spent. It is an important thing to do, not only to provide the water but also to reduce the amount of outfalls into the bay. It is a project that is very important, and we would want to continue with it.

**The CHAIR** — Thank you, Minister. On the same page, which is budget paper 3, page 333, in regard to Solar Panels at Schools, which is a new initiative: can you tell us a bit more about this particular initiative, which obviously seems to be a highly commendable one, and I know that it will be very popular with schools in my electorate and, I am sure, in Benalla and elsewhere.

**Mr THWAITES** — I thank the Chair for his question. This project will install solar panels in 500 schools and community buildings. The budget provides some \$5 million TEI to support 500 schools and community facilities to install the photovoltaic power systems and also to provide education around that. Part of the idea is to try to use this not just for saving energy but also use it as an educational tool and potentially encourage other families to install photovoltaics. That program is going to start on 1 July this year. Schools will be eligible to get funding of up to \$15 000. The program will be implemented by Sustainability Victoria, and we will be also able to leverage in with the commonwealth government's recent announcements on its photovoltaic rebate. We would hope this would provide a greater leverage overall. The program will be organised through Sustainability Victoria, and it will be able to link in with the schools and make sure that we get the best program.

**The CHAIR** — I hope in doing that it is well organised in respect of the people who install them. I certainly have a concern over the federal government water tank one, where there seem to be quite extensive costs in regard to the installation of this over and above the actual cost of the tanks. I think that is something that you really need to look at so that there is no sort of price gouging in terms of the installation costs of those solar panels.

**Mr BARBER** — Reconnected?

**Mr THWAITES** — Yes, that would be the idea, and I will certainly follow that up.

**The CHAIR** — Thanks very much.

**Mr WELLS** — How much in the way of dividends will be paid by water authorities over the forward estimates period, and will the dividends being paid by the water authorities be going into consolidated revenue or into major water infrastructure projects?

**Mr THWAITES** — I thank the Deputy Chair for that question and indicate first, dividends are a matter for the Treasurer. In the budget papers, overall dividends are allocated through Treasury — so that is the first point; they are collected altogether. So the actual dividend will depend upon the circumstances at the time and under the Council of Australian Governments rules there are rules for how dividends generally would be considered. Under COAG these enterprises are meant to operate on the basis of providing a return on investment at the same time that they run efficiently. That is part of the overall rules.

Having said all that, it is worth noting that dividends have come down very substantially under our government compared to the previous government. Under the Kennett government dividends were very much greater from the water authorities than they are now under the Bracks government. Just to give an indication of that, if you look at regional and rural water authorities under the Kennett government in the last year, the total dividends were around \$11 million. Under the Bracks government last year they were less than \$2 million — that is, about an 80 per cent reduction in the dividends from the rural and regional water authorities. In relation to the Melbourne metropolitan water authorities, they came down from around \$271 million in the last year of the Kennett government to \$207 million in 2005-06 under the Bracks government. So there has been a substantial reduction in dividends under our government.

**Mr WELLS** — They go into consolidated revenue?

**Mr THWAITES** — All dividends do, but from that there is very substantial expenditure on water projects and in managing the water catchment. We have significantly boosted expenditure on water, water infrastructure and projects. Things like the Victorian Water Trust — \$320 million; the Wimmera-Mallee pipeline, a major undertaking, around \$170 million; the Ballarat super-pipe, \$70 million; the Bendigo one, \$30 million. You look around the state and there has been a major boost in water spending under our government. At the same time there has been a reduction in the amount of dividends compared to the Kennett government.

**Ms GRALEY** — Minister, I would like to refer you to budget paper 3, page 22, under the heading ‘Tackling climate change’ and also page 267 of BP 3 where you talk about the Clean Coal Authority. I wonder if you could let the committee know what initiatives are in the budget to support the development of clean coal technology in the future.

**Mr THWAITES** — Thanks for that question. For Victoria, we need to have a comprehensive approach to climate change that includes boosting renewable energy, being more energy efficient and ensuring that where we use coal and fossil fuels, that we drive down as far as possible the emissions from that. Victoria has a very substantial resource of brown coal which apart from the climate change impact is a relatively clean fuel and provides a source of jobs and prosperity for much of the state. For our government it is critical that we do invest in research and development of clean coal. This budget continues the efforts in that. We have made a commitment to provide \$7 million for a clean coal authority in the Latrobe Valley to develop new clean coal industries in Victoria and investigate carbon capture and storage technology. We have also committed substantially to innovative clean coal projects through the ETIS strategy — the energy, technology and innovation strategy — and funding has been provided to the Cooperative Research Centre for Greenhouse Gas Technologies. Through that we are doing a demonstration of carbon capture and storage in the Otway Basin. As a government, part of our overall climate change portfolio is investing in research and development for clean coal.

**Dr SYKES** — Minister, my question relates to the so-called north-south pipeline. That pipeline, if it was to eventuate, would involve transfer of wealth generation potential from the Murray–Darling Basin to Melbourne. Related to that is that part of the appeal of the national water plan is that the savings generated by the national water plan would remain within the Murray–Darling Basin. Would you care to comment on the issue of the wealth transfer? Secondly, would you care to give us an update on negotiations with the federal government in relation to the national water plan?

**Mr THWAITES** — The Treasurer, the Premier and I have indicated that we are considering that proposal. It is a proposal that was put forward by irrigators in the Goulburn region. We have indicated, and it is the fact, that we are considering it. That will be considered along with the other potential major augmentations, and we will be making an announcement about that.

In relation to the national water takeover by the federal government, we have indicated that we are certainly prepared to give the commonwealth more power over the Murray–Darling Basin but we do not support a total constitutional handover of water powers which would undermine the security of our water allocations and our water rights and would potentially undermine the environment, because there are no clear indications of what the environmental targets are under this plan. We are negotiating with the federal government now. We are also talking to other states. We put forward what we believe is a better approach, which gives the commonwealth power to better enforce caps where they have been breached, but at the same time does not destroy the best things about the system in Victoria. We are really at the stage now where we are waiting to see the commonwealth’s latest draft of legislation. They have provided some legislation. It had a number of gaps. It was not at all consistent with the sorts of objectives that we had, so it would need to be substantially changed for us to be in a position to reach some form of agreement. Certainly we are getting strong support for our position from the irrigation industry and from farmers. But we are also getting support from water experts and a number of people in the environmental movement who are saying that we should not settle on this proposal when there are so many uncertainties. It is so important that we have got to get it right.

**The CHAIR** — I think we might conclude that, Minister. I have a couple of questions I would like you to take on notice. I would like, in respect of your portfolio department, if it could take on notice a question about what resources, in terms of staffing and funding, does the department expect to spend in 2007–08 servicing this committee and its inquiries, based on experience over the last few years. Also there is a question on notice from Mr Barber in terms of what progress can we expect in regard to the native vegetation permit tracking project in the coming financial year. That concludes the consideration of the budget estimates for the portfolio of water, environment and climate change. I thank the Acting Premier, witnesses and departmental officers for their attendance today. It has been a comprehensive 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 on those matters be provided within 30 days. They will form the basis for consideration of a further report of this committee to Parliament. Thank you very much.

**Committee adjourned.**



## **CHAPTER 11: DEPARTMENT OF TREASURY AND FINANCE**

### **Transcript of Evidence**

#### **11.9 Finance, WorkCover and Transport Accident Commission portfolio**



# 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 Finance, WorkCover and the Transport Accident Commission;  
Mr G. Hehir, secretary;  
Mr G. Tweedly, chief executive officer, WorkCover; and  
Mr P. O'Connor, chief executive officer, Transport Accident Commission, Department of Treasury and Finance.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the 2007–08 budget estimates for the portfolios of finance, WorkCover and the Transport Accident Commission; tourism; and information and communication technology. On behalf of the committee I welcome the Honourable Tim Holding, MP, Minister for Finance, WorkCover and the Transport Accident Commission; Mr Grant Hehir, Secretary of the Department of Treasury and Finance; Mr Greg Tweedly, chief executive officer, WorkCover; and Mr Paul O'Connor, chief executive officer, Transport Accident Commission. I also welcome departmental officers, the media and members of the public.

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 may 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 the filming and recording of proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript, and the committee requests that verifications be forwarded to the committee, if possible, by close of business Friday, 1 June. 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 is that relating to questions in the Legislative Assembly.

Before we proceed I ask that all mobile telephones be turned off. I ask them to be turned off because receiving phone calls, even on silent, interferes with the system and makes it impossible for Hansard staff, with buzzing in their ears, to record the proceedings appropriately.

I call the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information as to relates to the budget estimates for the portfolio of finance, WorkCover and the Transport Accident Commission.

**Overheads shown.**

**Mr HOLDING** — Thanks very much, Chair. To go to the core responsibilities and the way in which activities are shared between the Treasurer and me, this really identifies those areas with some level of shared responsibility within the Department of Treasury and Finance. I understand that this presentation has been circulated to committee members, Chair.

**The CHAIR** — Yes.

**Mr HOLDING** — You can see there that I have responsibility for the commercial and infrastructure project management elements within the commercial division, as well as government land and property services. You can see within the economic and financial policy division I draw on the resources of EFP in the analysis and advice area, as does the Treasurer, obviously. In public financial corporations and balance sheet management I have particular responsibilities there as the minister for finance. In the budget and financial management division, obviously both ministers draw on the budget and financial policy advice. Financial reporting is particularly the responsibility of the minister for finance, as well as for the financial and resource management framework.

In terms of statutory authorities, I have direct responsibility for the Victorian WorkCover Authority and the Transport Accident Commission. The chief executive officers of both agencies have joined me this morning and obviously are able to provide me with advice on some of the more technical elements of the work that they discharge on behalf of Victorians.

I am also responsible for the Victorian Managed Insurance Authority, the work of the Essential Services Commission and, within the newly created government services group, obviously there is a set of responsibilities there, which reflects the significant work that area will be doing particularly in the area of shared services in the years ahead.

I just want to point to some particular achievements or areas where there has been a particular focus on the work of the finance minister, both myself and the previous minister. The first is in the area of government accommodation. Committee members would be aware there has been a significant relocation activity under way, consolidating government departments that were spread across different parts of the CBD, particularly into the new facilities in Lonsdale Street, where the Department of Human Services is now based, and also the Southern Cross building in Exhibition Street, which has seen about 75 000 square metres of office space consolidated in that area, including the Department of Innovation, Industry and Regional Development, some elements of the State Revenue Office, the Department of Justice and also, obviously, in the months ahead, the Department of Infrastructure.

I just hasten to add that that is a lot of work, but it does bring public servants into accommodation which is, firstly, more conveniently located for them to be able to carry out their responsibilities, obviously closer to the parliamentary and Treasury precinct, but also it is more environmentally-sustainable accommodation, obviously at a much higher star rating than the accommodation they were leaving, which is also very important in terms of how government manages its accommodation portfolio.

On state purchase contracts: this is an initiative whereby the state endeavours to obtain the benefit of economies of scale from large-scale government purchasing activities. We had our pilot programs in 2005. They related particularly to stationery, temporary staff procurement, probity auditors who act on behalf of the government and also electricity purchasing. We have now extended those state purchasing contracts in a range of other areas. I would be happy to take questions on some of the savings that have accrued to government as a consequence of those SPCs.

On efficient government/savings: you would recall that the government made some specific commitments at the election in relation to reducing the cost of government. The implementation of those savings, whilst they will occur across all departments, are a particular focus of mine as minister for finance. Again, I would be happy to discuss with the committee some of the details of those, but they relate to things such as government purchasing, more integrated ICT delivery, the way in which the government car fleet is managed, government expenditure on advertising and consultancies and a range of other areas where savings have been made. The Gateway project is a mechanism for managing our investment in infrastructure and ensuring that there is a robust process in place for the government management of those significant infrastructure investments at the feasibility study stage, at the stage at which the government goes to market to tender for the provision of those infrastructure projects, and also evaluating the benefits of those projects procurements as they reach finalisation.

Just to touch briefly on the Victorian WorkCover Authority, you can see there are a range of measures. PFIO, the performance from insurance operations: that is a very strong result there. That is effectively the operating surplus. Again, the PFIO, if you like, reflects the performance of the authority with the performance of equities taken out. We have obviously had strong equity market performance in recent times which has also impacted on the VWA's bottom line. That is picked up in the net performance after tax, which is the blue line, and then the yellow line reflecting the actuarial release. Then the funding ratio, which you can see there on the right-hand side, the red line, which shows that the authority's assets are being managed in a very robust and effective way. In terms of the actual benefit that that is delivering to Victorians, you can see a very significant reduction both in the overall number of injury and illness claims but also in the claims frequency, the claims per thousand workers, you can see that it has come down over time and is one of the reasons why the authority is performing so well.

Again, the reductions in the WorkCover premiums: there have been four successive 10 per cent reductions over four years, and you can see the impact that has had on the competitiveness of Victoria's WorkCover premium rates there, vis-a-vis the other states, so that is something we are very pleased about. You can see the four cuts.

The next slide shows the priorities for the WorkCover authority over the next 12 months. Obviously there are the Comcare matters, and again I am happy to take questions on that; I will not go through that now. There is the process of national harmonisation. This is the work that states are doing, particularly New South Wales, Queensland and Victoria, to harmonise WorkCover administrative arrangements across jurisdictions. We have new OHS regulations which come into effect on 1 July. The building and construction elements of those come into effect on 1 July 2008, but the rest of it is this year. There has been a significant set of projects around collaboration between the TAC and the Victorian WorkCover Authority on a range of different projects, including IT-related projects, claims management, a whole range of different areas, and we think this will yield great benefits not only in terms of the efficiency of each of the organisations but more seamless services delivered to clients.

Again with the Transport Accident Commission, using some of the same tests that we use for the Victorian WorkCover Authority, it is a very strong result. There is the performance from insurance operations, the net performance after tax and the release there as well as the funding ratio. Again I am happy to take questions on those trends. But there is also the Victorian road toll and acute hospitalisations, with very encouraging results. I will not go through those in great detail other than to say that they are very encouraging figures in terms of reducing the road toll both in absolute terms, but also in terms of the number of vehicles on the road.

That is just the road toll reduction since 1970. I like to use that slide, both when I was police minister and now as Transport Accident Commission minister, because it just shows how much progress has been made over a long period of time. It shows that the work in recent years, really over the last 15 or so years, has been hugely significant. Whilst we picked low hanging fruit when we introduced our seat belt legislation in the early 1970s, it is actually true to say that the most significant and sustained reductions occurred post-1989, and I think that is an encouraging reflection of the work that we have done, particularly in the area of getting motorists to reduce their speed.

On the TAC focus, of course you expect to see the collaboration with the VWA there, but the key focus over the next 12 months will be improving the benefits that are paid to TAC clients; further reduction in the impact of road trauma through the TAC's ongoing public education campaigns; the relocation to Geelong — a very big project that the TAC is undertaking, and that is both a project in terms of building and logistics, providing the new facility itself, but also a project in terms of introducing new systems, including a new claims management model, and that is a very important part of that relocation and the way in which the government will capture some of the synergies in that area. And of course I have mentioned collaboration already.

**The CHAIR** — Thank you, Minister. I am sure there will be some interesting questions. I know I am particularly interested in WorkCover, having done a review of occupational health and safety a couple of years ago, but my focus is actually on productivity, both specifically and in general, in terms of the state. I think it is very important that we actually improve productivity. Over the last decade Australia has not had a good record in terms of productivity, so can you tell us, in terms of your portfolio, or maybe your portfolios if you like, in terms of the next financial year what impact do you predict the portfolio spend and policies will have on productivity, particularly new policy initiatives?

**Mr HOLDING** — Thanks Chair, and I will address that in a variety of ways if I can. Firstly, I point specifically to the work that we are doing from an efficient government perspective, and I touched on that in my presentation. There is well over \$600 million in savings accruing to government over the next four years from efficient government measures, and many of those things relate to productivity-related enhancements in the way the Victorian government does business — so, for example, the way we manage our car fleet and the way in which we manage our purchasing arrangements. Government is a significant purchaser of goods and services across a broad stream of areas, and it is important that we have efficient mechanisms in place underpinning those sorts of purchasing arrangements. The state purchasing contracts which I mentioned earlier are a significant part of that, and there is a range of other processes in place to generate yields to government departments from improving the mechanisms they have in place and the way in which they obtain different goods and services.

I would point to some of our developments in the ICT area as an area where we can achieve particular productivity dividends, and I mention this particularly because we have a great deal of international and national research now which shows that if we look at productivity over the last 5 to 10 years, the most significant productivity benefits that have been generated to the Australian economy have been in the technology area. In fact, something like 85 per cent of the productivity improvements in the manufacturing sector are as a consequence of the uptake of new technology. About 78 per cent of the productivity improvements in the services sector are a consequence of the embracing of new technology, and going forward over the next 25 years the greatest yield that the Australian economy will get from improved productivity is not from changing the workplace relationships and changing the industrial relations laws in Australia, despite what some would have us believe, it is actually the way in which we manage the integration and the uptake of new technology.

Again, looking across the Victorian public sector, from an ICT perspective there are a significant number of projects under way at the moment, some of which have been funded in the latest budget, which will have a significant impact on productivity. To point to just a couple of them, the VicSmart and ultranet projects within the Department of Education — a \$61 million commitment to the ultranet in the current budget — are tools not only for parents and for students but also tools for principals and teachers and the school environment which will

improve productivity in the education sector. I am sure Minister Madden in his presentation would have mentioned the electronic conveyancing work he is doing; again a significant investment — I think a \$6 million investment by the state government in this budget. That is a project which will deliver significant dividends to all who purchase or sell property. It is a more efficient and streamlined system — a paperless system in a way — which will deliver productivity improvements.

So we have got specific initiatives which are captured in that efficient government initiative. We have got a set of initiatives around shared services which will improve the way government does business. I know in the PAEC questionnaire you have asked each government department to identify the savings measures that they are undertaking, and that includes some of those savings measures embedded in the efficient government activities. Again, I would point to those across all government departments as evidence of the commitment we have to efficient government, and more generally those ICT projects which impact on my ministerial responsibilities in the ICT area as tangible work that the government is doing to improve the efficiency of government for all government departments and agencies, but also for consumers, for Victorians and for customers, whoever they might be, who are interacting with the Victorian government and doing business with us.

**The CHAIR** — Thank you very much, Minister. I know you had a paper a couple of years ago, and you are continuing to do research in Department of Treasury and Finance on productivity and trying to improve it. I am sure this committee will do what it can to assist in that particular long-term process.

**Mr HOLDING** — Thank you.

**Mr RICH-PHILLIPS** — Minister, I would like to start with the machinery-of-government changes following the election, and in particular the transfer of the Office of the Chief Information Officer from Premier and Cabinet into Treasury and Finance. I assume this is something you deal with as finance rather than ICT, given it is in DTF, or its obscure —

**Mr HOLDING** — It is both.

**Mr RICH-PHILLIPS** — With that transfer Jane Treadwell moved out of that role off to DVC — that is my understanding — and the office is currently not occupied; there is no chief information officer. Your predecessors as ICT ministers placed a lot of weight on the role of chief information officer; all the whole-of-government ICT matters were dealt with through that office. What is the role of that office now given that there is no CIO? Do you intend to appoint a new CIO, and what is the future of that office given these changes with Jane Treadwell's departure?

**Mr HOLDING** — There are a number of questions there. Firstly, it is not our intention to reinstate the position of the chief information officer itself. Those activities have now been absorbed within the Government Services Group, which I identified earlier in the presentation, and which will have a significant role to play in the area of the implementation of the government's shared services agenda.

There has been a lot of work that has already been undertaken and achieved in terms of the rollout of the TPAMS project in particular, but also a range of other government initiatives which have reached a point where the ongoing importance or relevance of that office in that form was no longer required, and all those responsibilities could better be discharged out of the Government Services Group within Treasury. This is a model that we think will quickly be recognised as best practice across Australia, and we welcome the interest of other jurisdictions in seeing the work that Victoria is doing. We believe the delivery of the procurement and purchasing activities of government within the Department of Treasury and Finance rather than within the Department of Infrastructure, where they were previously located, is a better way of delivering those services to Victorian taxpayers and to the Victorian government. The Department of Treasury and Finance has a broader mandate for overseeing government purchasing and procurement in any event, so it makes logical sense for the information and communication technology needs of government to be managed out of DTF also. It connects in that group with all of the other purchasing and procurement activities.

We believe there are some industry development activities which still need to be undertaken, and that is why Multimedia Victoria continues, but not within the Department of Infrastructure where it was previously located but now within the Department of Innovation, Industry and Regional Development which has the chief mandate obviously from the government's perspective for driving industry development. It makes sense to have the industry

development functions located in MMV within DIIRD and that is in fact where they once were, so it is not a particularly radical change in that sense.

There are some functions around the connection to Victorian communities — the bridging the digital divide issues — which we believe are appropriately resourced out of the Department for Victorian Communities, and that is why there is that function there which has been transferred into DVC.

**Mr RICH-PHILLIPS** — That is Jane Treadwell's role?

**Mr HOLDING** — Which is the role that she has continued in. It is not the role of the chief information officer; it is a role about connecting communities to the latest information communications technologies and making sure that inequality between regions and inequality between communities is not exacerbated as we go down this path. We think we have got a set of processes in place now, which when they are bedded down will provide a more logical discharge of the responsibilities that the government has across a range of different agencies.

**Mr RICH-PHILLIPS** — Within the Government Services Group, DTF, is there one person in charge of those ICT functions within that area? Is it allocated in that manner, or is it just spread across the group?

**Mr HOLDING** — I might get Grant to describe exactly how it is being structured.

**Mr HEHIR** — The way we are trying to approach the implementation of this is basically along the lines of what the minister just described: we are not trying to look at this as an activity that is about strategic procurement by procurement line but rather by the activity. So the types of structures that we are putting in place within the organisation is a separate division within the department which will have a deputy secretary running it. We are out recruiting at the moment for this position. There is someone acting at the moment. We are structuring it in a way which is more about the lines of business rather than what has been purchased. So it will be more around the strategy of purchasing, where we are trying to drive value from, having the skill base around the implementation of new strategic approaches and then a contract management stream.

The old CTO office was sort of involved in developing up a contract proposal and then contract managing it. We will try to split streams between the developing up of a proposal, the going out and negotiating it and the contract management of it. Each of those streams of activity will have specialists in various procurement areas as we have always had around ICT, fleet, accommodation, property and all of the various procurement activities that we have. So there will be experts in those streams. But we are not quite doing it as a procurement category approach as we have done in the past.

**Ms MUNT** — Minister, can I please refer you to page 53 of budget paper 2, particularly chart 4.3. This chart deals with the state's unfunded superannuation liabilities. I must say that the lines seem to be going in the right direction. But my question is: how are you managing to deal with the state's unfunded superannuation liability and, as it reduces, what will be the benefits to the state?

**Mr HOLDING** — This is the slide that the Janice is referring to. I think we have a copy of it to circulate to committee members. This is actually one of the most significant things the government is doing to improve and manage the state's assets and liabilities going forward. You would be aware that in 2000 the Victorian government adopted a funding framework which sought to fully fund the previously unfunded liability of state superannuation of state public servants by 2035. You can see there the black dotted line which represents in nominal dollar terms the way in which that unfunded liability was to be funded over the next 35 years, or at least from this slide over the next 30 years. The policy rationale behind this was an acceptance that the government had to take some action to fund the unfunded liability which existed, but in meeting those obligations there was a recognition that it was not one generation's problem and that funding it over multiple generations of taxpayers was a fairer way of doing it. That dotted line represented the way in which we originally intended to meet the payment or the discharge of that unfunded liability.

The dark green line represents in real dollar terms the actual progress that has been made. You can see here that the state government has made a significant inroad into meeting those unfunded liabilities and meeting them at a faster rate than we would have previously. That is not to say that we will necessarily discharge the obligation earlier. But by paying it down earlier, we reduce our interest payments and, of course, over time that has an impact on the budget bottom line. When people ask how is it that we are able to continually deliver a better standard of public service with a greater investment in services across health, education, police, emergency services, or whatever is,



and at the same time reduce state taxes in a way which makes our state tax base more competitive, we are able to do it partly because of the way in which the government has been managing both the unfunded superannuation liabilities and also the way in which government public authorities such as the WorkCover authority and the Transport Accident Commission have been managed.

You can see that we have made payments totalling \$5402 million in the period 2000–01 to 05–06, compared to the 3.9 billion that was expected to be paid under the original full funding framework. You can see that we are ahead of the original payment schedule and that this is delivering a very significant benefit to Victorian taxpayers. This is different from the way in which the commonwealth is managing this liability. It is managing it through the future fund. We believe our method of managing this unfunded liability is a more efficient and effective method. It has not required the establishment of a separate board and a whole series of separate fees and charges associated with that —

**The CHAIR** — You go to the private sector.

**Mr HOLDING** — This from the commonwealth perspective adds up to hundreds of millions of dollars. It has not created cumbersome and unnecessary governance arrangements. At the same time it is delivering a benefit, which we think will accrue to taxpayers for a long, long time to come.

**Mr BARBER** — Minister, I want to ask you about a couple of initiatives in occupational health and safety. I do not know where they appear in the budget papers, but they are from your 2006 election platform, so I presume they are getting implemented this year.

**The CHAIR** — Budget paper 3, probably page 262, and following.

**Mr BARBER** — You guys can look for it.

**The CHAIR** — The committee needs to focus on the budget, of course.

**Mr BARBER** — Yes. One thing is to introduce a bill to protect injured employees who raise occupational health and safety issues. I am particularly interested, I suppose, in the data that your departments have been collecting on discrimination — the rationale, if you like, for that bill — and how you go about collecting that data as we move forward, and whether you will publish it, I guess, since that is the rationale for the bill.

Secondly, I refer to the return to work inspectorate, which I gather was to be set up as a 12-month trial, so if it is under way now it will be running into the budget estimates period. What I want to know about the return to work inspectorate is, I guess, its activities. How many workplaces did it monitor for these return-to-work plans, how many people are employed or expected to be employed by the inspectorate, and how many cases of non-compliance with return to work obligations have been uncovered and prosecuted?

**Mr HOLDING** — Thanks for the question, Greg. Just in relation to the first element of it, I understood you to be asking: what is the rationale and then what is the status of the initiative in relation to the government's election commitment to protect workers who raise concerns about occupational health and safety and workplace safety from discrimination? My understanding is that it is not driven so much by data as driven by a number of cases which raised concerns about the ability of the courts to make judgements about what the reason for an employee being dismissed was. Under current legislation, as I understand it — Greg Tweedly can correct me in relation to this — basically it is a sole determinant test at the moment. The sole determinant test basically makes it very difficult for an employee to prove that the reason for their dismissal was because they raised an occupational health and safety concern. If instead the employee can say, 'Yes, all right, I did raise an occupational health and safety concern, and that was one factor that led to my being dismissed, but there is a whole bunch of other factors as well', that employee will find it difficult to have a successful case and bring about some sort of remediation action — either their reinstatement or alternatively some form of damages or alternatively some sort of action that the Victorian WorkCover Authority can take under legislation, imposing a fine or some other punitive instrument on the employer.

What we wanted to do was have a careful look at that test; whether that test was appropriate. We believe the test is a bit onerous, so we propose instead to look at a test which is one that says if the overriding reason was the raising of an occupational health and safety concern but it was not the only and exclusive reason, then that employee would have probably satisfied some sort of test, and then the government has to give consideration to what sorts of

remedies would arise as a consequence of that. So it is not so much data driven as driven by a concern about the inadequacies of the existing legislation and a couple of cases where the courts have put a very onerous test or very onerous requirement for the Victorian WorkCover Authority on an employee raising those sorts of matters. We are reflecting on that.

The second part of your question was: when do we propose to introduce these measures? We have a review of occupational health and safety laws, which will commence later this year. That review is a consequence of an election commitment that the government made. We would propose to consider the best possible way of responding to this legislative situation in the context of that review. That is our current intention.

**Mr BARBER** — A public review?

**Mr HOLDING** — It is a review that will invite a public component of it, yes.

The second element of the question related to the workplace — —

**Mr BARBER** — Return to Work Inspectorate.

**Mr HOLDING** — I can confirm that the Return to Work Inspectorate has been established, and I will get Mr Tweedly to provide some more information on that.

**The CHAIR** — Thank you very much. I have actually been down there myself and talked to them.

**Mr TWEEDLY** — The Return to Work Inspectorate was recruited and put in place at the beginning of November of last year, and with a month or two of training they started actioning their responsibilities this year. We have five people who are return-to-work inspectors, and their initial role is to ensure that employers understand their obligation in doing return-to-work plans et cetera. So the first component of the work of the pilot up until now has been going out to worksites, identifying those that have been doing it correctly and those who are needing some help to improve to do their return-to-work activities, and basically they have begun an educative process to date.

You also asked about the prosecutions for non-compliance. At this stage the emphasis has been on education and support. The approach of the Return to Work Inspectorate, which is a 12-month pilot, will then be assessed at the end of that period to see what are the next steps.

**Mr PAKULA** — Minister, I go to page 7 of the presentation you made at the start of the hearing. On that page you dealt with the four consecutive cuts to WorkCover and then went on to say that one of the priorities for the next year was the relationship between WorkCover and Comcare. Could you outline for the committee what are the differences between WorkCover and the commonwealth's Comcare scheme? In particular could you detail the differences in the schemes themselves — so the differences in benefits paid, premiums paid and the inspectorate regime?

**The CHAIR** — Minister, going forward in terms of the estimates and how this will impact upon on your work in the coming year.

**Mr HOLDING** — Sure. I identified this as one of the four key priorities of the Victorian WorkCover Authority over the next 12 months, because Comcare represents a real challenge to the Victorian scheme. Under the guise of providing employers with greater choice it has the effect of potentially denying Victorian workers access to the full range of benefits and protections that currently exist.

It also has the effect of potentially facilitating the removal from the Victorian WorkCover scheme of a number of very large employers who are currently premium payers or self-insurers under the Victorian scheme. For those that are premium payers it obviously has an impact on the scheme itself, and we want to ensure that for the scheme to be as effective as possible that it has the broadest possible coverage, and therefore it is with the greatest reluctance that we see employers leaving the Victorian scheme either to become full premium payers under Comcare or self-insurers under Comcare.

In terms of the exact elements — Martin, the question you asked, which is: what are the differences, what is the difference in premiums, and what is the difference in the inspectorate regime? — we have concerns on all levels.

Let us start with the premiums that are payable. Under our scheme you can see now we have an average premium of 1.46 per cent — 1.46 per cent is the average premium paid by Victorian employers who are members of the Victorian WorkCover scheme. Under the commonwealth scheme we have seen significant increases in their premiums in recent years. Premiums for employers under Comcare have recently climbed by 80 per cent. So from an average of 0.98 per cent in 2001, they have now reached 1.77 per cent of payroll in 2006.

There are a lot of different reasons for this. Part of it relates to the claims management framework that is in place. Part of it obviously reflects the different nature of employees who are being brought under the commonwealth scheme. Originally Comcare was a scheme that was designed for commonwealth public servants. Now we are seeing companies with a broad range of industry sectors coming under the scheme. Some of them are transport companies. They have got a different accident record, and inevitably that will be reflected in the average premium rates that the Comcare scheme is able to achieve, and now you see an average premium rate at 1.77 per cent, which is significantly higher than the Victorian average of 1.46.

**Mr PAKULA** — And labour hire as well.

**Mr HOLDING** — And labour hire is another one. That is certainly very true.

If we look at the difference in benefits — Martin asked specifically about benefits. We have recently increased benefits to injured workers. We now have injured workers receiving weekly payments for 130 weeks; previously it was 104 weeks. Weekly payments for injured workers who return to work part-time are now at 75 per cent of pre-injury earnings. This is up from the previous level of 60 per cent. But if we look at the Comcare scheme, the serious-injury payments that are made under Comcare are basically half what they are under the Victorian WorkCover Authority. Some 80 per cent or more permanent impairment — sorry, I will read out the comparison.

**The CHAIR** — Quickly, Minister.

**Mr HOLDING** — Serious injuries are double what Comcare would pay for those with the same injuries. Comcare would pay \$180 000 for a serious injury. Under the Victorian WorkCover Authority a worker in the same situation would effectively be eligible for \$370 000. So you see a fundamental difference there in terms of the benefits that are paid.

You also mentioned inspectors. This is a very important area. We have a robust and well-resourced inspectorate here in Victoria; Comcare does not. Despite its protestations, it is not true to say that it has been resourced in the past to provide this sort of function. We have 230 inspectors in Victoria; Comcare has a target for the whole of Australia of 50, which it will seek to achieve by June this year. The difference is this: in Victoria our WorkCover inspectors will carry out more workplace inspections in two days than the Comcare inspectorate will carry out in an entire year.

**Mr WELLS** — Why are employers leaving the Victorian system and going to Comcare then, if it is as good as you have outlined? There must be a reason.

**Mr HOLDING** — Why, indeed, Mr Wells? I am glad you asked the question, because the reason is, I think, that they were promised a one-stop stop.

**Mr WELLS** — So it is more efficient?

**Mr HOLDING** — They were promised that the system would be more efficient. If you look at the nature of the employers who have left, they are employers who have employees across different state jurisdictions. They were promised a one-stop shot by the commonwealth — they were promised one set of occupational health and safety laws, for example. Comcare has now had to admit in March this year that it will not in fact be able to deliver a one-stop shop.

If you are an employer who is insured under the Comcare system, you will not have to respond just to the commonwealth's occupational health and safety laws because every employee who enters your workplace who is covered by the Victorian scheme will continue to be covered by Victoria's existing occupational health and safety laws — as you would expect. Why should a Victorian employee whose employer has elected to insure with the Victorian WorkCover Authority have a different standard of occupational health and safety laws applied to them?

What we always said to the commonwealth was, 'You will not be able to create a one-stop shop for employees, because there are employees who enter different workplaces all the time' — particularly, I might add, in the transport industry, where we have seen a number of these employers make this transition. Now Comcare has come back to the states and admitted that it cannot provide a one-stop shop. So the very benefit that was held out — the enticement that was held out — to employers in making that transition, that, 'You will have a one-stop shop' is not able to be delivered, and Comcare has now had to admit this.

We have grave concerns. We have grave concerns that the employers who have left the system have been misled, and we have grave concerns for the safety of Victorian employees who are currently employed under a very robust and very effective regulatory environment in terms of Victoria's occupational health and safety laws and who are moving to a system under the commonwealth's legislation where there is not an inspectorate of sufficient expertise or size that can support the employees who are employed under that framework.

I thank Martin for his question and I thank Kim for the follow-up, because I think it does emphasise what a significant challenge this will be for workers right across Australia. We have 16 000 Victorian employees now who are covered by the commonwealth's legislation, and we want to make absolutely sure that the occupational health and safety laws in Victoria are as robust and as effective as possible and are consistent, regardless of the system under which those employees are employed.

**The CHAIR** — Thank you, Minister. We might follow up a little bit later as well in terms of harmonisation.

**Mr RICH-PHILLIPS** — Minister, I would like to also ask about Comcare in the context of its potential impact on the VWA scheme. As you would appreciate, not just any employer can shift from VWA to Comcare, as there is the competition and the commonwealth entities issue. What is the VWA's worst-case assessment of the impact that a shift to Comcare would have on premium revenue for VWA? Could it be up to 10 per cent, 15 per cent, 5 per cent? Presumably there has been some assessment of what the impact could be, given the knowledge of who potential transferring employers could be.

**Mr HOLDING** — We have had five employers so far that have made the transition. I think they are Optus, K&S Freighters, Linfox, National Australia Bank and Chubb security, which is in the process of making that transition. There are a number of other employers that have signalled an intent, a willingness to look at this question. Some have done so formally; they have done so through media announcements or whatever it might be. Others are the subject of informal speculation. I do not propose to add to that today: it is up to them to make that decision over time.

Obviously at the moment the legislative framework is that companies that are either former commonwealth government entities or companies that are in competition or have been in competition with government utilities — formerly privatised government utilities — are the ones, according to the Optus decision, that are eligible to make the transition, and we will wait to see what that means in practical terms.

Our key response in this area has been to focus on ensuring and protecting the viability of the Victorian scheme. That is why we introduced the legislation: firstly, to ensure that employers that made the transition were not able to avoid their long-tail liabilities by making a transition into the commonwealth scheme; and secondly, to ensure that the Victorian scheme was protected in a fundamental sense.

Indeed as a consequence of some of the ways in which those measures have been implemented over the last couple of years we have introduced recently some amendments to clarify the way in which those arrangements would work, the bank guarantees that employers are required to give, and an assurance that management of long-tail claims will rest with the Victorian WorkCover Authority and not with employers who may seek to avoid or manage those long-tail claims in a way which is inconsistent with the Victorian government practice. It is also to ensure there are appropriate penalties in place to protect the scheme from companies that may seek to avoid their liabilities or obligations in any way.

I do not want to speculate about how many companies may ultimately take this step. Instead, what we are doing is making sure that the Victorian scheme is protected — and we believe the legislative amendments that we have put in place achieve that — and that the incentive for Victorian companies to make this transition is minimised. Part of that is by pointing out the anomalies that I pointed out before in response to Mr Wells's question, but also to ensure that the incentive by way of interstate harmonisation is pursued as much as possible.

There are things that the states can do to make their schemes more seamless across different boundaries, and we have been doing that. I am happy to take questions if members want to explore that question further.

**Mr RICH-PHILLIPS** — Without speculating on who may or may not shift, is there a worst-case scenario that has been estimated by the VWA as to the impact on the scheme?

**Mr HOLDING** — No, there is not.

**Mr SCOTT** — My question relates to the TAC and vehicle safety. Minister, what is the Transport Accident Commission doing to promote emerging vehicle safety technologies, which have the potential to significantly reduce the social and economic impact of road trauma on the Victorian community?

**Mr HOLDING** — Firstly, thanks very much for this question. I think this is one of the most interesting areas where the Transport Accident Commission has adopted an innovative approach. We adopt in Victoria a safe system approach to road safety. That is the Victorian government's strategic approach. That means that we focus not only on the work that the Transport Accident Commission does from a driver education perspective, but we look at things such as vehicle safety, driver behaviour and road design.

We look comprehensively across the road transport scene to make sure we are doing everything we can to make Victorian roads safer. I think if you look at the road safety statistics, not only on the road toll itself but also on serious injuries from road crashes, you will see we have been demonstrably very successful over a sustained period of time. In fact I think it is one of the most significant things that successive Victorian governments have done to improve the quality of life here in Victoria.

Mr Scott, your question related specifically to vehicle safety. The most recent two campaigns launched by the Transport Accident Commission, and one in particular, have focused on vehicle safety. This is the 'How safe is your car?' campaign, which points motorists and potential motorists — people looking to purchase a vehicle — at a website which can provide information about the safety features of different vehicles and particularly newer safety features which have a significant impact on road safety outcomes.

There are two features that we are focusing on in the latest campaign: firstly, electronic stability control, which is a measure which is introduced increasingly for late-model vehicles which has the effect of avoiding or preventing run-off-road accidents. There are a significant number of run-off-road accidents particularly in rural and regional areas, and electronic stability control has the effect of minimising those sorts of incidents, so it is very important that motorists as quickly as possible absorb this technology into the Australian vehicle fleet.

The second area is in the instalment of side-curtain airbags. Again, these have a significant impact in side-on crashes and can significantly reduce the impact of head injuries, and head injuries are obviously the most serious form of serious injuries that a passenger or driver in a motor vehicle can suffer from. These are important initiatives because Australia has — and I know John Brumby would have touched on this in his presentation — a very old vehicle fleet, and the quicker we turn the vehicle fleet over, the quicker we get a road safety as well as an environmental benefit from that.

The road safety benefit is that newer cars incorporate the latest safety features. If we look at electronic stability control, if every motorist in Australia upgraded their vehicle to the safest vehicle in its class, we would see a reduction in road accident trauma in Victoria and Australia of something like one-third.

So if we look at the road toll and consider what is the next big thing we can do in the road safety area, as important as the things we have done in the past on drink driving, speed, driver fatigue and driver distraction and these sorts of things are, the single remaining piece of low-hanging fruit, if we want to call it that — it is not the easiest thing to do, but it is a significant one-off thing that we can do — is to drive significantly the uptake of new technology, new road safety technology, and particularly electronic stability control.

We are certainly looking at that closely in the context of the Victorian government fleet, but more importantly we are giving tools to motorists which will put pressure on car manufacturers to include these features in their car fleets, and we are already seeing the major Australian car manufacturers now announcing that electronic stability control will be standard on an increasing range of their models. So our campaign is working.

**Mr DALLA-RIVA** — Minister, just on that issue, you said that is the latest technology. There is one more, and that is the interlock alcohol detection system. I was wondering if that is — —

**The CHAIR** — There are the side curtains as well.

**Mr DALLA-RIVA** — Yes. I was just wondering if you have considered that, given that alcohol is one of the main contributors to road death and road trauma. Have you considered that as part of the future in terms of requiring motor vehicle manufacturers — or at least considering that as the next stage of protecting the community by having these interlock devices?

**Mr HOLDING** — We have introduced legislation in Victoria which for repeat drink driving offenders requires the installation of alcohol interlocks in certain circumstances. I have to say I would want to take more advice on the question of whether fitting them as the standard would be appropriate. At the moment in Australia it is legal to drive a vehicle with a blood alcohol level of up to .05; therefore you would need an alcohol interlock device that was calibrated to enable someone to get around that.

**Mr DALLA-RIVA** — Not if you are on P-plates or you are a bus driver — taxis, trucks.

**Mr HOLDING** — But there are certain circumstances where it may have an impact. I have to say, given the cost of the technology and the effect it would have on vehicle affordability, I think there are a range of other measures we could take before we would consider that sort of measure that would have a greater road safety impact. That is my initial response, but we would take further advice on it.

**The CHAIR** — Mr Rich-Phillips?

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the benefits of the eastern CBD consolidation for the public service and in particular the Southern Cross and Urban Workshop developments, which have now been occupied for roughly 12 months. Can you tell the committee, please, what the first-year recurrent savings have been both in terms of lease and more particularly operating expenses — the outgoings which were supposed to be cut by this project. Also, is there any residual CBD space that is leased and not occupied as a consequence of the consolidation — it has not been disposed of yet, either subleased or leases exited?

**Mr HOLDING** — I may have to take some further advice on some elements of that question, but I can provide some general information to Gordon and to the committee in relation to government accommodation costs in the CBD, and particularly insofar as it impacts on the new government accommodation, the Lonsdale Street and the Southern Cross buildings to which your questioned referred specifically. I would say that the way government tries to manage its asset portfolio, obviously we are affected, like all CBD tenants are affected, by average rental costs in the CBD, and we try to achieve outcomes, if we can, which are below the industry average. In recent years we have certainly achieved that, and it is too early to tell where we are at in terms of the new accommodation that government has come into, where that sits vis-a-vis the average rentals, because we do not have access to that information at this stage. But I would like to provide the committee with some specific information. The average accommodation costs for 2006–07 is \$275 per square metre. I would expect that to increase in 07–08. We do not have the figures yet, but I would expect it to increase because — —

**Mr RICH-PHILLIPS** — That is CBD?

**Mr HOLDING** — No, this is average cost overall. I will come to CBD specifically, if that is okay.

The reason why we will expect to increase is because there is a high demand for office accommodation at the moment. There is a lack of space available. That will mean that accommodation costs will go up. That is inevitable, and government, like all CBD and other rent payers, will experience that.

The average accommodation costs for government accommodation in the CBD is \$293 per square metre. There is no official industry average for this as it is subject to fluctuating market conditions. But Jones, Lang LaSalle, the government's property contractor, advises that its gross figure on premium buildings is \$359 per square metre and \$239 per square metre on secondary buildings. This figure represents buildings within the CBD only, so that shows that from the Victorian government perspective we are in a relatively competitive space at the moment.

The government's average accommodation costs cover a large variety of buildings, obviously, so it is impacted not just by the newer stock, but it is impacted by aged stock that government continues to utilise in different precincts, including in the Treasury precinct itself.

You asked about the vacancies that exist in other government accommodation across different areas and whether or not we are paying rent for those. I think that was the nature of the question.

**Mr RICH-PHILLIPS** — In particular the ones that have been vacated as a consequence of the move.

**Mr HOLDING** — The Department of Infrastructure is the last department that will be making the transition. They have not completed that transition yet; they have not made the transition at this stage. But there are no vacancies in 121 Exhibition Street — that is, in the Southern Cross building that we are currently paying rent for at the moment. We expect the DOI relocation to take place in November 2007, so we will be able to provide advice next year about the rental implications of all those issues.

I can come back to the committee with advice on other areas, but I know there are some spaces — for example, in 55 Collins St where the Department of Innovation, Industry and Regional Development exited from. There are some spaces in that building that are still being used by different government agencies. In fact, I think the Transport Ticketing Authority is located at 55 Collins St at the moment; they do still have space there. So some of that space is still being utilised by existing government agencies.

**The CHAIR** — Right, if you can provide that material to us and something going forward as well.

**Mr RICH-PHILLIPS** — The other part of the question was whether any of the efficiency savings that were expected have crystallised over the first year of operating Southern Cross — water energy efficiencies.

**Mr HOLDING** — There have been significant efficiencies. I have seen some data — I cannot recall it off the top of my head, so forgive me — on the operation of government multifunction devices and electricity and other costs where we have been able to achieve some efficiencies.

There have also been efficiencies in the productivity area. Obviously by consolidating government departments and agencies into one building you get a range of synergies and efficiencies because people do not have to walk as far, they do not have to travel, and they do not have to use public transport or cab charges or vehicles, or whatever, to travel around, so that generates efficiencies. There have also been efficiencies in terms of the square-metre space occupied per public servant, and that has come down. This was one of the government's aims in having this consolidation work under way. I can report to the Public Accounts and Estimates Committee that the work space ratio, which is the square metres per person, in 2003–04 was 16.1 square metres, and in 2005–06 it was 15.4 square metres. So it has come down, and that is not an insignificant reduction in percentage terms. That obviously has a cost impact for government as well.

**Mr RICH-PHILLIPS** — Are you able to take on notice the details of the other efficiencies?

**The CHAIR** — I have asked for that.

**Mr HOLDING** — Yes, we will obtain some more information on those other issues.

**Ms GRALEY** — Minister, the effective management of risk is one of the key stewardship roles within a government. I would like you to outline to the committee what steps the Victorian government is taking to improve risk management across government, now and into the future.

**Mr HOLDING** — Thank you very much. I can see that the Chair is distracted by the proposition of how much space a public servant takes up.

**The CHAIR** — I think Mr Dalla-Riva was interested in the sardine principle.

**Mr DALLA-RIVA** — There are so many and you are cramming them in like sardines.

**Mr HOLDING** — Firstly, Judith, thanks for the question. It does go to a very important role not only of the minister for finance but of government agencies and departments more generally — that is, how we manage risk. This is something that the government has sought a lot of advice on on a number of different occasions. The

Victorian Auditor-General has provided very useful and practical advice to government on the management of statewide risks. The expenditure review committee and other agencies within government have sought advice on how our risk management framework operates and how effective it is, and all of that work together is being used to streamline — streamline is not the right word — to improve the management of the state government's risk, or elements of its risk profile across government. It is really aimed at three particular areas. I want to just outline this to the committee this morning.

The first area that we have seen as a key area for improvement, where we have put a lot of government resources into, has been the development of a comprehensive set of risk management processes. This includes looking at existing policy frameworks and updating those frameworks and issuing new frameworks that are more consistent with modern practice. It looks at a communications strategy to promote enterprise risk management, and an ongoing review of the program for risk management frameworks across the government sector. That is the first element of it. It is looking at our processes, the frameworks that are in place and the way in which the importance of those frameworks is communicated within the government context.

The second area where we have devoted a significant amount of resources is in the establishment and maintenance of a program of risk assurance. This is the work that we do to ensure that government agencies, government departments, statutory authorities and other agencies, in the work that they are doing, attest to the risk management frameworks that they have in place within each of their agencies or departments. What we will require is an attestation in the annual report that the Australia-New Zealand risk management standard has been adhered to. So all annual reports will be required to have an attestation from the CEO or the board — or the chair, the secretary of the department, or whoever the relevant officer is — that there has been adherence with that Australia-New Zealand risk management standard. It is a very important quality assurance project.

The third area is in the management of aggregated risks across the entire government sector. This goes particularly to the work that the Victorian Auditor-General did in terms of managing statewide risk. There are really two areas where a statewide risk accrues to government. The first is where there is a risk — for example, let us say, with pandemic influenza. Each department will have in place a set of arrangements for how it would manage a pandemic influenza outbreak, or whatever it might be.

The impact on government is not just the activities taken by each department or each agency. The impact on government is not just the actions any individual department or agency may take in implementing that framework or responding to that risk. There is an aggregated risk to the entire government sector that in a sense goes further than that which any individual department may identify. So the Department of Human Services may say, 'In our context it means this for us', but there is a whole-of-government exposure as well. We need to make sure that when we look across the asset portfolio and activities of government that we are considering the aggregated risk as well as the compartmentalised or departmental risk that may exist in a particular situation.

There is a second element of aggregated risk, and that is that government has a set of significant asset portfolio. The Victorian Funds Management Corporation, for example, is responsible for overseeing the investment of a very significant range of assets on behalf of government. They are the funds that are managed by the ESSS, the Victorian WorkCover Authority, the TAC et cetera, but government also has a set of liabilities as well. We saw the unfunded superannuation liability for public servants going forward. It is important that these assets and liabilities and the risk profile that they present are managed in a way which is prudent and responsible.

So in looking across the assets and liabilities managed by government it is important that there is a risk management framework overseeing all of that activity as well. In a sense, we think we have come a long way. We have had some very important useful work done for us. The Victorian Managed Insurance Authority has led a very significant amount of work across government which has helped government departments better identify risks that may exist within individual portfolios and agencies. We are better able to identify in a transparent manner the way that government manages the insurance arrangements that underpin our response to that risk. We are also better able to identify risks that exist across the government portfolio and to better assure ourselves that the assurance frameworks within individual departments and agencies are being managed responsibly.

So it is a very important question. It is one that I take very seriously as minister for finance, but it is also one that occupies all ministers in different ways in the work that they are doing in their individual portfolios.



**The CHAIR** — Thank you, Minister. It is something that we also take pretty seriously, too, as a committee. I am pleased about the annual report. It may well be that this committee will look into annual reports in the next year or two, as to how they get some further consistency in reporting.

My interest is in terms of financial reporting. I know that in the last couple of years we had a lot of work on the International Financial Reporting Standards and there have been a lot of changes as a result of that. I must admit that the committee went to a conference in Canberra earlier this year and was advised by a very senior accountant that the main reason for the change to the International Financial Reporting Standards was so that overseas accountants would be able to read Australian accounts. We thought that this was not terribly good. When we asked for a very simple explanation of how to explain this to our electorates, that is what we were told. I am sure there are better explanations. The focus in terms of this has probably moved now to harmonisation of the bottom line in terms of the GFS and the GAPP standards.

Where are we at on this? We had some discussions in our conference of public accounts committees in Canberra. We want to know where Victoria is at on that. I know we have led the way — Murray and his team in the department have done a really good job. Where are we going on this and where are we going in the future?

**Mr HOLDING** — Those cold winter nights must just fly by! It is a great question. Victoria has actually led the way in this area. Across Australia we have seen jurisdictions moving to models which better enable us to compare financial data that is presented by governments across jurisdictions. Although it is a very dry topic when it is described like that, it actually is important — all of us as parliamentarians know, and I am certain that this is particularly true for non-government members in a Parliament — to be able to look at what is happening in other jurisdictions and actually credibly compare what is going on and know that you are comparing apples with apples. In the past that has never been the case because governments used a whole raft of different measurements. They frequently changed the measurements, which made comparisons from within jurisdictions complex, let alone comparisons from one year to the next. So in recent years there has been a considerable move, I have to say led by Victoria, to adopt a more common set of reporting frameworks.

That is reflected in the fact that now if you look through the Victorian government budget papers you will see that there are two sets of reports presented. There is a set that is presented in accordance with the government finance statistics (GFS) that you referred to, and there is a second set which is the generally accepted accounting procedures statistics, the GAAP material, that is presented.

**The CHAIR** — That is required under the Financial Management Act.

**Mr HOLDING** — To take the first set first: the GFS set is the set that is overseen by the Australian Bureau of Statistics and it uses essentially an economic model rather than an accounting-based model, and it is based on a set of International Monetary Fund standards; they are a useful set of tools; one that now all jurisdictions are using in reporting on their government accounts.

The second: the GAAP materials are the ones that come from the Australian Accounting Standards Board, and this set of materials is the one that emanates from, or works in tandem with, the Australian equivalent to the International Financial Reporting Standards — the A-IFRS, as it is commonly referred to — and in a sense it is this process which is going to lead us now.

Victoria adopted this set of procedures in 2005/06 having adopted a whole-of-government reporting framework in 1996-97, so in both instances we were the first jurisdiction to do so, and it is a credit both to the former government, but also to this government, that it has kept and maintained the momentum in this area, in ensuring that the way in which government information is presented is as transparent as possible but also as consistent as possible with other jurisdictions.

The next step is for the 2008-09 budget papers, which will have the next set of measures incorporated in them, which will mean we will go from having those two frameworks to having only one, and then all states and territories in Australia will move to that model. Again Victoria will set the pace in terms of driving that set of processes.

In terms of how far ahead of the pack we are, I did want to just provide to the committee this letter, if the committee is interested.

**The CHAIR** — We are happy to table the letter and incorporate it into the Hansard report.

*See page 18*

**Mr HOLDING** — Excellent! This is from Her Majesty's Treasury in the United Kingdom. It basically has them moving to a set of international set of financial reporting standards for 2008-09. So this is their adoption of IFRS — their version of IFRS — which means that from a UK perspective —

**Mr RICH-PHILLIPS** — Gordon Brown is distracted!

**Mr HOLDING** — It is actually issued in the name of David Watkins. He is the head of financial reporting policy and he has announced that this standard, the standard that Victoria adopted from an Australian perspective in 2005-06, is to be adopted in the United Kingdom in 2008-09 from a national perspective. So actually it shows just how far ahead of the pack Victoria has been, and I think over time we will see a significant benefit, not just for taxpayers being able to see a transparent and comparable set of financial data being presented by government, but also for those who have an interest in the activities of different jurisdictions, in being able to compare across them.

**The CHAIR** — Thank you very much for that. The committee will probably be looking at financial reporting at some stage, we probably always do. We have noticed in our hearings some inconsistencies in regard to the way output funding is used between the various budget papers, so it is probably something we should have in greater conversation with Department of Treasury and Finance in the next year or two.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the Victorian Government Purchasing Board. The last annual report, 2005-06, published some statistics on the value and volume of procurements considered by the board. In particular, I am interested in the exemptions that were given from public tender and three-quote requirements.

For the five years of data that is published in the annual report we have seen a dramatic increase in the number of exemptions given, which has roughly doubled, and the value of each has increased also, so the total value is roughly three times what it was. From 2001-02 the value of contracts that were subject to exemption was \$55 million; for the last available year it was \$163 million, against a total increase in contracts of roughly 20 per cent. So it has gone up three times when the total values of all contracts has gone up about 20 per cent.

**Mr HOLDING** — And this is an exemption from what?

**Mr RICH-PHILLIPS** — An exemption from the public tender and three quotes requirements of the board.

**The CHAIR** — So this is over \$100 000 is it, or whatever?

**Mr HOLDING** — It depends on the project.

**Mr RICH-PHILLIPS** — Is that dramatic increase in exemptions acceptable on an ongoing basis? With respect to breaches of VGPB requirements, the report notes for that year there were 25. You as minister for finance are required to be notified of those under the Financial Management Act. What practice have you put in place at a ministerial level to address breaches of policy, and is it acceptable for the board to grant a retrospective exemption against policy when breaches are identified?

**Mr HOLDING** — There are a number of different elements to that question. The first is that you contend there has been an increase in the number of exemptions that have been provided. I will need to take some advice —

**Mr RICH-PHILLIPS** — Do you want to have a look?

**Mr HOLDING** — I am not saying it is not true; I am just saying that it is the basis of the first part of the question. I will need to take some more advice on that. I know the Victorian Government Purchasing Board has worked very hard with departments and with agencies that respond to the board to put in place a framework which ensures that agencies and departments are aware of their requirements, that accredited purchasing units within government departments and agencies are aware of the policies and the guidelines that are in place that they need to adhere to when they are expending public funds, and the standards they are required to reach in accordance with all

of the different thresholds. So there are obviously different standards that exist in terms of different purchasing arrangements. The Victorian Government Purchasing Board has done a huge amount of work to make sure that purchasing officers, purchasing staff, purchasing managers and procurement managers within government departments are aware of their obligations, and that those obligations are being adhered to.

It could in fact be that across a wide range of areas what we are seeing now is the benefit of the work that has been done over a period of time accruing to government in terms of the range of practices that have been put in place at a departmental or at an agency level. But again, I will undertake to get further advice on exactly what the circumstances were from my own perspective so I that I can provide information to the committee about what the reason for that trend is.

The second part of your question asked, basically, am I notified? I think you asked me — —

**Mr RICH-PHILLIPS** — Under the act you are required to be notified. What do you do in response?

**Mr HOLDING** — Okay. In each instance we essentially seek advice on a case-by-case basis as to what the circumstances were and what, if any, action is required as a consequence. There will often be myriad different reasons — I do not want to go through them all with this committee — suffice to say an appropriate response will depend on what the circumstances were, and that is what you would expect. Obviously from a government perspective it is not necessary for the minister to drive responses in each and every instance. In fact often the appropriate responses are undertaken at a departmental level or are overseen by the purchasing board itself, and that is an appropriate framework that we would expect to see in place.

The last element of your question asked about retrospective — —

**Mr RICH-PHILLIPS** — Would a retrospective exemption be an appropriate response to a breach of policy? Is that one of the options available to the board in responding?

**Mr HOLDING** — I cannot respond to that. I would have to get further information about exactly what is being described.

**The CHAIR** — Perhaps you will take that on notice, Minister. Thank you very much. I thank the witnesses for their attendance today.

**Witnesses withdrew.**



# HM TREASURY

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21 March 2007

MS FD (07) 10

[Letter to Central Government Departments]

## INTERNATIONAL FINANCIAL REPORTING STANDARDS APPLY FROM 2008-09

This letter draws your attention to the announcement in the 2007 Budget that the accounts of central government departments and entities in the wider public sector will be produced using international financial reporting standards from 2008-09<sup>1</sup>. This letter gives you guidance on what you need to do now.

### *Budget announcement*

7. The 2007 Budget announced that, from 2008-09, the accounts of central government departments and entities in the wider public sector will be produced using international financial reporting standards (IFRS)<sup>2</sup>, as interpreted for the public sector in the IFRS-based Financial Reporting Manual (FReM).

8. The announcement applies to all reporting entities covered by the FReM (that is, departments, executive agencies, executive non-departmental public bodies and trading funds). In addition, the Department of Health and Monitor will continue to use the FReM as the basis of their own accounting manuals. We are talking to Communities and Local Government about how this will affect the regulations for local government accounting, and to CIPFA/LASAAC about local government accounting guidance.

### *What you need to do now*

9. As you know, the Financial Reporting Policy team started to develop the IFRS-based FReM in May 2006. We are on target to complete it and issue it for final consultation pre-Recess to get your comments over the Summer. I

<sup>1</sup> Paragraphs 6.59 and 6.60 of the Financial Statement and Budget Report.

<sup>2</sup> IFRS also includes International Accounting Standards (IAS) and Interpretations of IAS and IFRS issued by the Standards Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC).



HM TREASURY

am grateful for the contributions made by those who have commented on our proposals. Some of you will have started to make your own preparations for the move to IFRS.

10. Your 2006-07 and 2007-08 accounts will continue to use existing, UK GAAP based accounting policies.

11. After you have laid your 2007-08 accounts, you will need to restate the 2007-08 figures on an IFRS-basis in order that your 2008-09 accounts can be certified to comply with IFRS. Whether the figures change will depend on the materiality of the differences between IFRS and the existing requirements under UK GAAP (both as adapted and interpreted in the FReM).

12. To help you with this exercise, the annex to this letter lists all extant IFRS and indicates whether there are likely to be any material differences. I recommend that you consult your auditors at an early stage in the process to obtain their view on the materiality of any differences you find.

13. Accountancy advisors in the Financial Reporting Policy team will be pleased to discuss with your staff any detailed questions you might have.

#### *Impact on budgets and Estimates*

14. In general, we do not expect the move to IFRS to have a significant impact on budgets and Estimates. However, the General Expenditure Policy team will consult you separately on this and you should contact them if you have any specific questions. It is likely that any changes will be made through the 2008 Winter Supplementary Estimates.

#### *Communication*

15. I should be grateful if you would copy this letter to your executive agencies, NDPBs and trading funds.

16. Following the completion of the consultation exercise on the IFRS-based FReM over the Summer, we plan to hold a conference to discuss the outcome of the final consultation and the next steps in the implementation exercise.

#### *Whole of Government Accounts*

17. The Budget Report also announced that WGA will be produced on an IFRS basis from 2008-09 as part of a coherent package of developments in financial reporting introduced at the same time. The deferral of the publication of the first set of WGA allows us to minimise burdens and costs on departments and in the wider public sector and to complete the process of accounting policy convergence with local government. And it also gives departments time to address the quality and timeliness of WGA returns that include the transaction streams and balances with local government.

**DAVID WATKINS**



## **Transcript of Evidence**

### **11.10 Treasury portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **CHAPTER 12: DEPARTMENT FOR VICTORIAN COMMUNITIES**

### **Transcript of Evidence**

#### **12.9 Aboriginal Affairs portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **12.10 Aged Care portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 14 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

Ms L. Neville, Minister for Aged Care;  
Mr Y. Blacher, secretary, Department for Victorian Communities;  
Mr J. MacIsaac, executive director, youth, seniors, veterans and disability; and  
Mr S. Gregory, chief financial officer, Department for Victorian Communities.

**The CHAIR** — I welcome today Mr Yehudi Blacher, secretary, Department for Victorian Communities, James MacIsaac, executive director, youth, seniors, veterans and disability, and Stephen Gregory, chief financial officer, Department for Victorian Communities. I call on the minister to give a brief presentation of no more than 5 minutes, or less, of the more complex financial performance information relating to the portfolio of aged care, and we will then have hopefully about 40 minutes of questions.

**Ms NEVILLE** — I will talk briefly about some of the achievements in this area over the 2006–07 period. Promoting seniors participation has been the big focus in the Office of Senior Victorians. We have continued our growth of the Seniors Card and the benefits it offers to Victoria's seniors. It is growing at the rate of about 60 000 new cardholders a year. We also have the maintenance of the seniors festival, which is one of our flagship events. Last year we had 313 events with an estimated attendance at our festival activities and events, including the use of the free public transport offer of approximately 375 000 seniors. This year will be the 25th year of the festival.

We also continue to acknowledge the contribution of significant Victorian seniors, men and women over 60, who have inspired us to make a contribution to our community, and we do this through the Premier's award for Victorian Senior of the Year and the Council on the Ageing Senior Achiever award.

We also place a big emphasis on better protecting senior Victorians. In 2005 we undertook some significant research in relation to elder abuse responses in Victoria and we committed last year to \$5.9 million over four years to initiatives, including establishing a statewide community education service and an older persons legal service. These initiatives will help develop our capacity to respond to this issue.

Mobility is also a critical quality of life issue for senior Victorians, particularly as people age and stop having access to driving. In 2006 we provided money over two years to a project to assist older drivers to maintain their mobility once they had lost their licence. We have also focused on mature age employment. Older workers are increasingly important for maintaining productivity as the population ages, and under our Positive Ageing program in 2005 we funded VECCI \$400 000 over two years to educate and inform the industry about the role older workers play.

Another important area for government has been investing in lifelong learning for older Victorians. Last year's budget contained a significant additional investment of \$1.2 million over four years to expand the University of the Third Age network and also to increase the membership base of the U3A program. As you can see from the graphs there, we have seen a natural growth up until 2006. We estimate a huge increase in the new U3A groups up to 2010, as well as in the second graph a huge increase in the membership of U3As, and we are expecting a growth rate of around 2000 new members per year.

Another significant achievement has been seniors Go for Your Life program activities which support local communities and relevant peak organisations to assist seniors in keeping active. A mid-term evaluation of the projects that we have run has found that we have had about 149 activity programs that have been conducted — walking, strength training, tai chi — and 11 000 people have participated in these projects. We have trained 200 fitness instructors to work specifically with senior Victorians. We have promoted the value of physical activity, and we have got over 300 organisations involved. This just points to some other areas that are the responsibility of other ministers but form part of an overall strategy to better support older Victorians.

Obviously we have some challenges in the aged-care portfolio in relation to the population ageing. For example, by 2051 Victoria can expect 125 per cent increase on today's figure — that is 2 million people aged over 60 years. The ageing of the population will be the most significant in the next 20 years. This, of course, provides some key challenges in terms of reaching out to socially isolated members, working with frail aged and how we continue to encourage senior Victorians to participate and be active in their community.

We will continue to provide a range of programs. A positive ageing program will run throughout the 07–08 financial year; an allocation of \$1.25 million will continue to promote seniors' participation through the Seniors Card and the seniors festival and also our support for U3A networking membership continuing throughout 07–08. We have also got a commitment of \$1.2 million to encourage and support seniors to continue to participate in physical activity through a range of Go for Your Life initiatives. And in the 07–08 period we will also have the statewide information education service under the elder abuse prevention project that will commence.

Some new initiatives in this year's budget include the men's shed; the government made an election commitment to fund \$2 million for an additional 25 men's sheds. DVC will be rolling out this program over the next four years

commencing in the 07-08 budget period. There will also be strength training, which is one of the best ways in which we can encourage older people to be active and also prevent falls and maintain their independence, with \$1.3 million from the Commonwealth Games surplus being available to fund the strength training in local areas. The money will be expended in the 07-08 budget. Also, there is just an indication of the other range of ways in which the government is responding to the challenge of an ageing population and ensuring that senior Victorians continue to participate and engage in our community.

**Mr SCOTT** — My question is in relation to Men's Sheds, which you just touched on in your presentation and it is also referred to in budget paper 3, page 247. What is the purpose of Men's Sheds and how do they support older men, Minister?

**Ms NEVILLE** — Many older men, particularly single men over 50, often lack places that provide opportunities for lifelong learning, for health and wellbeing opportunities, for volunteering and for social connection. A Men's Shed is a purpose-built, male-friendly environment; a shed where men within a local community can meet, participate in practical activities and support each other. Research indicates that there are currently about 73 Men's Sheds in Victoria that have been either established or are in the planning stages. Men's Sheds have a diverse range of origins but are generally linked to neighbourhood houses, to health services, to churches or local government organisations. Men's Sheds established in Victoria to date had been very successful in attracting older men who miss out on conventional health, employment, education and training initiatives.

Researchers in men's health have established that older men benefit from socialising and learning in settings that mainly comprise men and that have regular hands-on activities. Men's Sheds are ideal environments for programs for older men who may be experiencing health issues, social isolation, retrenchment or other life-changing experience. Research has also indicated that Men's Sheds play a very important role in drought-affected rural Victoria in assisting men who may be experiencing depression and isolation, to help them engage in health, employment and education initiatives.

The budget provides \$2 million over four years for an additional 25 Men's Shed programs. It will comprise infrastructure grants to construct the facilities which will improve older men's health. It will also fund capacity building and planning grants to establish a sustainable community-based Men's Shed that will be supported by community partnerships at the local level. Further detail on the application process will be available later this year.

**Mr DALLA-RIVA** — Minister, we had Minister Jennings appear before us the other week. We have received an email from Mr Ben Hart, chief of staff to the Minister for Community Services and Minister for Aboriginal Affairs, in terms of the ministerial responsibilities of Minister Jennings and Minister Neville, as requested by the PAEC chair, Mr Bob Stensholt. Minister Jennings was asked a question about how much within his portfolio of community services does he have of aged care. It was mentioned in the email, but he mentioned \$1.21 billion of direct budget responsibility.

I note in the email that there is a range of portfolios and you are the Minister for Aged Care. As a preamble, before I get to my substantive question, what is the total budget responsibility that you have as the Minister for Aged Care. If you do not know that, put that on notice, but I think you probably should have it on hand, as the other minister did? I also now refer you to budget paper 3, whilst you are looking at that calculation.

This is more a question on notice — you might be able to provide it in detail later on. Budget paper 3, pages 79 to 81, under 'aged and home care', and budget paper 3, pages 243 and 244, under 'seniors and veterans': Minister, can you explain in detail to the committee which areas of the aged and home care outputs and seniors and veterans outputs fall within your responsibility as the Minister for Aged Care, and what total amount of funding, as I indicated, is attributable to your responsibility?

**Ms NEVILLE** — As I understand it, the committee was provided with these details when the Minister for Community Services attended —

**The CHAIR** — That is correct, and on an overhead as well.

**Ms NEVILLE** — However, I am very happy to again go through the list of the areas of my responsibility. It is very important that the committee distinguishes between responsibilities for delivering residential and community services for older people requiring care and support and representation with government on other major issues that affect senior Victorians.

For older Victorians who require assistance in the task of daily living, the policy directions are to improve the quality of government residential and community care services and to foster more integrated and flexible local responses to the support and accommodation needs of clients. This is the responsibility of the Minister for Community Services.

There are further significant related whole-of-government policy challenges regarding senior Victorians. The structural ageing of our population presents major challenges. There are going to be not just more senior Victorians proportionally to the rest of the population but more people reaching very advanced ages. An increasing proportion of these seniors will be members of culturally and linguistically diverse communities, who as they age will have particular needs.

We are already tackling some significant issues affecting senior Victorians. These include protecting senior Victorians from the risk of elder abuse, improving age-friendly qualities of our local communities, encouraging healthy and active living for seniors and promoting the inclusion of seniors in Victoria's economy and social life.

In my capacity as the Minister for Aged Care I am focused on the whole-of-government policy agenda for population ageing and seniors programs delivered by the Department for Victorian Communities and the Office of Senior Victorians. This delivers a range of seniors access and participation programs. We have the Victorian Seniors Festival, which is a major undertaking; we have a ministerial advisory council on senior Victorians; and I am in process of appointing a new council. I am delighted that we have had such a wide-ranging set of applications from right across Victoria.

We have got the Victorian Seniors Card, as I have said. This is growing at about 60 000 per year, and now there are currently 900 000 seniors who have a card. We have the elder abuse prevention policy, which is another key initiative that is coordinated through the Office of Senior Victorians. We also operate the positive ageing program, which is making considerable progress in meeting some of the challenges of an ageing population.

The labour market is a critical issue to the economy and all of us, particularly to seniors. So structural ageing means that the proportion of people of working age will decrease as a proportion of the population. We have already undertaken one project with VECCI, and the Office of Senior Victorians is now working with employment programs within DVC to help redress skills shortages by promoting improved participation by older Victorians in the labour market.

Also this program is focused on the liveability of our local communities, and we are supporting local government to develop plans and actions to improve the aged-friendly nature of their communities. We have also the healthy and active living for seniors programs. We support a range of initiatives, like the strength training and gentle exercise programs, and, as I indicated, around 11 000 people through the evaluation had already participated.

We have life-long learning programs through the U3A development. I have just spoken about the men's sheds, so I will not go through the details of the men's sheds again. Our ageing policy agenda will increasingly focus on the measures government can take to foster social inclusion of senior Victorians and better respond to the risks of social isolation. One of my major responsibilities as minister is to help to build a more age-inclusive society, where seniors are valued and have ample opportunities to participate in community life.

In short, again reiterating what the Minister for Community Services would have indicated to the committee, the Minister for Aged Care is responsible for statewide seniors-related policy and seniors access and participation programs delivered through the Department for Victorian Communities. The Minister for Community Services is responsible for all matters relating to the policy, planning, funding and delivery of aged-care services in the state.

**Mr DALLA-RIVA** — So the bottom line is, on my understanding, around \$9.1 million?

**Ms NEVILLE** — Yes, \$9.2 million.

**Mr DALLA-RIVA** — So 9.2 for this year.

**Ms GRALEY** — Minister, I want to talk about this broad and somewhat curious term for us baby boomers, 'positive ageing'. I refer the minister to budget paper 3, page 243, where it mentions 'seniors grants'. Can you just explain to the committee what kind of initiatives and projects the positive ageing program and the senior grants program cover?



**Ms NEVILLE** — This project was initiated in fact in the 2004 state budget with a four-year allocation of \$5 million. The purpose is to promote improved quality of life for seniors, and it has done so by promoting change in a whole range of important areas. It supports strategies and initiatives that maximise the quality of life and recognition of senior Victorians. The strategies promote a more age-inclusive society, opportunities for participation, access to information and better understanding of the challenges of positive ageing.

The first three years of the program have supported a range of initiatives to a total of \$3.5 million. The age-friendly communities project, which is our largest investment, provided \$1.3 million to the Municipal Association of Victoria, with a further \$100 000 for an evaluation project. The MAV works in conjunction with the Council on the Ageing and the Office of Senior Victorians to provide grants to local councils for demonstration of projects that promote positive ageing and age-friendly communities. It is also developing tools for local government to help them successfully respond to the ageing of the population in their particular municipalities.

A unique feature of the program is its emphasis on sharing information between funded municipalities and other municipalities. The MAV has day-to-day responsibility for managing this program. We have also funded, as I spoke about briefly before, a workplace employer education partnership project with VECCI, which is a \$400 000 project. There was an education project aimed at small-to-medium businesses, trying to encourage them to attract, develop and retain their older workers.

We have also had a joint initiative with VICNET, which is run through the state library, to improve the internet take-up rate of senior members of our community. We have also had an Images of Age program, which has attempted to redress some of the stereotypical images of older people in the media and some popular misconceptions about ageing. It has supported over 20 theatrical and film projects and provided sponsorship at a cost of around \$220 000. The program also supports a number of smaller initiatives, like the Premier's financial literacy project for older Victorian women, which provided seminars for women in locations around the state as well as support for conferences and workshops on issues affecting older Victorians.

In 06-07 the allocation for positive ageing was \$1.25 million. We have completed the project with VECCI, and we are continuing to fund the MAV/COTA age-friendly communities project as well as some mobility projects with the Department of Infrastructure. We have also got a number of other projects that are in development. This is an important program within the Office of Senior Victorians, and it really is about changing the way that we see older Victorians in our communities.

**Ms MUNT** — Minister, I recently had the great pleasure of being part of the panel to choose the Ministerial Advisory Council of Senior Victorians. I can see a couple of other members of the interview panel here today.

It was a great pleasure for me to see how many senior Victorians actually applied to be on this panel and give something back to their community. We spent quite a deal of time, those of us on the panel, ensuring there was representation from various age groups, regions and ethnic backgrounds as best we could, and I came to a much clearer understanding of the work of the Ministerial Advisory Council of Senior Victorians.

I think it is very important, as an advisory council, for the minister to put forward the needs and views of senior Victorians, so I was wondering if you could please explain to the other members of the PAEC, who might not have the understanding that I have been privileged to gain, what is the role of the Ministerial Advisory Council of Senior Victorians and what we are expecting from that body over the next few years.

**Ms NEVILLE** — The Ministerial Advisory Council of Senior Victorians provides very valuable advice to the Victorian government in relation to issues of interest to senior Victorians and has done so for a number of years. The previous council's term expired on 24 November, and it was one thing I was very keen to re-establish when I was appointed as minister, so we went through a process of advertising this right across Victoria.

It has certainly been overwhelming in terms of the interest we have received from senior Victorians really right across the board. We received a total of 124 nominations, and they really were from a range of ethnic backgrounds, a range of skills and also a range of geographical locations, from small rural to large regional to metropolitan nominations.

They were advertised right across both mainstream and ethnic media, in the *Age* and *Herald Sun* as well as through all the regional papers and radio. Information kits were also provided to Victorian members of Parliament,

encouraging them to look for leading seniors in their local communities. Media releases were issued, and again that elicited quite a lot of interest in this process.

Just to give you a sense of the value of the ministerial advisory committee it might be worth touching on some of the things that it did in its previous life back in 2006. For example, it worked on some important projects around volunteering and provided some advice to the minister responsible at the time, based on findings from four community round tables that it undertook to better understand what it is that encourages or promotes volunteering in local communities, particularly among senior Victorians.

We certainly all know that senior Victorians play a very fundamental role in supporting our local communities through their volunteer efforts. The report and recommendations for actions were published on the council website and provided to all who participated in the consultation.

The council also played an important role in the development of our elder abuse response. It continued to co-host community forums with the Office of the Public Advocate to encourage senior Victorians to protect their rights through enduring power of attorney, relating to both financial affairs and medical treatment. It held forums in Cheltenham, Geelong, Melton and Morwell during 2006. Special focus forums were also held in Morwell for indigenous elders as part of NAIDOC Week and in Broadmeadows for Arabic-speaking older women in collaboration with the Victorian Arabic Social Services.

Other ongoing issues and activities that they have been involved in and representations they have made to government include issues around: accessible housing; maintaining mobility, through the Department of Infrastructure; as I said, the elder abuse advisory group; advice around the provision of HACC services; participating in the VECCI mature-age workforce project; the age friendly communities project with the MAV; and also the financial literacy project. So you can see they have had a broad-ranging impact and provided a range of advice on issues that government is responsible for.

**Mr WELLS** — Thank you, Minister. I refer you to the government's state election commitment of \$5.8 million for elder abuse prevention. In the budget estimates of 06–07 Minister Jennings announced that the funding allocation for elder abuse totalled \$5.98 million under the Supporting our Seniors initiative, yet in March 2007 *Promoting the Safety, Dignity and Independence of Senior Victorians* consultation paper published by the Department for Victorian Communities stated that funding for elder abuse would only be 2.64 million.

Can you provide to the committee how much was actually spent on elder abuse in 06–07? Why has the funding decreased from 5.98 to 5.8 million and now, it appears, down to 2.64 — where is the other 3.34? How many cases were actually reported in 2006, and when would you expect the community education and older persons' legal service to be in operation, considering that Minister Jennings said it would be in operation by the end of 2006?

**Ms NEVILLE** — In the 06-07 budget the government allocated \$5.9 million, which is over four years, to support prevention of abuse of older people. The budget included \$0.3 million to the Department of Justice for the establishment of the older person's legal service, and \$1.23 million was allocated to the Office of Senior Victorians for the statewide education service, whole-of-government coordination, professional education and support, information and revision of the Department of Human Services elder abuse prevention guide. It is a key priority in improving community awareness of elder abuse, which will improve the capacity to identify and respond to instances of elder abuse, which is why we are establishing this service.

Since the allocation of the funds, which total \$5.9 million, significant work has occurred on these initiatives. The Department for Victorian Communities in collaboration with DHS, Victoria Legal Aid and also Victoria Police has prepared an implementation plan which identifies the timetable for implementation of the key initiatives over the next three years.

A consultation paper on how to effectively combine the community education centre and the older person's legal centre was recently released in collaboration with Victoria Legal Aid, and we have received more than 40 submissions in response to this, which will inform the tender documentation.

The consultation process leading up to the tender has been complex due to the decision to combine both the community education service and the older person's legal service, and the tender for the combined service is scheduled for June of this year.

In tandem with the establishment of the combined service, a three-year communication strategy is also currently being developed. The Department for Victorian Communities has been working with the Department of Human Services to review the elder abuse prevention guide, and this will be an important component of our community education process.

We are also currently investigating the most effective ways to promote the development of local area networks, including the use of existing networks such as family violence, the centres for sexual assault, and primary care partnerships, to provide more coordinated and collaborative approaches.

In relation to the expenditure in this financial year, we will take that on notice and provide details to you.

**Mr WELLS** — It sounds like a lot has been spent on the bureaucracy; we have not had any cases reported through this system yet?

**Ms NEVILLE** — As I indicated, this system has gone through a consultation because it was felt, after the initial consultation, that we needed to combine the services, that that was going to respond best to the needs of older people who are at risk of abuse, and that both through that process of submission and consultation, we are close to being able to release the tender documents which will be in June of this year.

**Mr WELLS** — So from June this year, will people be able to start reporting cases of elder abuse?

**Ms NEVILLE** — A tender is scheduled for June of this year.

**Mr WELLS** — The tender? So we are still not sure when older people will be able to report abuse?

**Ms NEVILLE** — The tender is scheduled for June, and the service will be up and operating following the awarding of the tender.

**Mr WELLS** — Okay.

**Mr PAKULA** — Budget paper 3, on page 243, makes mention of the Victorian Seniors Card program. I am wondering what achievements there have been and what benefits you see the card providing over the forward estimates period.

**Ms NEVILLE** — As I indicated, the Seniors Card is extremely popular. There are currently 900 000 Seniors Card holders in Victoria. This is 95 per cent of eligible applicants, so it is a very well supported program that the government provides, and each year it grows at a rate of around 60 000. It provides a number of benefits, for example public transport benefits, access to discount seniors day tickets on the metropolitan transport system, concession rate fares for shorter trips, 50 per cent off senior trips on V-Line services, and additional discounts of up to 65 per cent on off-peak travel three days a week.

Seniors off-peak travel vouchers for two return trips anywhere in Victoria on V/Line-ticketed rail and coach services are also provided if you are a Seniors Card holder. We also provide free public transport on Sundays within metro Melbourne, and on the bus networks in Bendigo, Geelong and Ballarat. Also free public transport is provided during the Victorian Seniors Festival, on both the Met and also selected regional and local bus services and V/Line. The free travel vouchers concession travel at any time on V/Line services and free public transport on Sundays was introduced last year and is funded by the Department of Infrastructure; again, those programs have been are extremely well taken up.

Other benefits provided if you are a Seniors Card holder in Victoria include discounts at over 3000 participating businesses, and free entry to Scienceworks, the Melbourne Museum and the Immigration Museum. We also have free fishing in Victorian waters for Seniors Card holders and many senior Victorians welcome that, as a lot of them are recreational fishing people.

The Seniors Card and its benefits are promoted to seniors through a whole range of mechanisms. Directories of discount providers are mailed on a regular basis to Seniors Card holders, providing them with up-to-date information on the benefits that they can receive from having a card: the latest edition of the Metropolitan Retail and Services Directory and also the rural and regional retail and services directory were mailed out to over 580 000 Seniors Card holders last year.

Also monthly listings of new businesses that are joining the program are in the two major seniors newspapers, which are very well-read papers — *50-Plus News* and the *Victorian Senior* — and we have a monthly calendar of events in the *Victorian Senior* newspaper, and also we have a website. As I said, the Seniors Card provides a lot of benefits to seniors and that is illustrated by the take-up rate and the participation rate in the Seniors Card program that we operate.

**Dr SYKES** — Minister, my question tends to follow on from the presentation you have just done. It relates to maintaining the mobility of aged country Victorians. I just pick up on public transport — and I have raised this with the transport minister. First of all, in relation to seniors travelling to Melbourne for example for the Seniors Festival, I had a lot of concerns raised with me last year, as did my colleagues, about the relatively low number of seats available on the trains to get to the festival. So in principle the offer was there but in reality it was difficult to take up.

Secondly, with people further away than, say, Seymour, Ballarat or Bendigo, the travel times are such that it is often necessary for someone, to attend a festival activity in Melbourne, to either come down the day before or return the day after. So there is a need to fill a gap, ensuring that those concessions consistently apply the day before and the day after, not needing to be put in place after there are clamours from the bush. Equally there were issues raised by me with the minister for transport in relation to the train scheduling and frequency that impact on the ability of country Victorians to take advantage of off-peak travel concessions.

One other issue that is causing concern is the issue of the multipurpose taxi program, which has been through some changes and generally, after a bad period, has come back to being better. Interestingly the lack of availability of public transport in country Victoria is not a criterion for the frail elderly being able to access the multipurpose taxi program. I would suggest if that was included, that would achieve your objective of enabling people to age and live independently for a much longer time.

I guess my question to you, Minister, is: will you take on board the issues that I am raising and ensure appropriate policy adjustments to ensure that what I believe you are intending to achieve is in fact achieved for country Victorians; and, if necessary, will you allocate what I would consider relatively minor additional sums to the budget to ensure that Victorians get the same deal as their city colleagues?

**The CHAIR** — Minister, insofar as you can answer, given several other portfolios are involved.

**Ms NEVILLE** — That is right. There are a number of issues that touch on other responsibilities. Those services are the responsibility of other ministers, particularly in relation to the minister for transport.

**Dr SYKES** — But there is an underlying principle in your portfolio of looking after the interests of the aged.

**The CHAIR** — The minister accepts that.

**Ms NEVILLE** — As I indicated earlier in my presentation, the Seniors Festival is a well-patronised event every year. I think about 370 000 people participated in events during that period. They were people from right across Victoria. So they are participating in local communities and sometimes also participating in Melbourne. Again, like in previous years, Senior Card holders last year were able to travel free on all metropolitan services and some selected regional bus services and V/Line services during those periods of time over the five-day period.

As I said, 375 000 people is the average attendance that we received last year. There were certainly some congestion issues because of the number of people who were participating in the Seniors Festival particularly on the V/Line network which is, in a sense, a good news story. People from across Victoria want to come together here in Melbourne and participated and enjoy their activities that we have on offer as part of Seniors Week.

This year we will be doing some work to emphasise to seniors intending to travel during Seniors Week that it would be advisable to book ahead where they can. Often people are planning their journeys so to book ahead and actually get —

**Dr SYKES** — Are you going to increase the number of seats though or is it going to be first in, best dressed?

**Ms NEVILLE** — We are trying to encourage seniors to book as early as possible to ensure they get allocated a seat. This is the work that we are — —

**Dr SYKES** — So there are no new seats?

**The CHAIR** — So it is first in, best dressed, is it?

**Ms NEVILLE** — The Department of Infrastructure is aware of the capacity issue so it is something we have certainly raised with it and some of the challenges along Victoria's transport during the time of Seniors Week. We are trying to encourage seniors to take advantage of this free transport during that time and participate in a festival, but also make sure that they are able to book ahead so that they actually get a seat on the service that they require.

Broadly in relation to mobility issues, it is something that the government has taken seriously. I spoke a little bit about the projects that the Office of Senior Victorians has been involved in in terms of mobility issues. We have certainly contributed money to other projects like transport connections, which is a project that is jointly funded by the Department of Human Services and the Department for Victorian Communities.

This funding supported some pilot projects in rural and regional Victoria in local government areas, with particularly higher levels of an ageing population. This was about looking at alternative mechanisms to connect local communities to ensure isolated older members of our community were able to use a method of transport to bring them to social activities and recreational activities.

The pilot found that through the pilot process, it was able to develop and trial a whole range of different transport services. We were able to improve access to information about little local transport solutions and improve coordination between local agencies to improve their access for people who have poor transport options.

In relation to the broader projects that you referred to like access to public transport, it is the responsibility of the Minister for Public Transport. I suggest that the committee directs those questions directly to the minister responsible. However, I will say that obviously the Office for Senior Victorians will continue to be interested in the broader policy issues around mobility for older Victorians. We know that the more active and engaged older Victorians are in the community, the better their health and welfare outcomes are.

**Dr SYKES** — Can I take that as a yes? The issues that I am raising with you are currently — we will call it — fine tuning of some of the policies that you have in place. Will you take those concerns on board and if you need more information, will you come back to me or other members representing country electorates?

**Ms NEVILLE** — Certainly, we will continue to have an interest in these issues. Like I indicated, the ministerial advisory committee continued to provide advice on this matter last year and so certainly like the office responsible for senior Victorians, in all of these areas there are issues in which we have an interest.

**The CHAIR** — Thank you, Minister. It is good to see you have mechanisms for continuing to develop policy for aged care.

Just a few things: there is a question on notice here regarding the Seniors Sunday Pass, which I will pass to the secretariat. I would like perhaps Mr Gregory to do a bit of homework to reconcile table 2.10.1 in budget paper 4 regarding output appropriations with what is in the output summary in budget paper 3 at page 235. I do not want an answer now, but he can take it on notice.

I have also asked in the past for departmental responses in regard to what services they expect to provide, both in terms of resources and staff, in servicing this committee next year, bearing in mind our experience over the last few years.

That concludes the consideration of budget estimates for the portfolios of mental health, children and aged care. I thank the minister and departmental officers for their attendance. It was a good session. Where questions have been taken on notice, the committee will follow up with you in writing at a later date, and we would like responses to those within 30 days. They will be used and taken into consideration for the further reporting of this committee to Parliament.

**Committee adjourned.**



## **Transcript of Evidence**

### **12.11 Employment portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*





## **Transcript of Evidence**

### **12.12 Local Government portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 17 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 R. Wynne, Minister for Local Government;  
Mr Y. Blacher, secretary;  
Ms P. Digby, executive director, local government, employment and adult education division; and  
Mr S. Gregory, chief financial officer, Department for Victorian Communities.

**The CHAIR** — I call on the minister to give a presentation of no more than 5 minutes on the more complex financial performance information in relation to the budget estimates for the local government portfolio. I commend your previous presentation, which actually did concentrate on the estimates, and I sent a message around to ministers who are due to come up that we really need in the presentations to focus on what is coming up in the future rather than on a long record of what has been achieved in the past.

**Mr WYNNE** — Good, thanks very much. I think I am clear on my riding instructions, Chair.

**Mr DALLA-RIVA** — Let's go on your achievements of the past for a start.

**Mr WYNNE** — No, I am only looking forward, Chair. Thanks to you and to the committee for the opportunity to present in the local government portfolio. My presentation will cover the achievements of 06–07 and the priorities for 07–08 for the local government portfolio.

#### **Overheads shown.**

**Mr WYNNE** — The first slide here and the next deal with the portfolio's achievements. They are reasonably self-evident for you. But I do not intend to speak to those slides in any detail. The output targets for 2006–07 in budget paper 3 are expected to be met, but I am happy to answer any questions on those achievements as we go forward. The second slide that I have up there indicates the achievements for 2006–07, and, as I indicated, I would happy to talk further about those.

The priorities for 2007–08 are really the areas that I would like to concentrate on, and there are four of these, as I will go through. The first is better councils, the second is more democratic and accountable councils, the third is joined-up government, and the fourth is empowering local residents and communities.

In the budget the government announced \$4.7 million over the next two years to really undertake a significant reform program in partnership with local government. I guess if this government is on about anything, it is on about a partnership with local government, and I will want to talk about that a bit further in the presentation. We will do this initiative with the MAV and Victorian local governments generally. We hope to produce tangible benefits for Victorian communities by reducing the cost to councils doing business.

There are three main areas of focus. The first is minimising red tape and bureaucratic impact on local regulation of business — really fundamental reform in my view; secondly, councils joining together to deliver services more efficiently, and thirdly, identifying areas for more cost-effective procurement of councils, goods and services. That is potentially, I think, one of the most exciting opportunities that is available to us.

A second area I wanted to briefly touch on is councillor development and conduct. As we know, many of us have been in local government, and we certainly have a close interaction with local government. The role of councillors is a complex task. We have already allocated \$20 000 to work with the peak bodies to improve the quality of councillor training and explore opportunities for further accredited training for councillors as well. Indeed I would submit to you, Chair, that the vast majority of councillors act in a professional and ethical fashion. I think that is beyond dispute. But occasionally we do get instances where misconduct does affect good governance. We should be up-front and acknowledge that that is the case. But I am committed to establishing a mechanism to address councillor conduct. I am currently exploring options with the two peak bodies, the MAV and the VLGA, as to what really should be the appropriate mechanism to help assist local government and councillors generally in that regard.

Mayoral and councillor allowances is the next matter that I wanted to address. As you know I have announced the establishment of a local government councillor remuneration panel to review current remuneration arrangements and resources to support elected leaders. It is a very good initiative.

**Mr BARBER** — Kind of like the ones state MPs have?

**Mr WYNNE** — You will get your go.

**Mr BARBER** — The Greens support you.

**Mr WYNNE** — Good work! The members of the panel are Liz Roadley, who, of course, will be known to us; Mr Mildenhall, former member of — —

**The CHAIR** — Former legislative counsellor — —

**Mr WYNNE** — Former local councillor, former mayor of the City of Footscray; Joanne Anderson; and Bruce Hartnett. I am keen that the panel report before the end of this year so that the councils can ensure that their budgets accommodate whatever future increases, and so that anyone who is proposing to run for a local government knows what the likely remuneration package would look like.

I now want to move on briefly to joined-up government and empowering local residents and communities. My predecessor, Candy Broad, did a fantastic amount of work in getting signed a national intergovernmental agreement in April 2006. The agreement clarifies how the commonwealth, states, territories and local governments will work more effectively together. We are currently working with the MAV to establish a Victorian state-local government agreement vehicle which applies the IGA principles in Victoria, and we hope the agreement will be signed later this year. It is quite an important headline initiative that we want to have with the MAV.

Community planning is the next area that I want to briefly touch upon, and it is essential that we ensure communities have a proper say in priority setting for local government and therefore we want to support local governments to build their community planning capacity. A priority for us over the next 12 months will be to support councils to learn from each other what works and what does not in engaging their communities. It has been a very interesting exercise. I will not talk about that now, Chair; we might go into that in our discussions.

**The CHAIR** — You have only got 5 minutes, remember.

**Dr SYKES** — Surely you have got Dorothy Dixers that will carry you over?

**Mr WYNNE** — Possibly so, Dr Sykes; we may not, but I am keen to talk about that — —

**The CHAIR** — Minister!

**Mr WYNNE** — We will provide \$150 000 to document best practice in community planning processes. Neighbourhood houses: we are all fans of neighbourhood houses; they are a great cornerstone of strong local participation in our community. What a sensational record this government has in neighbourhood house support. Record increase in recurrent funding — 62 per cent increase in 2006-07, continues in 2007-08, with \$5 million over four years available to neighbourhood houses to help them relocate or refurbish their premises.

Last week I was in Altona to celebrate Neighbourhood House Week and to announce a new neighbourhood house foundation grants program at the Louis Joel neighbourhood house in Altona. We will be providing small one-off grants which will be provided to a number of organisations that do not receive coordination funding and, importantly, up to eight of those unfunded houses will be able to receive recurrent coordination funding. I will be announcing shortly details of how the unfunded neighbourhood houses can access the funding.

Libraries: again I was down in Wyndham announcing the opening with the Minister for Roads and Ports, Tim Pallas, of a fantastic joint venture at Wyndham, a redevelopment of a major library down there. So frankly if you are a granny or a baby or a family, libraries are the place to learn and connect with your community. Record recurrent funding, again \$30 million; an additional \$15 million will be available over four years to extend our successful Living Libraries program, I indicated the great work we did at Wyndham. Six million over four years for the Premier's reading challenge — what an extraordinary program the Premier's reading challenge is!

**Ms GRALEY** — It is fantastic!

**Mr WYNNE** — An unbelievable program! A very simple idea: engage kids in reading. Kids now believe it is cool to read. My kids are in it. It is a sensational program taken up across all primary schools both public and private. It is a wonderful program and one that we can be really proud of! I could go on forever about that, but I will not.

**The CHAIR** — No, Minister, we are drawing to — —

**Mr WYNNE** — We love the libraries, that is all I want to say at this stage and I am happy to answer any questions that you have got Chair on the local government portfolio.

**The CHAIR** — Thank you very much, Minister, for that introduction. I just want to take up one of the latter points that you mentioned on neighbourhood houses. Like many other members, we have quite a few in our local area and they perform a wide range of services. You mentioned on page 247 of budget paper 3 all the outputs there for neighbourhood houses and I think there has been some change this year with respect to those sorts of outputs.

**Mr WYNNE** — Yes.

**The CHAIR** — I would like you to tell us a bit more; what is happening in the future with neighbourhood houses?

**Mr WYNNE** — We have all got neighbourhood houses in our areas and I think any one of us who is engaged with neighbourhood houses would say what a fantastic community asset they are. They are absolutely located at the core of community strengthening and in that respect this government recognises that and it is a great record. We have invested heavily in neighbourhood houses and will continue to do so. Recurrent funding of 18.5 million will be provided in 2007–08. It follows an increase of 62 per cent in the recurrent funding — a huge increase in 2006–07. That increase was used to deliver a 25 per cent increase in the rate of pay to neighbourhood houses per hour of coordination. It was a continuing bugbear, the rate of pay for the coordinators and support staff.

**The CHAIR** — I attended a few rallies in that regard myself.

**Mr WYNNE** — Indeed you and I were both there, Chair.

**Ms GRALEY** — Me too.

**Mr WYNNE** — I think Mr Barber may have been at that rally as well. There were a few of us there, and I think maybe Mr Wells may have been there. There were members of the Liberal Party there as well. What it did was to show the wide support there is for neighbourhood houses on a bipartisan basis. They do provide fantastic support to the community. We also had an increase of 34 per cent in the total hours of coordination funding; so it is both wages and coordination funding. It does put neighbourhood houses on a really strong footing now in terms of their ongoing financial sustainability.

In that respect there are a whole variety of neighbourhood house that do all sorts of different but very interesting and stimulating work. In my own area — and it is probably not the best thing to single out a particular neighbourhood house — the Fitzroy Learning Network, along with other neighbourhood houses, was really critical at a whole range of points in terms of how support was given to refugees and asylum seekers. They did a fantastic job around that, and all power to them.

Other neighbourhood houses have done wonderful work in terms of adult education, access to computer facilities and retraining opportunities, but for many people it is about the drop-in capacity, the sense in which the neighbourhood house is a place where you can drop in, have a cup of tea, be a part of a community setting and access activities that might be available there. One of the interesting things I have observed is in Geelong, in Corio and Norlane only a couple of days ago, a really interesting collaboration has occurred where a whole range of other community services have joined in with the neighbourhood house. There is the Smith Family and I think a couple of other welfare organisations. Dental Health Services Victoria is in there. It is very interesting. So there is an opportunity for cross-fertilisation, for want of a better word, with the neighbourhood house being at the core of the activity. I think that is a really exciting opportunity, and it one of the ways to go forward. I did indicate as well —

**The CHAIR** — You mentioned new initiatives.

**Mr WYNNE** — I did indicate, Chair, that a further \$5 million over four years is provided in the budget to extend our Modernising Neighbourhood Houses Program, and that is a good thing. The other aspect of it is the opportunity for a number of unfunded neighbourhood houses, through a bidding process, to get some coordination hours, and we will be announcing that shortly.

**Mr DALLA-RIVA** — On the neighbourhood houses, because it is an important issue, is there any proposal for building new neighbourhood houses in a sort of McNew residence or McNew areas. As was raised

today, there was the issue about the expanding new regions, and there was comment made by the planning minister about these areas being — —

**The CHAIR** — I do think — —

**Mr DALLA-RIVA** — You know what I mean. It is a relevant issue in terms of the areas —

**The CHAIR** — I do know what you mean, and I think you will find that developers often turn their display centres into a neighbourhood house.

**Mr DALLA-RIVA** — Is there any proposal in terms of McNeighbourhood houses coming online?

**Mr WYNNE** — We have an interesting widespread allocation of neighbourhood houses now and, as the Chair indicated, often in those growth areas civic spaces are created.

**The CHAIR** — With the council.

**Mr DALLA-RIVA** — Yes.

**Mr WYNNE** — Sometimes councils get involved in that process as well, and they will have an opportunity to be part of any future program that occurs, but I think what this program is about is supporting the existing neighbourhood house structure.

**Mr DALLA-RIVA** — I understand that, I was just saying: is there anything in the forward estimates in terms of that, Minister?

**Mr WYNNE** — No. But I think there are potentially some very interesting opportunities that will arise through the government's massive program of capital works around schools. Opportunities might arise out of that in terms of joint library facilities potentially, possibly supported through some neighbourhood house outreach activities as well. I think the answer, Mr Dalla-Riva, is potentially that there is quite an interesting opportunity particularly in some of those growth areas for that more cooperative whole-of-government approach.

**Mr DALLA-RIVA** — We have heard that from other ministers as well.

**Mr WYNNE** — Yes.

**Mr DALLA-RIVA** — I thought that was a good idea.

**The CHAIR** — We will ask Minister Madden as well. I know some of the structure planning in regards to Melbourne 2030, whether it is on the outer areas or some of the infill large projects — —

**Mr DALLA-RIVA** — It is good cross-pollination.

**Mr WYNNE** — Absolutely. I was up in Nathalia where we opened a library complex, which was supported by the government. That was a really interesting example of where they had moved the library around from a site that was off the main street into the main street of Nathalia. They incorporated in there child-care facilities and a maternal and child health nurse, and also there is a playground and a skate park at the back of it. That will become a neighbourhood hub.

I think that is quite an interesting concept, where you integrate a range of key community support activities within the one area, so you can have the library, maternal and child health and some child-care facilities in a more holistic way. I think that is really what we are trying to achieve. What John Lenders, the Minister for Education, is attempting to do through enhancing the government's education investment is potentially one of the most exciting and innovative projects we are involved in. Neighbourhood houses ought to be a part of that.

**Mr WELLS** — I refer to budget paper 3, page 433, the second paragraph, which talks about the government grants to local government that are expected to increase by 7.5 per cent:

The difference between the 2006-07 revised budget and the 2007-08 budget primarily reflects the government's significant drought response and bushfire recovery support to local government ...

Can you tell me the breakdown between the drought relief and the bushfire relief, and what it is expected to be at this point over the forward estimates period? Just those figures. It may be a question on notice.

**The CHAIR** — Maybe the minister can answer now. You are a member of one of the committees dealing with this.

**Mr WYNNE** — Absolutely. I was a member of the bushfire task force, and I travelled, as you know, Mr Wells, with the task force to pretty much all of the bushfire-affected areas. It was really devastating for some of those communities which have suffered the impact of both drought and bushfire. For someone who has come from the city, although I do have a long association with the Benalla area in fact, when I visited both Benalla and Mansfield, and Dr Sykes was with me in Mansfield, one of the most striking things about it was both the scale and the ferocity of bushfire. I had not experienced it.

It was really quite shocking to see the complete wipe-out of areas effectively from Benalla–Mansfield essentially down to Lakes Entrance. It is a huge area; it is an unbelievable area of fire. So that is the first thing to say.

The second thing was the extraordinary role local government played; it was quite an extraordinary role. Dr Sykes and I were together in Mansfield at a public meeting which we held to talk to the community about their concerns — this was in the middle of it — and how they were seeking to cope with the bushfires. The most interesting thing was how important local government was to the community. As that level of government is closest to the community, the community reached out to their local government.

I remember the mayor, Sandie Jeffcoat, and the CEO talked to the task force. They were clearly out on their feet; they were exhausted. They had had 3, 4, 5 community meetings every single day for weeks on end with CFA and DSE staff as well to give a consistent message to their community about what the situation was, what sort of supports were going to be available and what they should or should not do around their fire plans and various other activities. It was a really powerful reaffirmation of how important local government is to those communities particularly in times of crisis. Not just to name Mansfield or Benalla but indeed all of the local governments that we visited — it was really quite a profound message that came out of that. In my view local government can stand tall; in a time of crisis they were there and they were there for their community.

Things that were really important to them included the community hall. If you were in a small, rural hamlet out of one of the major towns in an area, the community hall became the rallying point, the place where you knew you needed to go to get information, and it could be critical information about today's fire or weather conditions or whatever. It had quite a profound effect on me that simple things like a decent, accessible community hall is really important to the social cohesion and how a community continues to function both in times of crisis and later on through the recovery process. So in that respect I learned a lot from that process.

I am happy to go through in detail the two aspects of the drought and bushfire recovery program, Mr Wells, or I can provide that to you later, but the two headline numbers are 157 million allocated on drought response, and 138.5 allocated to the bushfire response, and I am happy to provide the — —

**Mr WELLS** — Is that over the forward estimates? Those figures relate to which periods?

**Mr WYNNE** — 06–07. I am advised by the secretary that some of that is 06–07, 07–08.

**Mr WELLS** — Okay.

**Mr WYNNE** — And we are happy to provide that to you.

**The CHAIR** — Thank you very much for that, and as I said, some of the notes on page 433 have some regard to grant payments on drought and bushfire-related programs also into the future, particularly community sports grounds.

**Mr WYNNE** — Again, Chair, can I touch upon that because that was another important message. Dr Sykes perhaps more than anybody else has who comes from a rural setting would know the importance of the sports grounds. It is not just rural, but the drought has had a significant impact in relation to the capacity of sports grounds to cope, and again, if there is a message for us in this it is that sporting facilities are an absolutely fundamental part of the cohesion of our communities.



We have in place a good strategy — the 1 in 4 — in terms of being able to water their grounds. Local governments have done a fantastic job in supporting their communities around that, but again the community hall, the local football, netball — —

**The CHAIR** — Tennis

**Mr WYNNE** — Tennis-type activities — they are part of the glue that makes communities stick, keeps communities together, keeps them vibrant, keeps them socialising and it was a really powerful message for me as the Minister for Local Government.

**Mr PAKULA** — On page 237 of budget paper 3 I am looking at the total output costs for local government sector development. It was 38 million in 05–06 up to 41.4 expected in 06–07, a target of 43.5 for 07–08, and I note that that does not include neighbourhood houses. I am wondering about the impact on those figures of the level of commonwealth government funding for local government.

**Mr WYNNE** — I think it goes to a question I suspect Dr Sykes might want to ask later, so I do not want to pre-empt it, but of course it is fundamental. It is about the commonwealth government's responsibilities to local government. I would submit clearly, Mr Pakula, that the funding from the commonwealth to local government is simply inadequate.

**Mr BARBER** — Kevin Rudd will sort that out.

**Mr PAKULA** — With your second vote!

**Mr WYNNE** — I have got to say, Mr Chairman, that I am welcoming the support of Mr Barber and the Greens in relation to their support of Mr Rudd and of the Labor Party. We very much look forward to their continuing endorsement of his — —

**The CHAIR** — I am sure we are looking forward to them more often voting with us in the upper house too.

**Mr PAKULA** — I would not bank on it lasting!

**The CHAIR** — Minister, on the answer to the question, please.

**Mr WYNNE** — Mr Chairman, I am under provocation here. The funding is inadequate. In the 2007–08 budget we estimate \$410 million will be provided by the commonwealth for allocation to Victorian councils through the Victorian Grants Commission process. We want to make sure that that process takes care to ensure that the allocation between Victorian councils is as equitable and transparent as possible.

You have got to go back historically, Mr Chairman, to understand the context that we are in. The commonwealth used to provide through financial assistance grants to local government 1.02 per cent of commonwealth tax revenues. It is now down to 0.66 per cent. That means that Victoria is behind by about 205 million per year. That is the simple reality of the situation.

I was in New Zealand with ministers for local government and planning a few weeks ago where we tabled work that had been done by my predecessor, Candy Broad, who had done a fantastic job in terms of seeking to get states to develop a consistent framework for how you measure local government performance and putting that proposition forward to the commonwealth through the Australian Local Government Association as a new way of thinking about how you provide financial support to local government.

The Australian Local Government Association submitted that through the COAG process a few weeks back, and presumably, and hopefully, the commonwealth is considering that proposition. But I would indicate that the federal minister, Mr Lloyd, when he was challenged — as you would expect us to — by the states saying, 'Where are you in relation to this clear funding discrepancy?' pointed to the Roads to Recovery program as being a direct initiative that the federal government had provided to local government. We say, 'Yes, that's right. It's terrific. We think the Roads to Recovery program is a good program, particularly in rural and regional settings, and that is a good thing, but that cannot supplant the core funding to local government'.

It is not one or the other. Our argument is simple: you have to increase the core funding to local government to make it sustainable and do the Roads to Recovery program as well. If you want to tag funds, that is fine; we do not have a problem with that as a state, and indeed I think there was a modest increase in funding in the Roads to Recovery program in the last federal budget. But for some of our rural councils the financial assistance grants are a really significant amount of money. In some of our small councils it is between 20 and 25 per cent of their revenue, so it is not a small amount. It does have a significant impact upon them. I will continue, as I must as Minister for Local Government, to advocate with the commonwealth that we need to get a better deal.

**Dr SYKES** — Minister, I am enjoying the interaction with you, but I am under strict supervision from the Chair to stick to only one question.

**Mr WYNNE** — Be provocative; I don't mind.

**Dr SYKES** — But I do flag that I will be coming to you to talk to you about bushfire-related finance for local government, which I have raised with the Treasurer.

**Mr WYNNE** — That is fine.

**Dr SYKES** — And there are also some issues on sportsground funding. My particular issue that I would like to raise with you today is the impact on local government income of the government decision to unbundle water rights from properties. The background to this is that council rate bases will be significantly reduced due to the unbundling of the value of water from properties in about eight municipalities. This will reallocate the burden of property rates from irrigated farmers to dryland farmers, commercial properties and residential communities. In dollar terms it is about \$6 million a year. Seven of the councils involved have actually put up a proposition for your consideration suggesting that there be a pool of funds — about \$16 million — to allow the phasing-in of this new arrangement to moderate the impact on ratepayers. My question to you is: what is your response to that proposal by the affected local governments to assist them in making the transition? What do you have in mind to assist them?

**Mr WYNNE** — Thanks, Dr Sykes, for the question. I recently met with the shire of Moira where the council, as you would expect, raised these concerns. They feel very deeply about these issues; it is a large irrigation area. I would indicate that they were very strongly supportive of the government's position in relation to the broader water strategy that is being pursued by the commonwealth. We are looking to get the best outcome for our irrigators in Victoria, and you know that.

**Dr SYKES** — We actually gave you some of the ideas to think about.

**Mr WYNNE** — You may have. The commitment of this government, as you know very well, is to ensure that we get a proper deal that protects Victorians through any future arrangements that occur with the commonwealth and other states.

I do understand the changes to municipal land valuation as a result of water unbundling, and they will have an impact on the distribution of rates across the municipality. As you know, the Water (Resource Management) Act 2005, which we passed in the spring session, allowed time for councils to plan for these changes by not introducing water unbundling until 1 July 2008, so we have given that period of phase-in, in effect, to happen. In relation to the matters that you raised regarding the seven councils, my understanding is that that proposal is being considered by the minister for water. I think that proposal was submitted to the minister for water.

**Dr SYKES** — My understanding is that it is a local government issue.

**Mr WYNNE** — But obviously there is a connect between them, and I will certainly talk to the minister for water about that. The Department of Sustainability and Environment is working with the MAV in undertaking a project to assist affected councils develop appropriate strategies to manage this change. We are alive to it; we are in the process of trying to understand that. There is a two-year phase-in period. Certainly I got a strong representation from the council of Moira in relation to their particular and acute situation as they see it. I am happy to follow-up in relation to the seven councils. That proposal certainly has not come to me yet. I am happy to take it on board. I will talk to my colleagues further about it. It is an issue; there is no doubt about that.

**Mr SCOTT** — I am aware time is getting away from us, so I will keep my question brief. Could I ask the minister to provide further details on the funding to be provided to Victorian public library services in 2007 and 2008?

**Mr WYNNE** — Thanks very much, Mr Scott, for your question. As I indicated, I was in Wyndham the other day. There is a joint project for funding down there. It is one of a whole list of semi-projects that has been funded to date; \$16.5 million has been already funded under the Living Libraries program. This is a sensational investment by the government, again in the core activities of libraries becoming learning centres and places of social interaction. That library was a really interesting example. It is a very large library. If you looked at what was available you essentially had segments of the library allocated to various activities that the community could engage in. It has a very significant 20-terminal computer access area. I was down there at about 12 o'clock in the day and there were older people working on the computers; mums with children were working on the computer terminals. The library has a fantastic CD/DVD library network. That library is turning over 50 000 books a month. Huge numbers of books are going in and out of that library, and that is in a growth area. It has a study area for high school students who maybe do not have the capacity, opportunity or facilities at home to study quietly; an older persons reading area, with big-print books; and a children's area. The library is essentially a community hub.

I wanted briefly to go back to that earlier question that I raised of the capacity for the state investment in schools to be used in so much more creative ways with libraries. I reckon for us it is about changing our mindset and saying, 'Why does the school operate between 8.15 and 3.30?'; 'Why isn't that a community hub, a community facility, that is linked the library, maybe linked to a swimming pool, maybe linked to neighbourhood house, maybe linked to other community health services, or a kindergarten?'. They should not necessarily be stand-alone, but they should play a broader community role. That is, I think, the sea change and the new mindset that we have to think about and take those opportunities. That is where local government is absolutely fundamental to it. It is around that local planning process and about local government informing us as a state government about, 'Here's an opportunity where we can work collaboratively together'. That is an opportunity; whether it is in a growth area, as Mr Dalla-Riva asked me about earlier, or a more established area of the metropolitan area, this is going to be a sensational outcome for us in the future. I am talking about real change in the way that we view the state's assets — our assets, the community's assets.

In that context, just briefly, \$35 million will be directed to public libraries in 07-08, an increase of 5 per cent over last year; recurrent funding of \$30 million, which includes indexation for population growth, as well as inflation; \$6 million over four years to assist libraries to purchase books that are part of the Premier's Reading Challenge. I am not going to go on about that again. I will just say it is a sensational program. If you engage young people in reading, you engage them for life. The rich joy of reading nourishes the intellect and your spirit, and that is just a wonderful, wonderful outcome.

That funding will enable libraries to increase the number of books they hold, with the 4000-plus titles on the reading challenge list; and 5 million of this spending will go to public libraries, with \$2 million distributed in 2007-08, and 1 million will be allocated to school libraries as well; and, as I indicated earlier, there will be 15 million over the next four years to extend our Living Libraries program. We hope that will refurbish another 45 libraries. They are joint-venture arrangements, often almost exclusively with local government, and that is a fantastic outcome. It builds on the 16.5 million that we have already invested for 70 projects. So another 45 libraries across the state will be accessing refurbishment funds, and let us look at those other opportunities that we can with education.

**Mr RICH-PHILLIPS** — When the Minister for Education appeared, he was very strong on the issue of joint-use facilities and actually went as far as saying he could see no reason why local governments would build new libraries to operate them solely by themselves. Is that your position with the funding that is provided for Living Libraries, that they should be joint-use facilities?

**Mr WYNNE** — No, not at all. Indeed the Minister for Education has been absolutely fantastic on this. He said that here is an opportunity. A couple of months back early on in my term as the Minister for Local Government we held a dinner and a forum the next day where some of the ministers who directly impact and work with local government in a very systemic way came together to talk with local government. There was obviously myself; the Minister for Education was involved, the Minister for Community Services was involved, the Minister for Sport, Recreation and Youth Affairs was involved.

**Ms DIGBY** — The Minister for Victorian Communities.

**Mr WYNNE** — The Minister for Victorian Communities, of course, Peter Batchelor, was involved in this dialogue. What we wanted to say to local government was, ‘You are the people who do the planning on the ground. You are the people who ought to inform us about how you want to have that interaction with us in the future. So if it is about a new library complex, come and talk to us about that; we will try to work with you around seeing how we can make the investment of the public dollar, both state and local government, work to the longer-term benefit of the community in a more systemic way’. That is what we are talking about — being informed — and really trying as a government to talk about joined-up government in a very meaningful way with local government, having a one-stop shop, so when they come with their community plans, as I indicated from my slide program earlier, that we will treat those respectfully because they are plans that have been generated in a legitimate way from the local level. If they come with a proposal, Mr Rich-Phillips, where they say, ‘We want to have a joint, shared arrangement around a school municipal library’, we will be engaged with them on that. It is not conditional.

**Mr RICH-PHILLIPS** — Thank you.

**Mr BARBER** — Back to the issue of neighbourhood houses, Minister, which I think everybody wants to ask you about any way.

**Mr WYNNE** — Sure.

**Mr BARBER** — You might be able to answer all our questions in one go. I obviously compliment you, and this is the fourth time today that I have complimented a government program.

**Mr WYNNE** — This is deeply worrying to me.

**Mr DALLA-RIVA** — It is the new coalition.

**Dr SYKES** — Hey, he is lined up with us!

**Mr WYNNE** — Is that right? The old agrarian socialists — they are always there somewhere.

**Mr BARBER** — In your media release in fact you noted that in an average 40-hour week 3 million Victorians participate in neighbourhood house activities.

**Mr WYNNE** — Yes.

**Mr BARBER** — But the issue, as you know, is how many of those neighbourhood houses are funded for a 40-hour week? You have got some that are funded for 3 days, 4 days, 5 days. Can you tell us how many are each funded for those 3, 4 and 5 days a week? To get a sense of the ability to fund new houses out of this announcement — the extra 10 hours for eight of them — how many last year actually applied for extra funding, and what was the gap between the hours funded and the hours applied for, because I suspect those same neighbourhood houses will be back asking for money under this program?

**Mr WYNNE** — There are 30 unfunded.

**Mr BARBER** — Totally unfunded?

**Mr WYNNE** — There are 30 at the moment that are unfunded. We are going to go out and talk to them over the next few weeks to get an assessment of who they are, where they are at, and then we will be announcing, as I indicated, a funding program of up to eight of those houses potentially getting up to 10 hours a week to get them up and going. It gives them the opportunity to get some small capital grants, and that will get them into the neighbourhood house network more generally. I think that that is an important signal, and that builds on top of the investment that we have put in. I mean it is a big investment, as you indicate, and thank you for the advice that you provided in relation to that. Someone is furiously writing things for me. I am not quite sure what Prue Digby is writing, but I will defer to Prue on the technical aspect — and this will stop her writing, because she is distracting me — in relation to the actual increase in funding of neighbourhood house hours. If more detail is required I will take that on notice and provide it to you.

**Ms DIGBY** — Sorry, Minister. The average hours for funded neighbourhood houses increased from 19 to 24 per week last year and, of the 302 that applied for more hours, 299 received more hours.

**Mr BARBER** — Thank you, Ms Digby.

**Mr WYNNE** — If there is more detail, we will — —

**The CHAIR** — Just to follow up on that: there are some unfunded houses where the coordination is actually paid for by the local council.

**Mr WYNNE** — Yes, there are.

**The CHAIR** — I am not too sure how you are going to deal with that, so I guess you could take that on notice, too.

**Mr WYNNE** — We will look at that in the context of the next round for the eight houses. We would like to, obviously, work together with those local governments as well that may be funding unfunded houses at the moment and try to enhance their capacity.

**The CHAIR** — That would be terrific.

**Ms GRALEY** — I invite any of the committee members to come out to my electorate, the fastest growing area in Melbourne, and see all the new community houses. We are doing a great job and we are expanding.

Despite Dr Sykes's scepticism, I am going to ask a question about community planning because I am a fan of it. My experience in local government is, as I am sure the minister's has been, that if you get a good community plan it not only engages the community and builds civic pride and ownership, but also provides a strong strategic approach for council officers and a greater level of accountability for councillors as well. So I want to ask the minister to detail what the state is doing to support local government — some getting it right, some not so well — to develop community planning as a strategic approach to building stronger communities.

**Mr WYNNE** — Thanks, Ms Graley. It goes to my earlier point that we actually want to have a respectful relationship with local government and get them through the community planning process to inform us about how they want state resources to be allocated at a local level. Whether it is around the sharing of the schools, libraries, neighbourhood houses, or recreation facilities through Minister Merlino, we want to be informed by that process. We think that stronger communities are better connected communities.

If you engage in a meaningful way with communities, they will respond positively to you. The best example of that in my view is the neighbourhood renewal program that this government undertakes through my other portfolio responsibility. When you work with communities they will tell you what they want and if you are respectful of them and deliver back to them in a meaningful way you get fantastic outcomes. A number of councils have taken a leadership role in facilitating better planning at the local level, but the capacity, as you indicated, Ms Graley, does vary a bit. We particularly want to work with local government peak bodies to build the skills and acknowledge local government in this area, because we think it is quite fundamental.

We gave 60 000 to the local government corporate planners network to develop best practice guidelines for the sector. We think that is important. We have committed \$150 000 to document seven community planning initiatives — by way of case studies — so that local governments can learn from them techniques that are being used. Depending on what council you talk to, it is quite a challenge to actually engage with your community in a really fair dinkum, meaningful way. I cannot remember which council it was, now, but one of the councils actually sent the councillors out to do street corner meetings — like, 'Get out there', you know.

**The CHAIR** — Very good! They did not need a permit!

**Mr WYNNE** — They did not need a permit. As the Chair and I both know, we are kings of the street corners. I am down at the Safeway in Smith Street. I do not know where he is.

**The CHAIR** — Ashburton.

**Mr WYNNE** — He is down at Ashburton. We are kings and have been out there to talk to the community. I thought it was a really interesting thing that councillors actually went out there and said, ‘Right, we’re going to be here. We’re going to be in this space and we want to talk to you’ — out there, in the community, listening, putting on opportunities for the community to be informed and for the council to be informed about what the community’s aspirations were. So we put \$150 000 aside to develop these case studies to really put out into local government more generally, to say, ‘Well, here are some examples of good practice. You do not have to pick them all up, but take the bits that are useful to you and use them as part of your community planning process’. I think that is a terrific initiative and certainly one that has been strongly welcomed. When we had our seminar with local government a couple of months back, the key to that seminar was about, ‘Okay, how do we engage? How do we as government engage with you as local government in an informed and systemic way, and how do you as local government provide us with meaningful input from your communities?’. It was very strongly embraced by the 70-odd councils which turned up to that seminar and discussion with us. I think it is a really good way forward for us.

**Mr DALLA-RIVA** — I refer to budget paper 3, page 433, particularly the first paragraph on that page which talks about the total grants and transfers to local government relating to table D.1 on the previous page. They are expected to increase by 4.8 per cent. I just ask the minister what consideration is being taken into account with that increase with respect to the proposed increase in councils’ remuneration? In particular is there an expectation, Minister, for the government to pass on any increases to councillors out of the government coffers, or is there an expectation from yourself that there will not be any money coming out of the forward estimates but rather from local government, in particular the ratepayers?

**Mr WYNNE** — Thank you for the question; it is a good question. As I indicated in my presentation, we do have the review process that we have announced. We have got the panel. As you talk across local government it is pretty inconsistent as to how authorities deal with resourcing and support to their councillors and their mayors. There are a couple of examples that I am aware of where the mayor does not even have a desk necessarily to sit at. The mayor is the elected head of the organisation, and there should be resources made available to the mayor of the day. There are also inconsistencies and particular issues in country Victoria around how you support in those large municipalities councillors who have to travel to go about their constituent activity. I mean it would be quite wrong for a councillor to be out of pocket for travel expenses when they need to travel to functions and to deal with their constituent matters. They are the sorts of issues I think that need to be addressed.

I also talk about the tool kit. What is a reasonable tool kit that a councillor ought to have to undertake their activities — a phone, a laptop? What do we regard as being — as Mr Barber is doing there now with that BlackBerry thing — a reasonable kit that they ought to have available to them? Then it is up to the councils to decide what they ought to be. In terms of the remuneration, as I have indicated, the review is on, and the review will be conscious of those questions — things like: what is the impact on superannuation? What might be the impact on child care, for instance? It is a legitimate thing that if somebody is undertaking their duties, there should be some reimbursement for child-care costs, for instance. We are looking at that in a broader sense, and we really want to bring that in a much more holistic way to local government. Once the report is concluded, apart from the remuneration aspects of it, it will be up to the councils themselves, as legitimately they should, to decide what is the appropriate package of supports that should be provided at a local level.

The panel itself will be funded obviously by the state. Any future remuneration and the tool kit of support to local councils will be a matter for the council itself and its budgetary processes.

**Mr DALLA-RIVA** — When is the report expected to be completed? Sorry, you may have already mentioned it.

**Mr WYNNE** — I hope to have it completed by December so it will give councils enough time in their budgeting for the next financial year to be in a position to — —

**Mr DALLA-RIVA** — I gather by that statement you are expecting some increase in remuneration to councillors? I am not pre-empting the — —

**Mr WYNNE** — I would not want to pre-empt it either, but I think the last time it was reviewed was 2002, so by that stage it will be the 2008 election; it is six years. I have indicated I think there should be some modest increase — —

**Mr DALLA-RIVA** — And what is your expectation — —

**Mr WYNNE** — It was 2000; I beg your pardon.

**Mr DALLA-RIVA** — It was 2000. To finalise my question, where do you expect the anticipated increase will be — —

**Mr WYNNE** — Funded by the councils themselves.

**Mr DALLA-RIVA** — Do you think that is going to put undue pressure on the ratepayers in that regard, as the Minister for Local Government, who should be in there, batting for them?

**Mr WYNNE** — I would expect that the panel will be cognisant in its deliberations and advice to me of any impact that would have on the councillors themselves.

**Mr DALLA-RIVA** — There is no impact on the forward estimates for this current year?

**Mr WYNNE** — No, because any future resourcing of local councils is a matter for the councillors; it is a matter for the councils themselves.

**Mr DALLA-RIVA** — Thank you.

**The CHAIR** — Thank you, Minister. That concludes consideration of the budget estimates for the portfolio of the local government.

**Mr WYNNE** — Thanks for the opportunity.

**The CHAIR** — I thank the minister, witnesses and departmental offices for the 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 that written responses to the matters be provided within 30 days and they will form the basis for consideration of a future report of this committee to Parliament. Thank you everybody.

**Witnesses withdrew.**





## **Transcript of Evidence**

### **12.13 Multicultural Affairs portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **12.14 Sport and Recreation portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 15 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 J. Merlino, Minister for Sport, Recreation and Youth Affairs;  
Mr S. Gregory, chief financial officer;  
Mr T. Healy, acting deputy secretary, community strengthening; and  
Mr P. Hertan, executive director, sport and recreation, Department for Victorian Communities.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the portfolios of sport and recreation and youth affairs. On behalf of the committee I welcome Mr James Merlino, Minister for Sport, Recreation and Youth Affairs; Mr Terry Healy, acting deputy secretary, community strengthening; Mr Peter Hertan, executive director, sport and recreation; and Mr Stephen Gregory — back again — chief financial officer, Department for Victorian Communities; departmental officers, members of the public and media are also welcome.

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

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review; there is no need for evidence to be sworn. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses who speak at the hearing will be provided with proof versions of the transcript. The committee requests that verifications be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following the 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 not more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the sport and recreation portfolio.

**Overheads shown.**

**Mr MERLINO** — Thanks, Chair and committee members. Thank you for the opportunity to present to you this morning. It is quite strange being on this side of the table, but I look forward to it.

The government has set four key strategic directions for the sport and recreation portfolio. These directions aim to establish a culture of inclusiveness and participation, access to sustainable activities and facilities in all Victorian communities, a cooperative approach to improved service delivery, a leading sport and recreation sector providing opportunity for all Victorians to achieve their goals. The implementation of these strategies will build an inclusive, collaborative and strong sport and recreation sector supporting a more active Victoria.

Sport and recreation touches every Victorian community and nearly every Victorian family has some engagement in sport and recreation. Sport and recreation brings communities together. Annually nearly 350 000 Victorians volunteer their time through sport and recreation. So, the question is, is there a better measure of community strengthening? Unfortunately the benefits of sport and recreation are not shared equally across all Victoria. Therefore we have taken measures to provide fair access and opportunities to compete, watch and be involved in social activities associated with sport and recreation through programs such as our Access for All Abilities program, fair access to tickets to events and promoting inclusiveness through all our programs. Sport is an important component of the social and economic fabric of the state. That is why we have invested in building capacity of sporting organisations to enable them to grow the industry in Victoria.

In terms of some of the key achievements over 06–07, the government has acted quickly to ensure community sport can continue despite the drought. We are working with local councils and sports to make sure community sport goes ahead. We have provided \$6.6 million in two programs to keep sport going through the drought, and I will be pleased to speak about that further if there are any questions. Our resources in building participation is linked to our investment in quality community facilities. Last year support for 170 facility projects were approved to ensure that the supply of facilities is keeping up with community demand for government participation. A major strategy in our strategic plan is to make sure there is a lasting legacy from the Commonwealth Games. There is the obvious legacy at the MCG redevelopment, but less obvious is the 2500 pieces of sport equipment that we have distributed to every LGA in Victoria, a legacy across the state.

In terms of major events, key achievements and major projects, major events are part of the fabric of Victorian life. Victoria is home to many of Australia's annual major sporting and cultural experiences, such as the Australian Formula One Grand Prix, the Melbourne Food and Wine Festival and the Australian Open Tennis Championships. As the slide shows, in 06–07 Victoria has hosted the FINA world championships, Wheels on Waterfront at Geelong, the world superbikes at Phillip Island and a Rugby League state of origin match. During the year we also won a number of events that will be held in future years including the 2008 World Latin Dance Championships, the 2009 Australian Masters Games, and the 2011 President's Cup. Collectively these and other smaller events attract tourists from interstate and overseas, increasing Melbourne and Victoria's international profile through media exposure and destination branding, and providing economic returns that contribute to industry development through expanded trade and investment opportunities. Just a note in terms of Wheels on Waterfront, the Masters Games and the world superbike championships are all events outside of Melbourne.

**The CHAIR** — Okay. Moving along.

**Mr MERLINO** — I will try to quicken it up. In terms of state facilities, the first stage of the State Volleyball Centre at Dandenong has been completed. The centre is reporting that participation in volleyball at the new centre has increased by 45 per cent since that completion. With the first year of operation of Sports House at MSAC a number of sport tenants have moved into a high-quality administrative space. Providing these sorts of spaces for sporting bodies to hub together is part of the broader aim of building capacity. The Westerfolds Park office building \$1.1 million redevelopment was completed in April 07, and that is a great benefit for outdoor recreation.

Going on to priorities for 07–08, the building of the rectangular sport stadium at Olympic Park is a major priority for next year. The growth of Rugby League, Rugby Union and football — as in soccer — is testament to why we need a national level rectangular stadium in Melbourne. The Commonwealth Games surplus, which I will be pleased to talk about, covers fields and stadiums, relocation of pools to local communities and a number of participation programs, and the next stage of Go for Your Life which incorporates \$8.9 million in funding for sport and recreation initiatives to increase participation in physical activity.

Community facilities funding: this is a great story, with \$76 million over four years to the Better Pools program and community sports facilities, and I will be pleased to talk about that in detail. The AFL grounds upgrade. This is an example of opening up previously closed facilities to the public. The fence has come down at the Whitten Oval, and last year the ground hosted the WRFL under 18 grand final, all of this while rebuilding elite training facilities. And women in sport is also going to be a major priority over the coming year. A wide range of strategies to increase women's opportunities and participation in sport and recreation. That is it, Chair. I am happy to answer questions.

**The CHAIR** — Thank you very much, Minister for that presentation. I would like to begin, as I have with every other minister, by asking if you could tell us what is the impact of your portfolio spend — and you can talk about both sport and recreation and youth — on productivity in terms of our state, particularly any new initiatives.

**Mr MERLINO** — In the last budget the government detailed savings which were announced as an LFS initiative to improve the productivity of government departments. These LFS3 savings will be achieved by targeting the areas announced within the official government policy and undertaking a review of costs. The area includes improvements in procurement, shared services, grant administration, advertising and consultancy.

The overall aim of the policy is to reduce non-necessary expenditure, use new technology to reduce costs and operate more efficiently. I have been advised that the savings have been applied proportionately across DVC. Work has now commenced in reviewing all the cost areas affected by the official government policy to identify and implement the necessary change projects and business re-engineering projects required to achieve these savings. These savings will not have any significant impact on program delivery within the sport and recreation sector development output, but in terms of productivity savings on new programs SRV has been provided with additional funding for the 07-08 year, principally around community facilities and Commonwealth Games dividend projects. There is also a major capital allocation for the new rectangular stadium.

The majority of these recurrent funds, 76 million over four years, will be provided for the continuation of the highly successful Better Pools and community facilities funding grant programs. Across the Department for Victorian Communities there are expected to be productivity savings across all new and existing grant programs, including

these SRV programs. The savings will be achieved through the overview of grants administration programs which will improve websites, simplify applications and reduce the complexity of applying for grants within DVC and across government. The project is being managed by the Minister for Victorian Communities, so he may be able to expand tomorrow I think he is on?

**The CHAIR** — Yes. Thanks for that and I just wanted to check one thing — that is fine.

**Mr WELLS** — Can the minister advise how much was the total amount of public money spent on the FINA swimming championships which were held in Melbourne, which you mention on the slides? How much was spent initially to secure the championships to Melbourne? What was the total crowd attendance? How many of those people were from interstate, how many were international visitors and how many free tickets were issued during the FINA championships?

**The CHAIR** — Minister, in terms of your answer, we are looking at the estimates in the budget, rather than necessarily looking at the public accounts for the previous year.

**Mr MERLINO** — Thanks Chair; there is quite a bit in that and I will go through those issues, so thanks, Kim, for the question. The FINA world championships raised the bar for future championships and I want to begin by quoting the FINA president, Mustapha Larfaoui, who declared the event the biggest and best championships of all time. There are many measures of success in hosting an international event and across the board the Melbourne world championships delivered. The results are record breaking all round. As the undisputed events capital of the world, Melbourne provided the perfect environment to athletes to perform at their absolute best. I will get to the ticketing and the budget — —

**Mr WELLS** — Let us hope so!

**Mr MERLINO** — As evidenced by the 14 world records — —

**Mr WELLS** — I think I have read the preamble somewhere though!

**Mr MERLINO** — We need to get on the record what a success this event was, and then I will talk about the budget and the ticketing — but 14 world records, countless personal bests! Melbourne surpassed the world record attendance of 205 000 which was set at Barcelona in 2003, amassing a total of 219 317 attendances throughout the two-week event. We broke the attendance record and that was the aim when we began this event.

Around 2200 athletes from 171 nations competed in Melbourne, the biggest in the 34 year history of the world championships. To top that off, an estimated 1 billion people around the globe tuned in to images of Melbourne doing what it does best, which is hosting elite international sport, boosting tourism prospects for Victoria through significant international exposure.

We installed the biggest ever suspended, temporary pool in the world, confirming Rod Laver as the world's best multipurpose venue. We had a fantastic arts festival along with a program which had in addition to the 219 000 who attended the sporting events, approximately 200 000 people attended the cultural events through the FINA world championships.

There was an enormous take-up of our schools ticket offer with children getting to see world-class athletes in action, and in the classroom children learnt about the championships, the science and technology of aquatics, ethics in sport, and other nations through the Victorian government's education resource. I can talk about the legacy later, but let me get to the substance of your question regarding ticketing and budgeting, because I know the Chair wants to get through questions pretty quickly.

**The CHAIR** — That is true. I want to concentrate on the estimates rather than going on with what has happened in the past.

**Mr MERLINO** — The overall championship budget includes support from the government, plus revenue the championships have earned from ticket sales, merchandise, sponsorship and licensing. It was announced in February that the forecast total cost of the event would be around \$81 million, with a government contribution of \$50.5 million, excluding security. This contribution included the financial support to the event budget of Melbourne 2007 World Swimming Championships Corporation; the delivery of the free FINA cultural program, which delivered 200 000 people attending; improvements to the Melbourne Sports and Aquatic Centre's diving



infrastructure — a permanent legacy; the purchasing of the two temporary pools that are being relocated to four communities as permanent facilities; and internal government spending associated with the event, such as the curriculum material which I referred to.

The Premier also advised that, as per previous events of this magnitude, the security budget would be released following the championships. I would like to report that the government contribution to the security for the championships was \$12.2 million; 9.2 million of this was allocated to the Victoria Police, while around 3 million was allocated to contract security coordinated by the Melbourne 2007 swimming corporation. The government's contribution to security for the event brings the total state allocation to the world championships to around \$63 million. The security budget formed part of the overall forecast of \$81 million.

Final accounts are being prepared by M2007, which has advised that it expects to provide the final budget position in several weeks, as work is completed in dismantling infrastructure from venues and as final invoices are received. The event was only a couple of months ago. When these accounts are finalised I will provide details of the overall budget position and cost to government of the event. Separately M2007, as a statutory authority, will provide an annual report to Parliament, including details of the budget as is required under its act. There is an economic benefits study which was completed prior, but there will be a follow-up study.

That is the budget, Kim. In terms of the ticket sales and how they went — —

**The CHAIR** — Quickly, Minister.

**Mr WELLS** — I am pretty keen to hear this.

**The CHAIR** — Quite frankly, we are meant to be talking about the estimates rather than going through what happened, which will appear in an annual report.

**Mr MERLINO** — I will be very brief, Chair. As I said, over 219 000 attended, breaking the record. Total attendance was calculated by actual venue ticket scanning at the gate and an estimation of daily accredited attendance to sessions, including open-water swimming which was a non-ticketed event. Some 152 547 tickets were sold to either members of the public, school groups or through sponsorship arrangements. Some 9100 tickets were provided free of charge to volunteers and the goodwill partner, which was the Peter MacCallum Cancer Centre. That was another first for this championship — having a goodwill partner. The remaining attendance includes accredited personnel, principally athletes and media, and public attendance at the open-water swimming. The attendance figure, Kim, does not include workforce, concessionaires or officials working at the venue. I talked about the television audience, and I will probably leave it at that.

**The CHAIR** — If there is anything else, it can be taken on notice.

**Mr WELLS** — Can I just clarify one point?

**The CHAIR** — Only with respect to the estimates.

**Mr WELLS** — If you sold 152 500 tickets, it means there was a gap of about 60 000 tickets.

**The CHAIR** — We will move on to the next question. Mr Pakula, please.

**Mr MERLINO** — That is incorrect, Kim. That is misunderstanding tickets and attendance.

**Mr WELLS** — Then here is your chance to clarify it.

**Mr MERLINO** — I did, in the answer. Read the transcript.

**Mr PAKULA** — I want to stay on FINA, Minister. Sticking to the estimates, Chair, there is an item in the estimates in regard to the funding which has been provided for the purchase of the demountable swimming pools, which is on page 342 of budget paper 3 of \$2.9 million. I am keenly interested in this because, as you know, Minister, I have been involved on the peripheries of the Sunshine pool saga. I would like you to provide details as to what communities have been earmarked to benefit from the demountable pools program and what are the expected outcomes. It would probably be interesting to know if we had to build these pools in these communities from scratch, if we had not had the FINA championships, how much more we would be spending.

**Mr BARBER** — We would be swimming in them this summer!

**Mr MERLINO** — Thanks, Martin, for the question. This is really one of the great stories of the FINA world championships and one of the permanent legacies of the event. The state government is providing pools to four different locations as a legacy of the 12th FINA World Championships. Those four locations are Geelong, Frankston, East Bentleigh and Sunshine — in your area, Martin. The four pools which will be provided at these locations are a fantastic legacy of the championships. The state government, through Sport and Recreation Victoria, is working harmoniously with the four local councils. There is a bit of work in that area, but we are working well with those four councils to ensure that the pools meet the needs of local communities and provide maximum legacy value.

Sport and Recreation Victoria has funded feasibility studies for the pools and is working closely with council-appointed consultants to identify and resolve any outstanding issues. It is also covering the costs of transport and the storage of the pool equipment and will be paying for additional parts and equipment needed to make sure that the pools are fit for purpose. As part of the legacy we purchased additional panels and additional equipment so we can construct those four permanent pools. The state government is also covering the costs of installing the pool at Sunshine and exploring various ways to help with completing the pool projects at other locations. The Commonwealth Games dividend is the funding source which enables this kind of generous assistance to be provided to councils.

In addition to the pools, if I could just expand a little bit further, the Victorian government will also benefit from the 2000-seat temporary spectator stand that was purchased by the State Sports Centre Trust, with the world championships as its first event. That was the temporary stand which was at the water polo events, so that will be another permanent legacy. The seating can be used for future events at MSAC and the State Netball Hockey Centre as well as other community and school-based events. When a major sporting event comes to town we already have access to temporary setting that is flexible, transportable and adaptable. The seating can be finetuned to suit a particular event and venue and create a great spectator experience. Further legacies will result, with much of the equipment being used for the championships made available for ongoing use in Victorian aquatic sport, giving grassroots participants access to world-class sporting gear.

The panels and pools were purchased at a reduced price due to the relationship with Austral and M2007. It was a great opportunity to not only purchase the two temporary pools that were used at Rod Laver but the additional panels, and that was achieved through our relationship with Austral. In terms of what it would cost to build from scratch the four pools at those four venues, I would ask Peter Hertan to comment.

**Mr HERTAN** — It is a bit unclear, but what we can say is that the whole price of those pools were reduced compared to if you had to buy them at a commercial rate.

**Dr SYKES** — Minister, I am interested in the volunteer aspect of sport. You highlighted, I think, that 350 000 volunteers support sport throughout Victoria. What have you got in mind for encouragement of volunteers? I suggest that encouragement could come under three headings: first of all, removal of discouragements; secondly, provision of incentives; and, thirdly, easier access to grants.

In relation to removal of discouragements, are you able to provide figures on the police checks required under the working-with-children legislation, the number of volunteers requiring police checks and what exemptions you have managed to factor in to keep the police checks in line with what the intention of the legislation is?

In relation to provision of incentives, are you in a position to indicate support for the Mental Health First Aid program called Coaching the Coaches, which has been rolled out in the Goulburn Valley and another country football league, and also perhaps support for people undertaking responsible service of alcohol training?

In relation to easier access to grants, we had a situation earlier in the year where a grant — I think it was called a community water grant or something — was available to recreation reserves in areas that were on stage 3 or stage 4 water restrictions. However, as I advised the committee the other day, we had one situation where a community, which was not on a reticulated water supply but had no water, applied for the grant, but because they were not on stage 3 or stage 4 they did not meet the criteria. I am using that as an example and asking what you are prepared to do to ensure that grants are easily accessible and hit the targets you originally intend them to hit.

**The CHAIR** — Thank you, Dr Sykes. I might mention that you seem to have asked about five questions there. Could members of the committee try to confine themselves to only asking one question at a time, please?

**Dr SYKES** — I just made it very clear instead of rattling them all off at once. It was under the general principle of encouragement of volunteers — that was the question — and then I gave three examples.

**Mr MERLINO** — In terms of the final issue you raised — access to grants and that example — are you talking about the drought assistance package through SRV, or are you talking about another grant outside of my department?

**Dr SYKES** — I have not got it in my brain. I can give it to you later.

**The CHAIR** — We could take it on notice, if necessary.

**Mr MERLINO** — I am happy to follow that up.

**The CHAIR** — It may well be another minister, like the mental health stuff.

**Dr SYKES** — It is still the basic principle, that if there are grants available, they should be easily accessible and not frustrated.

**The CHAIR** — The minister did mention in his answer on productivity that they are improving the way and easing the application process for grants.

**Dr SYKES** — We are working together. I identified opportunities for improvement.

**Mr MERLINO** — That is right. In terms of those efficiency programs, I have already answered that question, and there will be further grants reform within DVC to make it easier for community organisations and sporting clubs to access grants. That is something on which there is a commitment right across all DVC ministers.

In terms of discouragement and police checks, you would recall the legislation regarding working with children where there was public comment on draft legislation and a number of sporting organisations approached all members of Parliament with issues relating to police checks. We understood the point they were making — in terms of if I am at a sporting event, do we need every parent getting a police check? The obvious answer was no. Common sense prevailed. You have got to have direct and unsupervised access to children. I think you would find that the changes that were made and the final legislation was actually welcomed by sporting groups, particularly basketball. The local basketball association approached me, and they were happy with the outcome, so in terms of the police checks I do not think there is great disquiet in the community. Their concerns were raised at the time the legislation was developed.

**Dr SYKES** — I think you have covered the history, and it would be fair to say that I was amongst those who ensured that the public's voice was heard. But looking at it now, 12 months on, how many checks have been done, and is there any feedback on whether you are getting reward for effort or whether you can further finetune the process?

**Mr MERLINO** — Chair, I am happy to take that on notice and provide further detail.

**The CHAIR** — Yes, the minister could take it on notice; it was also asked of another minister as well. Similarly with mental health, that was also asked of another minister.

**Ms MUNT** — Could I please refer you to page 336 of budget paper 3 under 'Output initiatives — Victorian communities'. There is a line item there 'Better Pools Program and Community Sports Grants'. You touched on it briefly in your presentation — community facility funding of 76 million over four years. Could you please expand on this program, because I am sure it would be of interest to my local electorate? Is that a new program that has been put in place?

**Mr MERLINO** — Thanks, Janice, for the question. This is a great story. Since 2000 the Bracks government has invested over \$133 million towards 1520 community sport and recreation projects across the state through the SRV community facility funding program. Over the four years, from 02–03 to 06–07, SRV had an LFS allocation of \$58 million from the Community Support Fund, made up of \$14 million for rural and regional

communities, \$20 million for metropolitan communities, and \$24 million under the Better Pools aquatic access program. As described in the *Go for your Life* policy statement, the government will build upon this great foundation by allocating a further \$76 million towards the SRV community facilities funding program in the budget. So it is not new but it has changed, and the funding has increased. I will bring up a slide in a moment in relation to that.

The allocation is made up of \$46 million under the Better Pools aquatic access program and \$30 million towards community sports facilities. Facility funding is distributed across all areas of the state, and this will continue to be the case over the next four years. This can be illustrated by a map showing the allocation of funded Better Pools projects since 2000. If we can show the state first and then zoom down into metropolitan Melbourne. I will hand those out if we cannot get it up.

**The CHAIR** — Thank you.

**Mr MERLINO** — However, the structure of the new allocation will enable the government to enhance community sport and recreation outcomes for specific population groups and disadvantaged places. In contrast with the previous commitment to the SRV community facilities funding program, the allocations towards the categories of the majors, minors and planning — which all members would be aware of — would not be locked into geographic locations. This might be of interest to you, Bill. Previously the funding was \$14 million for rural and regional; now we have combined it into a pool, so there is no limit on what can be allocated to regional Victoria. That is one of the significant changes that we made in the program.

Investment in aquatic facilities can have far-reaching benefits. Increases in participation in sport and recreation in Victoria relative to other states can largely be attributed to increases in participation in swimming. Swimming participation has grown significantly in the key areas that have received funding for aquatic centres, funded through the Better Pools program. Facility funding can also support community building in local communities around the state, and enhances the partnership between the state government and local government.

There have been some recent examples — \$500 000 to assist the Casey City Council in the development of the tennis centre in Pakenham; \$500 000 to assist the Moira Shire Council in the development of the Numurkah showgrounds pavilion, and \$2.5 million to assist the Macedon Ranges Shire Council in the development of the Kyneton sports and aquatic centre.

Project proposals for consideration under the 07–08 round of the minor facilities and planning categories have been assessed, Chair, and I intend to announce the outcomes for these categories in the near future. That is the map of the state in terms of Better Pools. You can see that there is a great spread of facilities. If you could go down into metropolitan Melbourne — again, there is a spread right across metropolitan Melbourne.

But this is the chart that I really wanted to show for the benefit of the committee, Chair. This is the chart showing investment in community facilities, which is a great story. You can see that we begin in 2000 and 2001. The base program was community facilities and aquatic funding. You can see in this chart the yellow section, which is the country football and netball program; that began in 05–06.

In the current financial year you can see a huge expansion in funding for community facilities. So we have the country football and netball program that was developed in response to the Rural and Regional Services and Development Committee's inquiry into country football; and the two drought assistance packages, which I referred to in my presentation — that is the purple section up the top, \$6.6 million for two programs for drought assistance.

Furthermore the government continues to build upon the legacy of the Commonwealth Games, as we are investing \$25.9 million from the surplus towards a range of initiatives that include community facility-based infrastructure such as multi-use sports facilities, the pools relocation and five multi-sports stadium projects. The government's support for redevelopment of suburban AFL grounds: the government is investing a total of \$17 million for the redevelopment of a number of grounds, including Princes Park and Arden Street, and opening those up to the community. So you can see right across 06–07, 07–08 a huge increase in funding for community facilities.

**Mr DALLA-RIVA** — Just on that slide, the AFL grounds, Princes Park and Arden Street, whilst they are pretty average teams, are those grounds still owned by their relevant football clubs or are they now owned — I just wanted to get some clarification.

**Mr MERLINO** — They are both council. There is other funding from the AFL and the clubs. The funding that the government is providing is specifically for community access, opening them up to the public.

**Mr DALLA-RIVA** — So it is not money that the government is giving that will then go into the private hands of the clubs?

**Mr MERLINO** — No, we are quite clear.

**Mr DALLA-RIVA** — For example, if North Melbourne decide to head up north or south — wherever they are going to go — they will not realise that asset and then take those funds?

**Mr MERLINO** — No. It goes into the infrastructure for community access and it remains a council facility.

**Mr BARBER** — Minister, I compliment you on your timely release of data on the swimming championships. My question is a similar question about the grand prix, which is a bit more resistant to release of information.

**The CHAIR** — Try to relate the question to the estimates.

**Mr BARBER** — Yes, the relationship to the estimates is that the government subsidy listed in their accounts as government appropriation has gone from about 3 million when your government appeared to about 22 million. I presume that there is an item somewhere in the budget that reflects that, but I am interested in the other costs, or the bang for our buck that we are getting out of that subsidy, and that is in relation to the value of free tickets that are given away and also estimated sponsorship from other government agencies. The number of free tickets given away is disclosed in their accounts, but not who to and not what the value of those tickets is. Secondly, we do not know what the government sponsorship is. Also, the attendance figures which you were able to quote us for the swimming championships are not as easy to discern and have resisted all attempts at FOI — that is, the model by which they are measuring attendance versus ticket sales and how the two actually come together.

**The CHAIR** — Minister, insofar as it relates to the budgets and the estimates in your portfolio.

**Mr MERLINO** — Committee members would appreciate I am limited in what I can say in terms of the Australian Formula One Grand Prix. The reporting of the Australian Grand Prix Corporation is the responsibility of the Minister for Tourism, who I understand has yet to appear before the committee. I am limited in the information that I can provide.

Sport and Recreation Victoria currently administers the funding for the Australian grand prix in its allocation for sporting events in the major events cap. So there is a proportion of the events cap that goes into the SRV allocation, but the responsibility for the event, answering in relation to ticket sales, attendance, and reporting on the corporation is the responsibility of the Minister for Tourism. I do not think I can adequately answer those questions that you have asked, but you have the opportunity with the Minister for Tourism to ask those questions next week, I think.

**Mr BARBER** — So your job is you write a cheque for 22 million to them and that is the end of your —

**Mr MERLINO** — It is part of the nature of SRV. The budget moves within SRV according to major events that come in, major events that we are hosting, major projects that the government is funding. SRV is often the funnel for that money. So in terms of ministerial responsibility for a major event, I have responsibility for the FINA world championships, the Minister for Tourism has responsibility for the Australian grand prix. In terms of major projects, for example, the rectangular stadium, the money comes into my budget but the responsibility for building the stadium is for Minister Theophanous. So that is an example of how it works. We are the client, in a sense, in regard to projects, and also, in terms of major events, the Minister for Tourism has responsibility for formula one.

**The CHAIR** — I am sure the Minister for Tourism may well be asked a similar question insofar as it relates to the estimates.

**Mr SCOTT** — My question is in regard to the Commonwealth Games surplus, which you referred to in a handout and also in budget paper 3. It is referred to on page 337, which outlines funding for output initiatives, reinvesting the Commonwealth Games surplus. Could the minister provide further information to the committee of how the Commonwealth Games surplus funding is being used and how these projects will progress over the estimates period?

**Mr MERLINO** — The Melbourne 2006 Commonwealth Games was a landmark event in Victoria's history. In terms of major events, we have really hosted two huge ones over the last couple of years, with the Commonwealth Games and FINA this year. The Commonwealth Games had three objectives: to host a great event, to deliver lasting infrastructure and to deliver lasting social, environment and economic benefits to the Victorian community. These objectives were overwhelmingly met. It is therefore fitting that the government gained a surplus of nearly \$26 million, which will provide a significant legacy to the sport and recreation sector. This investment continues to support strong and connected communities and increase participation in sport and recreation.

Some examples of this funding at work are that around 1500 grassroots sports clubs will share in \$1.5 million, which has been allocated to assist in the purchase of all types of sporting uniforms; the supporting grassroots sports grants will help build membership and attract more Victorians to local sporting activities and develop strong networks through the allocation of \$1.5 million to state sporting associations — so there are some direct injections to our state sporting associations. There are some great examples of this funding at work, such as AFL Victoria working with the Diamond Valley Football League to arrest the declining numbers of participants in their sport, engaging our multicultural communities, attracting and maintaining volunteers and addressing poor player and spectator behaviour patterns. Rowing Victoria is expanding its successful Row for your life program to regional clubs and non-rowing school areas to build participation pathways in this sport.

Our sport coaches and officials provide vital support and skills to the sport and recreation sector. Many volunteers give freely of their time. We are continuing to invest in this critical human capital to build strong foundations for our sporting state: \$800 000 has been allocated to provide skills training for over 3000 new and current volunteers and paid officials — that might part answer your previous question, Bill. This investment will support our communities by attracting, training and retaining more volunteers to build sport across our communities.

I talked about the temporary pools becoming permanent facilities in four local communities. We are working together with other parts of government to ensure that community and school groups are able to access upgraded sporting facilities at Ashwood Secondary College, the Beaumaris campus of Sandringham Secondary College, the Eumemmerring College as well as the Greensborough Hockey Club. We will also be providing funding to assist with the development of up to five multisport indoor facilities, with the Altona and Broadmeadows projects most likely to go to tender in September 07, and there are proposed projects in Eltham, Moe and Casey that will be subject to feasibility studies.

The Premier's Family Fitness Challenge — \$1.5 million will encourage Victorian families to get healthy and active by exercising 30 minutes a day; \$1.35 million has been allocated to the Office of Senior Victorians to assist local councils; \$800 000 has been allocated to recruit new coaches and officials to the sport sector. Other initiatives include local walking grants, training for world swimming volunteers and funding to Athletics Victoria — \$1.2 million. So there is a whole range of areas that are benefiting from the surplus that was provided out of the Commonwealth Games.

**Mr RICH-PHILLIPS** — Minister, what level of base-level funding has been provided for the Victorian Institute of Sport in the 07–08 budget, and is there any supplementary funding for preparation for the Beijing Olympics?

**Mr MERLINO** — The period of transition in terms of post-Sydney Olympics, post-Commonwealth Games — but I will go through that. The Bracks government continues to support elite athlete development through the funding of the Victorian Institute of Sport. In 2003 the Bracks government increased the state government allocation to VIS from 3 million to 4.5 million for a four-year period to assist sports in their preparation for the 2006 Commonwealth Games, so there was a boost in funding to VIS. This proved to be an extremely successful strategy with VIS athletes winning 24 gold medals, 22 silver medals and 13 bronze medals. The state government has recently announced that its ongoing core funding to VIS will now be fixed at \$4.5 million. That is great news to the ongoing operations of VIS.

VIS continues to deliver outstanding results with over 450 athletes being supported on scholarships and 57 per cent of VIS coaches and 58 per cent of athlete scholarship-holders involved in national squads or teams. So it does punch above its weight. The VIS is very aware of the need to keep abreast and even ahead of the latest international developments in elite athlete coaching and training. Under its newly appointed chief executive officer, Anne Marie Harrison, the VIS is undertaking an extensive review of the VIS, its programs, services and skills set. The review with accompanying initiatives will guide the VIS in allocating its resources to gain the best possible results in the 2008 Beijing Olympic Games and the 2010 Delhi Commonwealth Games.

In addition to that, as I mentioned before, there is a further \$1 million from the Commonwealth Games dividend which will be used to support the preparations for 2008 Beijing and also Delhi. We have confirmed the \$4.5 million ongoing and there is this additional \$1 million in the lead-up to the two games.

**Mr RICH-PHILLIPS** — Is the 4.5 million indexed into the future or is that a fixed 4.5 million that would apply in real terms?

**Mr MERLINO** — I am advised that a component of that \$4.5 million is indexed.

**The CHAIR** — Presumably it is also subject to efficiency gains too. I thank Mr Peter Hertan for his attendance.

**Witnesses withdrew.**





## **Transcript of Evidence**

### **12.15 Veterans' Affairs portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **12.16 Victorian Communities portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 16 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 P. Batchelor, Minister for Victorian Communities;  
Mr Y. Blacher, secretary;  
Mr D. Ferrie, executive director, community programs and volunteering; and  
Mr S. Gregory, chief financial officer, Department for Victorian Communities.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the portfolios of Victorian Communities and energy and resources. On behalf of the committee I welcome Mr Peter Batchelor, Minister for Victorian Communities and Minister for Energy and Resources; Mr Yehudi Blacher, Secretary of the Department for Victorian Communities; Mr Damian Ferrie, executive director, community programs and volunteering, and Mr Stephen Gregory, chief financial officer; Department for Victorian Communities; departmental officers, members of the public and media are also welcome.

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

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

Following the 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 not more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the Victorian communities portfolio.

**Mr BATCHELOR** — Thank you, Chair. It is a pleasure to be here before this committee. It is the first time for me as Minister for Victorian Communities, and I appreciate the committee starting on time, if not early. An on-time start is an on-time finish, isn't it?

**The CHAIR** — That is correct.

**Dr SYKES** — Better than the Victorian trains!

**Mr BATCHELOR** — You are wrong.

**Overheads shown.**

**Mr BATCHELOR** — I want to just give a brief introduction and then we can get into questions. The cornerstone of the work that the Department for Victorian Communities will be doing this financial year stems out of A Fairer Victoria. In this year's budget we have provided some 64 new initiatives which total \$1.4 billion. This is a continuation of A Fairer Victoria which started in 2005 and 2006, and it is designed to address disadvantage. We want to reduce disadvantage, and we want to increase fairness. We want to create opportunities for individuals to improve their lot.

The particular priorities in 2007, which mainly reflect the election commitments that were made, include, of course, more than half a billion dollars for affordable housing. There is money for people with disabilities. There is just over \$170 million for early childhood services. We are keen on early intervention because we know that that acts to reduce disadvantage later in life. We have \$113 million for older Victorians and money for building partnerships with the indigenous communities.

*A Fairer Victoria* is a really important document for the Department for Victorian Communities. If you want to sum up what it is all about, it is about building stronger communities, and it is about joining up government and establishing partnerships across all sectors. One-third of the initiatives of A Fairer Victoria will be delivered by the Department for Victorian Communities. Others will be delivered by other agencies, and I am sure you have addressed those matters when the ministers have presented.

**The CHAIR** — Correct.

**Mr BATCHELOR** — The strategic directions for the department evolve around participation. We know that if people participate in their community life, this helps to make their community a better and stronger community. It increases their involvement in a whole range of activities including employment, including learning and education, and it helps to improve their opportunities in life.

We are also interested in people and place. This is a second stream of our work, and it focuses on the ability to improve outcomes for specific groups — indigenous people and people with disabilities — but also disadvantaged places. We know there are postcodes — areas of the state both in country Victoria and in the metropolitan area — where there are clusters of people who are doing it tough, so we try to either target our initiatives to the groups or to the places.

The third area of our work is engaging with communities. This is a really important element of our work, and it goes to trying to encourage citizens to engage with local communities, with each other and with their neighbours. We know that those citizens who are engaged and active and who participate produce better outcomes for themselves in terms of health and other social indicators, and also for the community. In *A Fairer Victoria* we introduced a number of major achievements, and they are on the board.

For the next iteration of *A Fairer Victoria* we have identified these priority areas, and they support the sort of initiatives that I have identified.

The last thing I wanted to do, and I am sure we will address these issues during the course of our — welcome, Kim!

**Mr WELLS** — Good morning, Peter. How are you? Sorry I missed the first part.

**Mr BATCHELOR** — That's all right.

**Mr WELLS** — I will have a chat to you about it later.

**Mr BATCHELOR** — Yes; you can look on the website.

The last part is the Community Support Fund. I know people need to understand how the Community Support Fund (CSF) works because it is an important funding tool for this department. Firstly, as you can see, we get just over \$100 million a year. This year we are expecting to spend about \$116 million. That goes to community applications, gambling services and also community services and grants programs. Out of those community applications we have community strengthening programs, community infrastructure and community planning.

With the departmental initiatives, the CSF allocates money to state departments and agencies which then provide that, usually through grant programs, to meet the objectives that are set out in the legislation. Community initiatives are grants that are administered by the Department for Victorian Communities, and they are made directly to non-government agencies and local councils, and they are approved of course by the cabinet in line with the governing legislation.

Since March 2004 all grants have been approved within the context of the Victorian Community Support Grants Program. With the expenditure for 06–07, the last financial year, the amount committed against departmental initiatives was split between gambling services, which has the first call; they got about \$25 million, and then just under \$70 million was allocated to various agencies to distribute. The community initiative expenditure was \$20 million, and it was spent over the three categories that are up there on the slide. In the next financial year we are expecting to expend about \$108 million. This includes a small administrative amount, and you can see from the dissection there how much is going out — about \$23 million to community applications; gambling services is some \$24.5 million; and the community services and grants programs is \$58 million.

The grants expenditure is estimated to be \$116 million, which is \$8 million more than the 07–08 results. This is the result of timing differences between commitments being made and cash being expended. We allocate money out of the fund, and then of course we rely upon community organisations spending it within agreed periods. Sometimes they do not, and there is a bit of a lag, but it all eventually is spent.

**The CHAIR** — Thank you very much, Minister. We have about 1 hour and 10 minutes for questions on the Victorian communities portfolio. I would like to begin, as I have begun with virtually every other minister, by saying that productivity is very important for our economy, and if you could advise us of what you see as the

impact of the portfolio spend in the budget on productivity in this state, particularly in new initiatives under your portfolio.

**Mr BATCHELOR** — We place great emphasis on productivity savings in the Department for Victorian Communities. It is a newly established department so its base expenditure has been the subject of recent detailed assessment by the Department of Treasury and Finance because of just the establishment process. In that context it is a very productive department.

Secondly, the bulk of our expenditure is through grants, so we do not directly deliver the service but we provide and facilitate the expenditure around programs by other agencies. But we do not take their productivity for granted. For example, we are funding a program to try and look at specifically the productivity arrangements and the strengthening of the NGO sector of the community. We have provided money for SCOP (Stronger Community Organisations Project), which is an initiative that is being headed by Allan Fels, who is working with individual NGOs, like VCOSS, umbrella organisations and individuals, and they are going to look at the complex pressures that NGOs are facing in how their financial and organisational position and the strength of their leadership all might be improved in the years ahead.

These are important organisations to us. They provide the services, so we are not only looking at our own productivity but are extending it out in how we might improve the productivity to others beyond our direct employ. The group is expected to report later this year. It is hoping to make recommendations about a strategic vision for the sector, including concrete initiatives for the government, businesses and the community sector and how they might work better together. I think that is the basis of our productivity examination.

**The CHAIR** — I think that is pretty important. I certainly would believe there is quite a lot of scope for microeconomic reform, if you like, in the non-government sector, which could provide a lot of savings or indeed better management and better comprehensive arrangements in the non-government sector.

**Mr BATCHELOR** — That is the view that the leading organisations have of themselves. They want to address things like succession planning, strategic visions, education and training, how they might better attract higher qualified people to the sector, how they might attract new people as workers and on boards to the sector so you can have new ideas and fresh approaches coming in. Essentially they are not taking these sorts of things for granted, and their work and engagement under this project headed by Alan Fels in itself is quite an interesting initiative and demonstrates the preparedness of these NGOs like VCOSS, the brotherhood and a whole host of others like Hanover, Citymission to look internally at how they improve their output and how they improve the integrity of their organisation in order to deliver better services.

**The CHAIR** — It is also important for smaller ones who obviously find it hard to do things like WorkCover or HR. You do not wish to destroy their creativity and the individual grassroots aspects of these small organisations, but we should be out there helping them in terms of improving their productivity.

**Mr BATCHELOR** — Precisely.

**Mr DALLA-RIVA** — I refer the minister to budget paper 3, page 238, on community strengthening under ‘Quantity’ and ‘Volunteering small grants: number approved’. I note that the volunteering small grants: number approved — it is under quantity in the performance measures.

**Ms MUNT** — About halfway down.

**Mr BATCHELOR** — I was looking at the wrong section.

**Mr DALLA-RIVA** — It is at page 238. I note the actual in 2005–06 was 234; the target for 2006–07 — this current financial year — was 200 to 250, and the expected outcome is 170. In the notes it says that it relates to fewer applications having been received than anticipated. Then we go on to the targets: the figure is in fact lower there, 90 to 120, and the note says the target reflects funding announced in the 2007–08 budget, which is referred to on page 337 of BP 3 as well in the volunteering grants item under table A.21, output initiatives. I guess my question relates to the fact that it seems that the volunteering grants have been dropped off the table in terms of community strengthening. Why has the government decided to actually reduce the funding for volunteering grants, given that on its own admission in the budget paper that they are expecting less in the current financial year against



its target; how will the government ensure that community groups are made aware of that program; and how will it ensure community groups can actually take up that program?

**Mr BATCHELOR** — Most of the grant programs that we provide are for a time specific periods, three or four years, and that was true with the first round of volunteering grants. So, like many programs, they start and they finish. That is a budget discipline that is imposed on us and on the recipients of such grants. However, we value the work that volunteers do, particularly in this National Volunteer Week, and in this year's budget we have in fact decided to extend this program and will be providing \$4.4 million over the next four years to continue the work. That will be delivered in a number of ways.

**Mr DALLA-RIVA** — How is it \$4.4, because if you reference the output initiatives, it is actually 6 there.

**Mr BATCHELOR** — What page is that?

**The CHAIR** — Page 337, Minister — \$1.5 million each year.

**Mr DALLA-RIVA** — So it is \$4.4 million, but the initiatives — I might be giving you a leg-up here — show \$6 million.

**Mr BATCHELOR** — In that line item, that is right, so it is \$4.4 million for volunteering grants and there is 1.6 for a community bus program, where we provide for infrastructure, if you like — the buses — for volunteers to use in their local community. So that line item in the budget has amalgamated two programs that are to do with volunteering. The one you are intuitively referring to is the program where we provide, on application, money to community organisations to assist them in the task of recruiting and retaining and training volunteers — and different organisations do that in a myriad different ways. In addition to that there is a program to provide, again based on applications, money to provide buses to communities. We have experienced and observed in the past that within communities generally there are a large number of vehicles that are old and getting run down and there is no program to replace them.

Secondly, we know there is a very high demand in some particularly isolated communities for this type of assistance, so we provide the funding under a volunteering program to provide the wherewithal so volunteers can get out and about. They might take people on shopping expeditions, they might take people to hospital appointments, they might take them on social outings — these sorts of arrangements. That is the difference between the 4.4 and the 6 million.

**Mr DALLA-RIVA** — In terms of the clarity of the last question that I asked, how will you ensure that government advises community groups? What processes have you got in place to actually ensure that we have an uptake? In this current financial year you anticipated 200 to 250; the expected outcome is 170. In the budget papers itself it says that there was an uptake less than anticipated. I am just asking for the anticipated forward estimates — 90 to 120 — is there some process in place to ensure that the appropriate uptake of the grants allocated will be taken up, given that it is an important part of the community?

**Mr BATCHELOR** — Yes, absolutely. It is done essentially in two ways. There is the general promotion that the grant is available, through notifications, through media releases, and the advice that local MPs give. I just recently saw Peter Walsh advertising our program. We find that The Nationals are very good in —

**Mr DALLA-RIVA** — I have done it once or twice, I can tell you.

**Mr BATCHELOR** — You have done it once or twice yourself? Very good; I congratulate The Nationals for supporting the government with these type of initiatives.

**Mr DALLA-RIVA** — I have done it as well.

**Mr BATCHELOR** — I congratulate you as well. I have not noticed it however, but I believe you. There is a myriad of ways. In addition— and getting to one of the points that might be behind your question, which is how we inform groups of the variety of grants that are available — what we are seeking to do is to consolidate, though, that information on one website, a grant website through DVC. So if you want to find out what grants are available, but you might not specifically know, this will be a very useful tool for those who can get access to the Net.

**The CHAIR** — Thank you, Minister. I am sure that in providing further response as a department to the budget estimates questionnaire we sent out in respect of question 9 on communications, advertising and promotion, that should be able to include some of this matter in terms of what communication, advertising and promotion you do in respect of these particular schemes.

**Mr BATCHELOR** — Yes, I will undertake to have the department add that to the other information.

**The CHAIR** — They failed to answer the question in the initial estimates questionnaire.

**Mr BATCHELOR** — I do not think they failed; that is wrong. They answered that question. You wanted some more information and you are wanting more information again. We are happy to supply it.

**The CHAIR** — All right.

**Ms MUNT** — Can I refer you to page 233 of budget paper 3. Under the heading ‘Department mission statement’ it says:

The Department for Victorian Communities’ (DVC) goal focuses on the sustainability of Victorian communities through investing in strategies aimed at creating active, confident and resilient communities.

Could you provide the committee with an overview of some of the ways in which DVC does this? How do you see that goal also being met in the future?

**Mr BATCHELOR** — In the presentation I touched on this in a very preliminary way, and I identified there were three streams of activity. To meet the objectives of helping specific groups or helping disadvantaged places, we were also, wanting to make it easier for people to engage with government and also making it easier for people to engage in communities. The first area of our work is really to try and improve outcomes for specific population groups and disadvantaged places. Population groups: we have done a lot of work there. For example, the department released a report or a framework for working with Victorian indigenous communities. So here is a specific group that is identified. We want to better align and integrate the programs that go to support this community, which are delivered by a whole range of government departments. We want to make sure they are better aligned with those objectives and work in an integrated way. We have also undertaken to establish what we call the Community Renewal program which tries to revitalise urban communities and boost the social and economic outcomes.

**The CHAIR** — Like Neighbourhood Renewal?

**Mr BATCHELOR** — No, Community Renewal. Neighbourhood Renewal is a program delivered by the DHS in public housing estates, a very successful program.

**Mr BARBER** — A good program.

**Mr BATCHELOR** — Community Renewal is unashamedly modelled on the success of that. DHS and the Neighbourhood Renewal program has been fantastic, but we have identified that not every location of disadvantage is associated only with public housing. There are other areas as well, so we have developed this Community Renewal program. Also in trying to address specific groups we have identified reform to family violence services, developing a new integrated package involving the police, the courts and government agencies. The second phase of our stream of work — and there are other examples; I do not want to go through all of them, or even more, but if you want them, I can come back to them.

The second phase is to improve engagement between citizens and their communities. We have established a section of the department called the citizens access and transformation division, which is designed to provide a voice and choice and convenience for Victorians. We want to enable them to have the ability to ask for things, to identify and to work with their local communities. We want to be able to provide them with a choice of services, the information available and identify the best way of doing that. Our electronic grant portal is an example of that.

**The CHAIR** — That is good. That is a big improvement.

**Ms MUNT** — When will that be up and running, Minister — the electronic grant portal?

**Mr BLACHER** — It is going through the process of testing at the moment. It will be fully operational early in July, so we have been testing it for a number of months just to get all the glitches out of the system.

**Mr BATCHELOR** — That will be comprehensively across the DVC.

**Mr BLACHER** — That will cover all DVC programs and provide a generic platform that other agencies could use if they want.

**The CHAIR** — It makes it easier for people.

**Mr BATCHELOR** — We hope through the use of that to provide a platform and learn the lessons so if other agencies want to act similarly, they will be able to do it. It is sort of a very large-scale pilot for the whole of government, if you like. I was talking about how we engage citizens and communities. I have mentioned SCOP— that is, the Stronger Community Organisations Project — which is being led by Allan Fels, the grants program, and we are also encouraging communities to engage with local businesses and other organisations so they can build strong partnerships. We have observed that a lot of companies are very keen to engage in what is called corporate social responsibility, and the big companies usually align themselves with peak organisations, but small enterprises at the local level do not know what to do. They want to help, and we are trying to put in place mechanisms so we can link communities with businesses that want to help them out.

The third stream relates to getting people engaged in social and economic life. Essentially that is trying to get people back into the workforce, and in getting people back into the workforce the first step is engaging with their local community and neighbourhood houses. We have provided money in this budget for older men's health and wellbeing through the men's shed process, and we have also had the adult community and further education programs and employment programs provide opportunities to learn new skills so individuals can retrain before they re-enter.

Unemployment is very low at the moment. We have a prosperous and booming economy, but notwithstanding that there are still people who are finding it hard to get jobs. So our emphasis is to try and strengthen their local community and have them actively engaged and be wanting to seek employment. The work up at Wendouree, through the neighbourhood renewal program, has demonstrated that if you undertake this activity, community-strengthening activity, for an extended period of time you do then turn around community attitudes and people become engaged, they get jobs because they have participated in retraining, and it just generally improves the outcome for that community.

**Dr SYKES** — Minister, I would like to focus on your approach to disadvantaged places. But before doing that I would encourage you to proceed with your grant websites because currently I pay an extra person half a day a week to help communities access grants. I call the lady my funding ferret; she is highly effective at tracking down grants and pointing communities in those directions. But if it can be made more simple, I am sure there can be significant efficiencies there, and I might be able to allocate that person to do other work.

In relation to disadvantaged places, unfortunately there are many disadvantaged places in country Victoria, leaving aside the impact of the current drought and the recent bushfires. Just using the Benalla electorate as an example, we have places such as Mount Beauty that have a lower income, and unfortunately there is a lack of recognition of that because of the use of incorrect statistics. We also have the Ovens Valley and even the fair city of Benalla — to the point where I think the Benalla electorate is ranked the 10th poorest of the 88 electorates in the state of Victoria. So for a great place to live, work and raise family, they are still doing it a bit hard.

Some of the issues are energy costs, which may come up in the second part of this presentation. There are also public transport issues, and I would be interested in your expanding on transport connection initiatives, particularly what focus you have on integrating taxis and local bus lines into it rather than just simply going out and buying more vehicles, which often sit unused for a large part of the week. Secondly, in relation to community services you mentioned neighbourhood houses. I am not sure whether it is in your responsibility or not, but there are fundamental issues with the funding of neighbourhood houses. I think there are still 30 houses unfunded, and the reason for that is that you cannot work out, or there has not been the ability to work out, the process for applying for funding. That may have been addressed in recent times.

There is also a need for financial counselling out there, and I agree with the point of having people connecting to the community. I will tell you a couple of things that encourage community connectedness, but I am not

recommending that — they are, to propose a toxic dump in the area or to propose to decommission Lake Mokoan. There is no better strategy.

**The CHAIR** — Thank you.

**Dr SYKES** — But can you just expand on, particularly, neighbourhood houses?

**Mr BATCHELOR** — As you know, the decommissioning of Lake Mokoan is an issue for the minister for climate change — the minister for water, rather — and I understand that he was here yesterday. I assume you asked that very question.

**Dr SYKES** — No, I remained coy. I was not asking a question, I was just promoting it as an example of how to achieve something. I am not recommending it.

**The CHAIR** — Can we concentrate on disadvantaged communities and neighbourhood houses, please?

**Mr BATCHELOR** — You ducked for cover, did you?

**Dr SYKES** — I have learnt from watching the *Bastard Boys* — you watch this spot!

**Mr BATCHELOR** — You raised a whole plethora of issues. I am not using that in a pejorative sense, but it just demonstrates the complexities of what disadvantage is and how you try to address them. You referred to Benalla being the fourth-poorest — —

**Dr SYKES** — Tenth.

**Mr BATCHELOR** — Sorry, the 10th poorest electorate in the state. If you read Tony Vinson's work *Dropping Off the Edge*, it is really a landmark study that has just recently been released within the last couple of weeks. It was commissioned by the Jesuit Social Services. It looks at disadvantage from a postcode point of view, not from an electorate point of view, but I am sure you can amalgamate the information here with the postcodes that go to make up your electorate.

**Dr SYKES** — I am certainly aware of that and, so is our community.

**Mr BATCHELOR** — You will be able to have your views and your community circumstances examined in perphaps even more detail by Tony Vinson's work.

How do we address this? In the metropolitan area we talk about community renewal and the Neighbourhood Renewal program delivered by DHS. In country Victoria we talk about the community building initiative (CBI), where we have provided a \$10 million commitment to help small rural communities engage and take charge of their circumstances. It is part of our A Fairer Victoria program, an ongoing part, and there are 19 localities across country Victoria that are being supported. They cover some 23 LGAs and embrace 102 small towns. So you can see that whilst it starts off with, say, 19 localities, it extends out behind the major town into the surrounding hinterland.

What does the program do? It provides for community opportunity workshops in the first instance. We have held over 40 of these, and they have been very responsive; about 2600 people have attended. They really provide the community's views on what they would like to see happen in their neighbourhood and help determine what the priorities are.

Priorities are always an important process to get in action by the state government, by the federal government and by local government. We have found in those areas that have participated in this program, that have gone through that community workshop and identified what the priorities are, they are then more successful in attracting funding and more successful in attracting programs.

You also mentioned the transport connections program and identified the community bus initiative, and you wanted to know how we might help marshal those resources to greater productive use within the community. We have been undertaking a trial of nine locations across country Victoria to trial various approaches to answering this problem. It is called our Transport Connections program. As a result of this budget and the preceding budget money has been allocated to take that pilot program into a more general statewide approach.

What we are doing is funding people — officers, if you like, workers usually employed by the local council — to act as a transport broker. They take the learnings and lessons of the earlier pilot program, which have been evaluated, and they point the way forward to this brokering system.

Essentially it works like this: in a locality there are known transport assets that are available and are underutilised; they then try to make the connections between the asset and where demand might be and through the use of volunteers be able to provide those transport services in a suite of mixed approaches to suit the locality. For example, we have a lot of school buses in country Victoria, taking kids to and from school. Some have empty spaces on them, so is there some opportunity to provide those empty spaces to perhaps TAFE students who are not eligible or to perhaps even other members of the community on an agreed basis?

Another example of how the brokerage approach to a transport asset is with either community organisations which have got buses but are not using them all the time or perhaps the down time for school buses is to see if they cannot be used for some other regular use, perhaps taking elderly citizens in an isolated hamlet, village or small town into a larger town for regular shopping trips or medical appointments.

We also go to the extent of engaging as part of the transport connections medical institutions — community health centres, hospitals — as part of the transport connections so they can align appointments with these new and special community transport facilities. They can take advantage of them and have appointments made within the span of operational hours.

We have also in some areas asked taxi companies if they would like to provide what you might call ‘a community bus’ — that is, not the regular taxi service, where it is dial up and it is demand driven, but at a certain time when it is quiet for the taxis and it is not their peak time — to see if they can make arrangements. Some taxi companies have been prepared to participate in that.

The whole aspect or emphasis of this is to connect the assets that are there through a broker; we have funded these positions for over three years, so there is some attempt at recognition that there needs to be ongoing support once the first establishment work has been done. We think over a three-year period we will be able to have those people successfully put in place, have the mechanisms established and monitor how they go so they can be self-sustaining thereafter. I think we have allocated some \$18.3 million to do that over the next four years, and that will be spread right across Victoria.

**The CHAIR** — Thank you, Minister. In respect of neighbourhood houses, the question needs to be directed to the minister responsible for local government and housing.

**Mr PAKULA** — Minister, the Treasurer’s speech, budget paper 1 on page 11, talks about A Fairer Victoria and says that ‘\$1.6 billion has been invested to create new solutions and opportunities for disadvantage people, families and communities’. I am curious as to what that \$1.6 billion investment has achieved. Obviously I am interested in light of the fact that A Fairer Victoria is an ongoing commitment.

**Mr BATCHELOR** — I have sort of outlined in a broad sense the role of neighbourhood renewal and community renewal and the CBI in rural Victoria. They are the overarching programs that are applied locally, but the specifics that underpin those, I guess, is what you are asking for. There are a whole host of different initiatives that we have applied that are driven by the needs of those community action plans that are developed as a core part of those neighbourhood renewal, community renewal and CBI programs. We have done things like create the Koori courts. These are the first within Australia. We believe they help address the problems that wind up in the criminal justice system from the Koori community that are disproportionate in their numbers and try to address them in a preventative sense.

We have established some 10 family support innovation programs. This is where we establish teams that work with child development workers and are part of a program of early intervention. As I mentioned before, early intervention is a really important part of our philosophy. We have established some 25 children’s centres. I was down at Karingal in Frankston recently where together with the council there they are establishing a children and families hub and these children’s centres were the genesis of that initiative down there. We are proposing to do another 30; we have got budget cover for another 30 of those.

We have provided more hours for home and community care services for the frail, elderly and young people. We are improving our public transport system to provide better access to people with disabilities. You have seen the

new low-floor tram stops; there are 140 of those now and about another 150 to go. We have got about 400 new bus stops that we want to do. So we want to make public transport accessible for people with disabilities.

**Mr WELLS** — You are getting cheered up now on public transport.

**Mr BATCHELOR** — That is right. It is electricity that excites us. And we have provided more initiatives in mental health. I will just ignore the member for Scoresby.

These are the sorts of things that fall out of the CBIs and community renewal. We have created some 70 community enterprises. All of these are achievements that go a long way to help reduce that disadvantage and increase fairness. But really they are the result of local decisions that are taken and we follow the advice that local people offer as to what best suits their community.

**Mr BARBER** — I have some questions about the Community Support Fund and the data you gave us before. I am presuming that when we say 'fund' it is an accounting entity with money coming in and money going out? That is right?

**Mr BATCHELOR** — That is your question, is it? Yes is the answer.

**Mr BARBER** — Good. So next year what is the expected inflow? What is the current balance of the fund or what do you expect it to be at the end of the financial year? How many dollars' worth of applications do you expect under each of these categories where you have told us how much you expect to fund? That list at the back of the DVC annual report, what does that relate to? Which of these funds?

**The CHAIR** — The minister in respect to the estimates in the budget please.

**Mr BATCHELOR** — We are expecting to get in this year \$98 million. That is down a bit on last year. The Community Support Fund, of course, is a function of what people contribute to gaming machines at hotels. I am just being advised here that the proportion of taxes — 8.3 per cent — is levied from profits on the gaming machines in hotels.

**Mr BARBER** — It is 8.3 of half? Because half are in hotels and half are in clubs.

**Mr BATCHELOR** — The money in the Community Support Fund does not come from clubs; it just comes from hotels. That money is down a bit this year because of the general levels of expenditure in gaming. We expect that actually to fall after the introduction of smoking bans in the new financial year. We are uncertain as to the precise impact, but early estimates have been made. So we expect that that will decline, probably for a couple of years, and it may or may not return in the future. When there were bans in gaming venues the revenue dropped, but it did recover later on, but whether it recovered from the smokers or just general increase in gaming revenue I am not qualified to answer that.

The grants that are made by the Department for Victorian Communities out of that money that comes to us are listed in the annual report. That is them here. They are approvals that are made. We have an ongoing basis of receiving applications, and they are considered within the department. They are considered by a reference group and recommendations are made, and cabinet approves all grants and expenditure that is made from the Community Support Fund.

**Mr BARBER** — What is the balance of the fund at the moment?

**The CHAIR** — At the moment or at the end of the year?

**Mr BATCHELOR** — I might just ask Mr Gregory to give you the —

**Mr BARBER** — At the moment, or what do you expect it to be?

**Mr GREGORY** — It is expected to be \$47 million by the end of this financial year and down to \$31 million by the end of next financial year. It has come down a lot since the levels in about 2000 of about \$140 million, so we have actually been trying to move the fund down. We are trying to work on a balance of about \$20 million just to be able to absorb revenue downturns or spikes and expansion.

**Mr BARBER** — My other question was: you have told us here how much you expect to fund from the community grants, but how many dollars worth of applications are you getting in an average year?

**Mr BATCHELOR** — We do not measure it in those terms. The applications come in and — —

**Mr GREGORY** — We probably could get the information on the number of applications in dollars but, again, the table was expenditures from the fund because there is usually a timing difference also in relation to — —

**Mr BARBER** — That is what I am saying. You have got 23 million here. I am just wondering whether you get four times as many applications or twice as many or — —

**Mr BATCHELOR** — They have got to meet the guidelines. They are set out, and some do and some do not. Then there is an assessment made on the quality of those grants, and we are trying to systematically reduce the residual amount in the fund, as Mr Gregory outlined. I think when we came to government there was well over \$100 million that was not spent, and we believe that the philosophy of the fund and the expectation of the community is if the money comes in, it should go out, and that is what we are trying to do. One of the things that slows that process up sometimes is that you make a grant or an application and then the organisation does not spend it when they expect to, so there is then a delay which is reflected in the fund. So since April 2004 there have been 303 Victorian Community Support Grants approved at a total value of just under \$50 million. The specifics are identified and listed in each annual report.

**Mr BARBER** — Yes, I have seen those.

**The CHAIR** — We can look at that when we look at annual reports. But it might be best for Mr Barber, in terms of figures, if you could provide us, Minister, with how many applications come in. That might be the easiest way. I do not see we should be asking you to spend lots of people's valuable time going through and trying to count out how much money they are worth.

**Mr BARBER** — You have got total applications, you have got those that are ruled out as ineligible and then you have got how many you fund.

**Mr GREGORY** — There is not an active restriction of the applications. Most applications, if they meet the guidelines, are being funded.

**Mr SCOTT** — Minister, my question relates to the capacity of citizens to access information and how that affects disadvantage, and what the government's response has been. In budget paper 3 on page 237 there is a heading 'Citizen engagement and information services', and I will quote from the blurb underneath. Among the objectives cited is:

... working to ensure that disadvantaged citizens have the necessary internet access and skills to benefit from information and opportunities online.

I would be grateful if you could outline to the committee an example of a program that seeks to achieve that goal in the current budget.

**Mr BATCHELOR** — With our citizen access and transformation division — this is a new division that has been established following machinery of government changes — what we are trying to do is to make it easier for people to find a variety of information about government services and programs and to bridge the digital divide. An interesting program that we are trying to do in bridging that digital divide is our involvement with a Computer for Every Child Project. This is an initiative that we have joined in partnership with a whole host of charitable trusts, companies and schools to try to provide a computer and PC training for 400 families who have children in years 3, 4 and 5. We have involved six primary schools out in the western suburbs, where a computer is provided to the family at home and initial training in rudimentary use of the computer is provided and follow-up monitoring is also undertaken to make sure that people have not stopped being engaged in the process just through some pressing of the wrong button or of not understanding the software implications.

We are doing this together with the Gandel Charitable Trust, the Pratt Foundation, the Helen Macpherson Smith Trust, the Lord Mayor's Charitable Fund, Smorgon Steel Group, Microsoft, Infoxchange and Victoria University. We are trialling this out in the western suburbs; it is an area where there is undoubted disadvantage, and there are areas here where there is a very low level of internet access available, well below 50 per cent. The state average is

well above that — out of the adult population in Victoria over 80 per cent have got access to the internet. That is not the case in this cohort, and they are being left behind, particularly those people from refugee communities. It has been commenced, and we believe this is a unique way of working in collaboration with philanthropic organisations and the government and government institutions — schools — to ensure that those who want to get access to the information revolution can actually do that.

**Mr SCOTT** — Are there any particular refugee groups that are being targeted?

**Mr BATCHELOR** — The ones in those locations. It is not driven by a particular group, but rather refugees from that area. Typically those from the Horn of Africa are being involved in it.

It is pretty amazing when you come to think about it that these people have come to Australia with very limited education in their own right, and what we are trying to do is to make sure they do not get left further behind by trying to fully integrate at a much fairer and seamless way into our community. If you want to do that you have got to have access to the internet and understand how it works.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the funding provided on page 336 of budget paper 3, community support grants and community centres. There is \$9.7 million in 07–08; 16.7 in 08–09; 17.4 and 17.4 for the other two years. Can you tell the committee how much of that is allocated to community centres as distinct from other community support grants. I assume that funding is through the Community Support Fund? If so, with respect to the community centres, are they grants that the community has to apply for or is it funding that would be directed through the department separate to CSF applications?

**Mr BATCHELOR** — Twenty million dollars over four years is going to be made available for community centres through that funding program. Applications will come in, but with these types of applications a fair amount of work is undertaken with the proposing organisations to make sure that they have a better chance of their grant meeting the guidelines. We have established local teams in the administrative regions across the state, and we ask our local officers to work with small and large local organisations to help them better prepare and structure their applications that come in.

So if you have got a community organisation that would like to apply for a grant, the most productive way of helping them would be to put them in contact with not Bill's electorate officer but the — —

**The CHAIR** — The regional — —

**Mr BATCHELOR** — These regional teams, and they will work through them. Also, the sorts of initiatives that will come through this type of program are those that are worked up through local councils and through local community action plans. So before a request or an application comes into the Community Support Fund to go through its evaluation process, there is a large amount of preliminary work that has already been undertaken to assist in the compiling of the application and its passage through the process, because typically we have found that the offering of this sort of money to community organisations — to communities, rather, not so much to community organisations — is able to then leverage additional amounts of money from the federal government, from the local council and from philanthropic organisations. And so we see our \$20 million as seeding funding which will leverage greater amounts during the process.

**Mr RICH-PHILLIPS** — And as to the mechanism, would that \$20 million be through the community application stream or is it through the other side — the community services?

**Mr BATCHELOR** — It will be through a combination of both. This is a new program and the exact administrative arrangements are being finalised and determined now.

**Mr RICH-PHILLIPS** — And the \$20 million, is that 5,5,5,5 over the four years or is it different?

**Mr BATCHELOR** — It is.

**The CHAIR** — It is 5,5,5,5.

**Ms GRALEY** — Minister, I would like to talk about the No Interest Loans Scheme that is referred to in budget paper 3 on page 238. I am a bit of a fan of these schemes; not for my own use but for people in the



community who have found them very successful. Can you explain the purpose of the No Interest Loans Scheme and how it is going to operate?

**Mr BATCHELOR** — The no-interest loan schemes have proved to be very useful in helping people with personal credit issues. In 2006 we committed some \$4.7 million over four years to expand the scheme and to provide coordination. The program is delivered in partnership with some NGOs such as Good Shepherd, and we are also partnering the National Australia Bank, which has also provided just over \$3 million in loan capital. It enables low-income people to access credit for essential household items. If the washing machine breaks down and you have got young kids, if the fridge goes on the blink and you are out of work, or if your hot water service blows up and you have not got the financial personal backing to outlay large amounts of money at short notice to address these sorts of domestic catastrophes, then this is where the no-interest loan scheme comes in.

The thing that really works with it is that rather than just handing over the money, an evaluation is made of credit history, they tailor the repayments to suit the realistic circumstances of the individuals taking the loan out, and they also provide financial counselling. By undertaking this we find that there is quite an exceptionally high repayment rate, because the loan is defined within the personal finances of the applicant rather than in line with the strict template guidelines that are usually provided by financial institutions.

The scheme has been expanded. The number of providers is going to increase from 41 to 77, and the number of loans will increase from 850 to over 4000 over the next four years. These are just a local initiative trying to help people, who are good citizens having a really difficult and tough time, get through a temporary problem.

**Ms GRALEY** — It is increasing from 850 to 4000, did you say?

**Mr BATCHELOR** — Yes.

**Ms GRALEY** — Because it has been — —

**Mr BATCHELOR** — We have provided more money for it, yes, and the take-up has correspondingly increased. As I said, a lot of effort goes into working with the applicants, so there is a very high repayment rate from people who are — —

**The CHAIR** — How publicised is this?

**Mr BATCHELOR** — It is through the community agencies if they do not have problems fulfilling it. We have expanded the program because there is demand there, and we will monitor that.

**Ms MUNT** — Will it be included on the grants list that goes up as part of DVC?

**Mr BATCHELOR** — Yes.

**Ms GRALEY** — Chair, I wonder if we could have a list of organisations that actually provide those loans? It could be valuable.

**The CHAIR** — Are you happy to take that one on notice?

**Mr BATCHELOR** — You go through Good Shepherd, and they are administering this on behalf of us.

**Ms GRALEY** — But if Good Shepherd is not in your local area — —

**Mr BATCHELOR** — We will provide that information.

**The CHAIR** — That would probably be useful. I am not sure if Good Shepherd operates in Benalla; I do not know.

**Dr SYKES** — There are a lot of good shepherds up at Benalla, but not so many sheep to look after these days.

**Mr WELLS** — Thank you, Minister, it is good to see you are enjoying your new portfolio.

**Mr BATCHELOR** — Can I say the same?

**The CHAIR** — Touché!

**Mr WELLS** — I would like to talk to you about the new neighbourhood houses, and I refer to budget paper 3, page 337, where you have \$1.3 million allocated over four years for neighbourhood houses. There is also a note on page 341 about neighbourhood houses. I would like to know how many new neighbourhood houses you have planned over the forward estimates period, especially in growth areas.

**The CHAIR** — Deputy Chair, neighbourhood houses are the responsibility of the Minister for Local Government.

**Mr BATCHELOR** — You can ask him tomorrow.

**The CHAIR** — Do you wish to hold that over and ask another question on the minister's portfolio?

**Mr BATCHELOR** — You would get a more constructive answer.

**Mr WELLS** — I will leave it at that.

**The CHAIR** — I want to ask a question in terms of new initiatives — and I think this one is yours — about community enterprises.

**Mr BATCHELOR** — Yes.

**The CHAIR** — I know some work has been done in assisting community enterprises. I know there was someone from a refugee community who started up a kitchen out at Dandenong. She came from my area and she received some support in terms of some community enterprise funding. But what is this one here, this new community enterprise funding that you are looking at helping to increase, presumably, opportunities for people to go into business from a pretty low base?

**Mr BATCHELOR** — There is \$3 million provided in this year's budget to support this program over the next four years. We are hoping to either expand or start 30 community-owned, not-for-profit organisations. What we have found in some places of disadvantage is that there are people or individuals who have trouble accessing the job market. It is a bit of a vicious cycle: you have not got the experience, or you have not got the personal attributes to make yourself an attractive employee. We have undertaken, if there is any binding activity that could draw these people together, to help them acquire skills or to acquire confidence just to learn how to go about the work routine — what is required in Australia if you are a refugee, for example; the so-called work ethic and the necessary disciplines that go with it — by establishing through agencies these community enterprise grants. They are provided to help proposals become established.

What does that mean in practical terms? Recently I was out at the Kensington Primary School, which has a fully functioning canteen that has been closed for many years. There are parents who send their children to that school who come from refugee communities — again from the Horn of Africa — who have great trouble fitting into employment opportunities here. So we have provided a grant, through a host organisation, to establish a catering business based around providing, on the one hand, healthy lunches for the schoolchildren on two days a week, and on other occasions utilising the skills and expertise they learn for preparing healthy school lunches to be able to cater for local businesses and community groups and other functions. They have employed a trainer who will teach them hospitality skills. They will acquire accreditation, and hopefully that accreditation will enable them to, in the longer term, be able to get jobs in the long-term employment market.

Its major social objective, if you like, is to try to enhance the employment opportunities of these disadvantaged individuals. But this particular program — and it has been replicated at other locations using schools and canteens — has the added social advantage of providing healthy lunches for children and it has the added advantage of engaging parents to participate in the local school community. It has the advantage of having local but small economic projects that can help move and increase money around the local community.

**The CHAIR** — Thank you, Minister. That concludes our hearing on the Victorian communities portfolio.

**Witnesses withdrew.**

## **Transcript of Evidence**

### **12.17 Women's Affairs portfolio**

*The transcript for the hearing on this portfolio was included in the Report on the 2007-08 Budget Estimates – Part One.*



## **Transcript of Evidence**

### **12.18 Youth Affairs portfolio**



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 15 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 J. Merlino, Minister for Sport, Recreation and Youth Affairs;  
Mr S. Gregory, chief financial officer;  
Mr T. Healy, acting deputy secretary, community strengthening; and  
Ms L. Healy, executive director, community engagement, Department for Victorian Communities.

**The CHAIR** — I welcome to the table Ms Lill Healy, executive director, community engagement, Department for Victorian Communities.

I call on the minister to give a presentation of around 5 minutes on the more complex financial and performance information relating to the budget estimates for the youth affairs portfolio.

**Overheads shown.**

**Mr MERLINO** — Young people make up 19.2 per cent of the Victorian population with the majority in metropolitan Melbourne; 17 percent of Victoria's young people were born overseas. Taking an inclusive approach to youth policy means accounting for the diversity of young people and their experiences, their expression, which is often in new ways, and of differences in any negative impacts of disadvantage or discrimination.

The Office for Youth administers nine programs which support and involve young people. These include Youth Central, Australia's leading information webpage; the teenage Go for your Life positive body image strategy, which was established to change community attitudes and media messages about body image; Advance, a school-based youth leadership and skill development program focusing on development of and participation in civic partnerships; the FReeZA program, where young people develop skills through organising events for young people and attending training workshops in both metropolitan and rural regions; FReeZACentral, which assists young people to gain accredited training, team up with industry mentors and get hands-on experience in all areas of the live music industry. I will be happy to talk on each of those if the committee wishes.

The office also leads the government's whole-of-government policy development process and works through the youth affairs interdepartmental committee to ensure that the future directions outcome areas are being progressed and government action is coordinated.

The youth affairs portfolio in government leads the way in listening to young people, understanding their views and coordinating policy development, which is inclusive of and responsive to the needs of Victoria's young people. We do that in several ways. A whole-of-government interdepartmental committee for youth works across departments to coordinate action and develop integrated policy. There are 15 regional youth affairs networks that support a collaborative partnership approach to discussing issues that relate to young people in the local area, provide a forum to gain information from young people and provide valuable input to government.

YACVic, the Youth Affairs Council of Victoria, and the Centre for Multicultural Youth Issues are funded to provide peak advocacy services and to involve diverse young people in representing their views to government and in the wider community, and DVC is providing leadership through local teams that support the implementation of doing government differently and facilitating local strategy development across local and state governments.

In terms of the voice of young people, young people are directly involved in discussions and consultations with the Office for Youth and me to build our knowledge of issues affecting young people and have their voices heard. Youth consultation forums, which were held in 10 locations as part of the community cabinet process, form a key ongoing component of that communication. Youth Central is a key vehicle for raising the voice of young people through surveys and an active youth engagement and participation strategy. YACVic and CMYI each actively work to involve young people and bring the voices of young people to government. There is the regional youth affairs network, which I mentioned; National Youth Week, which is a strongly youth-led event which directly involved over 600 young people in its planning and operation; and Young People Direct, which I will talk about in a moment.

The new youth policy, 'Future Directions — an action agenda for young Victorians', establishes an overall policy framework which focuses government and community action in the five outcome areas which are set out in the slide. Being accountable to young people is a key priority for the Victorian government, so the Office for Youth, in partnership with other departments, will finalise measures for achievement and a monitoring mechanism for the outcomes contained in Future Directions. Young people's voices are central to the implementation of Future Directions. Involvement in participation will be encouraged through existing channels, such as the RYANs and Young People Direct, which will itself be shaped by further consultation.

In terms of key achievements, I will try to quickly run through these. There is the Future Directions policy, which involves consultation with 1300 organisations and individuals; the commitment of the government to recurrently fund Youth Central and extend its strategy; the Go for your Life positive body image initiative, which is a terrific



program to create community level programs and a media and fashion industry strategy to improve positive image; FReeZACentral; and Victoria Rocks, which is an extension of the innovative FReeZACentral program which better provides young people's ability to get involved in the music industry.

In terms of forward directions, the Victoria Rocks initiative will be implemented. Future Directions, our new youth policy, focuses strongly on outcomes for young people, and I will be working with the interdepartmental committee which I have established to strengthen the government's reporting against those outcome areas. With Young People Direct, I am looking forward to consulting with young people to shape the proposal for Young People Direct, which is an advisory committee I am establishing to bring the voice of young people directly to government. That is probably the missing gap, that direct voice to the minister for youth affairs. Thank you for the opportunity to present and I welcome any questions.

**The CHAIR** — Thank you, Minister. About 40 minutes has been allocated for questions on the youth affairs portfolio.

**Ms GRALEY** — Minister, I presume you are aware that I have probably more young people in my electorate than anywhere else in Australia so I am very interested in this issue. It is a major concern for many of us out in the city of Casey. I would like to refer you to page 265 of budget paper 3, which notes funding for advocacy body support under the heading of 'Connect — new ideas for young Victorians'. I am asking you, Minister, if you could provide some more information on which advocacy bodies are referred to and their future plans to add value for young Victorians.

**Mr MERLINO** — Thanks, Judith. Our advocacy bodies established in Victoria play a crucial role in the development of policy and providing advice to me. The note that you referred to refers to additional funding for the Youth Affairs Council of Victoria, the Centre for Multicultural Youth Issues and SYN FM. The increased funding will allow YACVic and CMYI to expand their work in the areas of consultation and engagement of young people and advocate for service responsiveness for young people from culturally diverse backgrounds. SYN FM will continue to allow the voice of young people to be heard across the airwaves.

YACVic and CMYI are currently funded by the Victorian government under a three-year funding and service agreement. YACVic is the peak body and leading advocacy group on young people's issues in Victoria. CMYI provides the government and the wider community with policy advice and commentary on issues affecting migrant and refugee young people. YACVic continues to work across government to inform policy development related to a number of issues impacting on young people — for example, the human rights charter, the proposed changes to young drivers' safety and graduated licensing. This year they have convened the first national youth affairs conference in nine years, which we hosted in Melbourne. That was a terrific achievement of YACVic. YACVic has also worked in partnership with the Office for Youth to provide advice on the government's refreshed future directions for young people through the involvement of young people and service providers to develop the government's youth policy statement *Future Directions*. YACVic also provides support to the Victorian Indigenous Youth Advisory Council and the Youth Disability Advocacy Service, so it is not just in one area.

In terms of the indigenous youth advisory council, that is funded through Aboriginal Affairs Victoria to strengthen local indigenous youth networks and enable indigenous young people across Victoria to have a strong voice into government. In terms of the Youth Disability Advocacy Service, the Youth Disability Advocacy Service enables young people with disabilities the opportunity to join YDAS and be involved in advocacy and decision making about the direction and priorities of this new advocacy service which aims to help improve their lives. DHS has funded YACVic in partnership with the Disability Discrimination Legal Service and Youthlaw to establish YDAS.

CMYI provides advice specifically around the needs of culturally and linguistically diverse young people. It is required to report to the Office for Youth every six months against performance measures from its funding agreement, and that is reviewed annually. The performance measures listed in the funding and service agreement outline activities related to strategic advice and policy analysis, communication and consultation and cross-sectorial networking and linkages. I will probably leave it at that, Chair. There is a lot more I could say; they are terrific advocacy groups.

**The CHAIR** — Thank you very much. We need to be economic in the way we have things answered.

**Mr WELLS** — Minister, I want to talk to you about the funding for the youth affairs department. But firstly, how many staff under 25 do you actually have in the department? The second part is obviously at budget

paper 3, page 242; total expenditure in youth affairs has actually decreased from last year to the forward estimates, a decrease of about 3.2 per cent. Have the needs of the youth in Victoria declined or has the money been shifted to another department?

**Mr MERLINO** — Thanks, Kim. I will deal with young people — —

**Mr WELLS** — Not including student placements.

**Mr MERLINO** — Okay, all right. The Office for Youth employs six young people under the age of 26 full time, and that does include two trainees.

**Mr WELLS** — So that is four.

**Mr MERLINO** — Four people plus the two trainees. The youth employment scheme has provided the two young people to be employed as trainees. The young people gain experience and learn new skills in office administration, teamwork, computer skills, data systems, communicating et cetera. I anticipated that you would ask that question about how many young people we directly employ through the Office for Youth, but there is a whole range of other things where there is direct engagement and involvement and work of young people, so it is not just the six that we employ within the office. If I could just quickly go through that.

Youth Central provides opportunities for young people to work with the Office for Youth to deliver content and creativity and the participation of more than 3423 young people in 2006 from all over Victoria through the creative content design, multimedia productions, workshops, consultations, on and offline participation. There is current participation of more than 42 individual young people actively employed as roving reporters and 12 editorial team members. So they are doing work.

**Mr WELLS** — So six out of a total staff of how many?

**Mr MERLINO** — Out of a total staff of 30.

**Mr WELLS** — And the second part was about the funding decrease.

**The CHAIR** — Page 242.

**Mr MERLINO** — Yes. I will talk about the change in the budget, and then I will talk about the 07–08 budget. The budget is now \$14.9 million, as you referred to; previously it was 15.4. So I will run you through the budget, Kim.

The 07–08 allocation of \$14.9 million funding enables the funding of the government policy objectives for youth affairs, including the implementation of all new initiatives. So that includes Victoria Rocks and the increase in funding to YACVic and the Centre for Multicultural Youth Issues, which I just referred to, and the maintenance of existing programs including FReeZA, FReeZACentral, Youth Participation and Access, Advance and the positive body image program. Kim, the answer to your question is that there is the maintenance of the existing programs, plus new funding for new initiatives such as Victoria Rocks and increased funding for the advocacy bodies.

The two new initiatives I would like to highlight are the funding of the positive body image program, and the support we have provided to YACVic. The positive body image strategy is providing targeted resources for communities. It will enable us to work more effectively with the media, with schools and with sports clubs to drill home the message about positive body image, and, as I have said, we have increased support to YACVic to assist young people have a voice in public affairs.

The Bracks government election policy committed the incoming government to efficient government. So the Office for Youth is no different to any other department that a minister is responsible for, so there is a change in that budget. It is aimed at reducing red tape, achieving productivity gains, increasing strategies to share ICT and other services, and administering grants more efficiently. DVC is leading the efficient grants administration strategy, a process which will contribute to administrative savings across government. Changes to the youth affairs output funding reflect broader changes to machinery-of-government arrangements. This difference arises due to the need to take into account the full year impacts of the machinery-of-government changes in all DVC portfolios. There has been no direct impact on program and operational funding, so I am quite comfortable with the budget as it stands.

**Ms MUNT** — Minister, as the mother of a teenager I know that a lot of her entertainment, interest, socialising and information-gathering is through the internet now. There are so many MySpace pages, it is amazing. I have noticed a line item in budget paper 3, page 241, that talks about the Youth Central website page impressions, where it gives the actual and the target. I was wondering if you could just expand on that website and its use for the committee. Knowing my daughter I would imagine that it would be a very popular resource for young people to gather information.

**Mr MERLINO** — This is a terrific story to tell in terms of this website. Since its launch nearly two and a half years ago, Youth Central — [www.youthcentral.vic.gov.au](http://www.youthcentral.vic.gov.au) — has maintained its position as one of Australia's most popular government youth websites. The Youth Central website total page impressions target of 250 000 to 300 000 for the 06–07 year has been exceeded quite significantly due to an active online marketing strategy.

**Ms MUNT** — I am not surprised.

**Mr MERLINO** — This involved a targeted investment in a new search optimisation strategy, which has been very successful. There has also been an increased general recognition of the website by young people, so the expected outcome for 06–07 is now 700 000, and it is anticipated that outcomes will continue to increase over time. Youth Central is much more than a website offering Victorian young people a single access point to a broad range of youth-based government services and resources. With over 50 per cent of all content on the site being produced by young people, Youth Central gives voice to young people's views, ideas and creativity and provides young people with opportunities to set directions for their future life choices and employment.

In participation terms, I talked about the 3423 young people from all over Victoria who are participating in training workshops, content production, design and multimedia production and who have provided consultation, signed up for membership and entered competition. In this past year Youth Central has actively employed 42 roving reporters and a further 12 young people as editorial team members.

I have seen the roving reporters in action — for example, Ashlea Milner is the Youth Central sport and body image reporter who covered the recent FINA swimming championships and has also written about the Victorian government's funding support of the Butterfly Foundation's positive body image program. In her role as a sports reporter for Youth Central, Ashlea has been able to combine this part-time work with her studies and hopes it will help her become a professional sports journalist. So it is also very much about skills development. That is just one story of a person who has become involved with Youth Central and influenced other young people to participate and be informed.

In terms of its online performance, Youth Central has enjoyed the highest weekly market share of both visits and pages viewed of all other Australian state government youth websites. This includes outperforming the Australian government's national website for youth, 'The source'. The success of the initiative to date is also reflected in a range of new cross-government partnerships and one-off youth policy online consultations. These include collaborative projects with the Department of Education and the Department of Human Services, digital story-telling projects, an innovative IT-focused content partnership with Multimedia Victoria, a dedicated cross-departmental schoolies week website, external partnerships with Victoria University and the Northern Metropolitan Institute of TAFE, and the 2006 Commonwealth Games daily reporting of events by roving reporters.

There is a whole range of things that happen on this website including, in addition, online consultations, a major youth policy consultation with over 400 young people for the development of the Future Directions agenda by the Office for Youth, a privacy Victoria online questionnaire on privacy issues for young people, and VicRoads' promotion of graduated licensing consultation forms for young people.

I just want to finish on the point that we took on board the comments that PAEC had previously made in terms of performance measures and making them reflect the performance of particular programs. I am pleased to inform you that we took on board those comments you made last year and we have increased the targets that we have set for the Youth Central website.

**The CHAIR** — That is good. We can expect an offer from James Packer or Rupert Murdoch any time now to take it over, is that correct?

**Mr MERLINO** — That is right.

**Mr RICH-PHILLIPS** — Minister, I would just like to clarify a statement in your budget day press release in relation to the funding. The press release stated that \$14 million was provided in the budget for youth programs. Is that \$14 million worth of initiatives in new money, or does it include the carry forward of initiatives from last year, which I think was \$13 million? Is it a total of \$27 million, or is it partially carried forward?

**Mr MERLINO** — One of the differences, Gordon, between the budget this year — \$14.9 million — and previously is that we have taken out that 06–07 carryover of \$500 000, so that is not included in the 14.9 .

**Mr RICH-PHILLIPS** — So the 14 you refer to in your press release is all new money?

**Mr MERLINO** — It is some new money and some existing.

**Mr RICH-PHILLIPS** — Can you provide a breakdown of how much is new and how much is existing, please?

**Mr MERLINO** — I am happy to; I will provide that on notice, Chair, if I could.

**The CHAIR** — Thanks very much for that.

**Mr PAKULA** — Minister, I am interested in the Advance program. It is outlined on page 265, but it is also mentioned on page 241. The targets in terms of those participating in it seem to have been well exceeded, so I would like you to explain to the committee what the program actually is, how schools participate in it and why you have changed the performance measure targets.

**Mr MERLINO** — This is also another good story, and it is reflected in taking on board PAEC's previous comments in terms of performance measures. I will get to that secondly. In terms of what Advance is, it is a school-based youth development program that provides practical opportunities for young people to work during the school year in partnership with community organisations on projects that contribute to building their local community. Young people participate in challenging activities which develop their connection to the community, and communication and project management skills. Young people, schools and a diverse range of community organisations create networks by working together to achieve shared goals.

Through the Advance program young people are encouraged and empowered to participate in all aspects of project planning and decision making. Young people demonstrate leadership, learn new skills and volunteer in community projects. It attracts a range of diverse community organisations as program partners with schools. The program is available to all government secondary schools including special and special development schools. Secondary schools register an expression of interest with the Office for Youth each year. Schools are then provided with annual funding and professional development to deliver Advance. It includes a broad range of young people who participate right from year 7 to year 12.

Advance may also be used as core component of the VCAL curriculum. Advance schools are required to demonstrate a formal partnership between the school and the community organisation, and young people are involved in the planning, decision making and implementation of their community projects. The flexible framework of Advance allows for maximum local decision making for those delivering the program. This flexibility is demonstrated, for example, at Baimbridge College senior VCAL young people formed a partnership with the Hamilton junior footy league and the Shire of Southern Grampians to plan, design and install coaches boxes at a local football ground. The young people obtained sponsorship for the project and worked closely with stakeholders and community partners. Through the project, young people learnt skills in project management, research, design and costings as well as communication and interpersonal skills. It is a terrific program, providing young people with wonderful skills that they take into later life — a great success.

I will come to the change in terms of performance measure targets. Last year PAEC suggested that youth affairs' targets be reviewed. In the 06 calendar year the Advance program was delivered in 385 school campuses. The revised 07–08 budget targets for Advance reflect this increased uptake of the program. Due to the success of the program participation rates have generally been higher than the targets specified in the contracts; therefore the funding program has achieved performance above the level funded. More kids and more schools want to be involved in the program. This year the target number of schools participating in Advance has been increased to 400–410, and the number of young people participating has been increased to the range of 10 000–10 250.

**The CHAIR** — Minister, that is for 2007, is it?

**Mr MERLINO** — Yes.

**The CHAIR** — So what are you looking for in 2008, or is that just a bit too far ahead?

**Mr MERLINO** — The 07–08 target in the budget year is for the 07 calendar year.

**The CHAIR** — The footnote says that, yes.

**Mr MERLINO** — So the next budget, 08–09, will be for the 08 calendar year.

**The CHAIR** — If you can give us an estimate, perhaps, on notice for 2008.

**Mr MERLINO** — Yes, I am happy to do that.

**The CHAIR** — Since half the expenditure is, of course, in this particular budget.

**Mr MERLINO** — This high level of performance has been achieved as some schools are able to enrol more students in the program than the funded level of up to 21 students. This high level of performance has been achieved within the existing program budget. To extend Advance for another four years to 2011, a commitment has been made providing more young Victorians with opportunities to get involved in volunteering. Probably the two programs I wanted to highlight today were Youth Central and Advance. They exceeded targets, and we are raising the bar for the future of those two programs.

**The CHAIR** — All in the context of the same amount of money.

**Dr SYKES** — I congratulate you on the initiative with Youth Central. If it is achieving, as you describe it, then it addresses one of my main concerns which is the issue of productivity and coordination of service delivery — firstly, the principle of a one-stop shop or one gateway of entry, which this seems to provide, and secondly, the service providers working together.

Whilst it might stray outside of your area of responsibility at little bit, there have been examples in the community I have worked with where you might have 30 people providing services to youth in the area, but they operate in a silo mentality. It is when you bring them together like this that suddenly they find out that the person they had a cup of coffee with is actually working in the same area. That is problem no. 1

Problem no. 2 is that there is a failure to share information. Even people who are in the same organisations seem to hide behind the privacy legislation, and someone providing guidance on, say, sexual assault to young people and another providing guidance on single parenting do not share basic information because of privacy concerns. In fact that does not need to be the case; you can get client approval.

Have you got any other initiatives? Firstly, are you aware of the underlying issue, and secondly, do you have any other initiatives to improve the coordination of service delivery to youth?

**Mr MERLINO** — Thanks, Bill. I appreciate the question because this is one of the issues that I am putting a fair amount of work into, and I have some good things to say in terms of what we are doing currently. You have given a regional example: I recently did a presentation regarding youth services. If I can pluck out one municipality as an example, Wyndham City Council had, I think, 87 youth service providers. So there is not a lack of organisations in our communities delivering a whole range of programs and support to young people. Whether it is specific in terms of drug and alcohol or whether it is more general in terms of local government, there is a whole range of organisations providing support, and I think the issue of coordination is an important one, so I welcome the question.

I have done a couple of things, as I said earlier. One is to establish the interdepartmental committee on youth affairs. This is across government, so there is better coordination and communication across government. There is also the support of the 15 RYANs across the state. They have a role to play in terms of those local networks in coordinating local providers. Infoxchange plays a very important role through the internet in sharing information with local providers. A young person may go through a drug and alcohol program, but there might be some other

areas in which that young person needs support, so Infoxchange is a good way to connect organisations and service providers.

There is also the youth services improvement project with DHS and the Office for Children. That is a key coordination that we need to do — Office for Children under Minister Neville and Office for Youth under me — because there is quite a bit of crossover; 12 to 25 under my portfolio and Office for Children under Minister Neville. They are some of the things we are doing, but it is an important issue that you raise.

**Dr SYKES** — One of your challenges, though, is to address the mindset of the people out there. It is one thing to put in place programs, but it is really important to get a change in the mindset of the service deliverers, so good luck with the challenge. I will help you with it, but good luck with it.

**Mr SCOTT** — My question relates to the FReeZA program and the FReeZACentral program which you referred to on page 241 of budget paper 3. Can the minister please explain to the committee the difference between these two programs?

**Mr MERLINO** — Yes, thanks, Robin. The FReeZA program provides opportunities for young people, as I said, aged 12 to 25 across Victoria to actively participate in their local communities. It is an innovative youth development program that engages young people through all stages in developing local drug, alcohol and smoke-free music and cultural events. One of the reasons why it is a very successful program is that young people actually develop the proposals from the beginning. They are events for young people, developed and provided by young people.

FReeZA is an annual grants program where local governments and community organisations work in partnership with young people to run five music and cultural events throughout the year. Due to the increasing success of this program, 76 community organisations across Victoria received grants in 06–07, with 45 of those located in rural and regional areas. Local FReeZA events, organised by young people, aim to strengthen the relationship with the local community and cater to a broad spectrum of young people's interests and skills.

FReeZA events include, for example, Battle of the Bands competitions, youth stages and performances at community festivals, skate and BMX competitions, performances at art and film exhibitions, music, song-writing, dance and hip-hop workshops.

The FReeZACentral program was implemented in 2004 to build on the success of the FReeZA program by providing training and mentoring opportunities for young people interested in the music industry; it is that next step. They have got involved in local FReeZA events but have actually got a real interest in developing their skills and going into the music industry. The FreezaCentral program is run by a consortium of The Push and Mushroom Marketing in partnership with Victoria University.

The FReeZACentral program provides young people aged 15 to 25 who are interested in pursuing a career in the music industry with accredited training, one-on-one mentoring with music industry professionals, hands-on event management experience in four music tour events, and the recording of a CD; I have got those CDs with me. I have had a good listen to them. I was at the graduation a few weeks ago; it was terrific. The music is very, very good.

I am pleased to announce that up to December 06 the FReeZA program has delivered 250 youth music and cultural events across Victoria. In the first half of the 06–07 year, 73 230 young people have enjoyed and participated in these performances and community events. To date FReeZA agencies have been able to achieve more attendances than they are contracted to provide. The FReeZA program runs in over 90 per cent of Victoria's local government areas, ensuring that the vast majority of young people in Victoria have a chance to participate in, attend or perform at a FReeZA event in their local community. I am pleased to report that FReeZA is on target for 06–07 for both the number of grants approved and for attendance. However, this will always fluctuate from year to year depending on the size of the actual event.

In terms of measuring participation, young people participate in the FReeZA program by forming a local FReeZA committee to actively plan and run the cultural and music events; attending and enjoying the alcohol, drug-free and smoke-free events organised by the committee; performing as artists in the events; and providing additional volunteer support in the planning and running of events. Participation in the program is measured by the number of young people attending the FReeZA events across the state each year and the number of events organised.

Due to the success of the program, participation rates have generally been higher than the target specified in contracts; therefore, the program has achieved performance above the level. FReeZA-funded providers are evaluated on an annual basis through the performance reporting process prescribed within those funding agreements.

I was recently at the Moonee Valley City Council, which had a great event. That Moonee Valley event was the biggest national youth week event in the whole of the state. So it is quite terrific. It is a great program.

**The CHAIR** — Thank you. I noticed they are all on ‘myspace.com’, which is one of my kids’ favourite websites.

**Mr BARBER** — Minister, you have said several times today that YACVic is funded to provide statewide advocacy.

**Mr MERLINO** — Yes.

**Mr BARBER** — What it has been advocating for is generalist early intervention youth services. In fact they wrote a report in 2006 called *Who’s Carrying the Can?* and they point out that what you have actually been providing — and this is an increasing trend in the forward estimates — is targeted crisis-type services for youth at risk. Specifically, you have taken money from the general youth grants and put it into family mediation. This is a particular problem in rural and regional areas, where the male suicide rate is double what it is for other areas, which is a good enough indicator. We have never really had a generalist youth service in Victoria, so why is your approach to go more towards the targeted end of things and less towards early intervention?

**Mr MERLINO** — Thanks, Greg. It really follows on to my answer that I gave Bill. It is an issue raised by YACVic, as you said. It has also been raised, and members would be aware, at the interface councils — the nine interface councils also raised this issue of generalist youth services. VCOSS has raised it as well. So this is an issue that has been raised within the youth sector and I am aware of that and the government is working on those issues raised. But it is about picking up what I said before. What the issue is is coordination and provision of generalist youth services. We are working, as I said, at establishing the IDC, and I am working in collaboration with the Minister for Children in raising this issue of generalist youth services.

So I acknowledge the issue. It has been raised — it was raised late last year. I recall — members may have been at this meeting of the interface councils — I think in September or October last year there was a briefing of interface councils to members of Parliament. So in terms of my answer today, I acknowledge that the issue has been raised by various organisations, and it is something that I will be working on in terms of a response.

**Ms GRALEY** — To move from something as fun as hip-hop workshops to whole-of-government reporting, I refer to page 241 of budget paper 3, which notes that the youth affairs portfolio is required to develop and coordinate whole-of-government reporting. I ask the minister to explain how the Office for Youth does its reporting and the future impact of this reporting on this important portfolio.

**Mr MERLINO** — This is an important question, because it is not just the performance measures that are in the budget papers; it is quite important in terms of whole-of-government reporting and how we provide that information to the public. Whole-of-government reporting involves the collection of data from across government on the impact of programs for young people. That is the other thing with this portfolio, that a lot of things that impact on young people occur from other portfolios, other departmental initiatives. The process involves all departments providing case study material and statistics to illustrate how well young people are faring across a wide range of activities. The annual report, *Youth Focus*, is released each year and contains an overview of progress we are making. The Future Directions outcome areas were developed to measure progress in improving the lives of all young Victorians. They provide a coordinating framework for all government policy and action in the youth affairs portfolio.

I recently released *Youth Focus in Victoria 2005–2006*, the fourth whole-of-government report on youth affairs. The report provides a snapshot of young people in Victoria in 05–06 and reports against each of the five outcome areas in the government’s Future Directions policy statement. The 05–06 report outlines young people’s participation in community life and provides data on education and training, justice and safety, and health and wellbeing. The data in the report shows that we are continuing to make steady progress in improving the health and wellbeing of most young Victorians.

I might skip some of this, Chair, because I know you are interested in what happens in terms of the future. In 2007 I will be strengthening this focus on reporting against outcomes. Two initiatives will assist in this process: I have established, as I said, an interdepartmental committee to provide a whole-of-government perspective on how Future Directions outcome areas are being progressed; and I have also asked for the Office for Youth to work with the Office for Children to produce a status of Victoria's young people report in late 2007.

However, the government intends to strengthen the outcomes focus. Last year the children's services coordination board established under the new Child Wellbeing and Safety Act 2005 produced the first *The State of Victoria's Children* report. Using sociodemographic and population health data, which is a part of developing the Victorian child and adolescent monitoring system as well as material emerging from the Victorian community indicators project, a more comprehensive view of how young people are faring is now emerging. This is a really exciting development.

In coming years the government increasingly will report on progress in achieving each outcome area using a suite of agreed performance measures. Each of these will be strongly directed towards measuring results achieved for young people. This will ensure that our reporting focuses on the differences to young Victorians' lives that result from our activities. We are going to do some further work in terms of whole-of-government reporting.

**The CHAIR** — That will be good. You will also have the census data coming up in about June, so that will also be very useful for that sort of analysis. Final question from Mr Dalla-Riva.

**Mr DALLA-RIVA** — Minister, I note that the Victorian government has allocated \$2.1 million over the next four years to the positive body image strategy, and I ask: is any of this funding proposed going to be used to educate our youth on the dangers of body piercing, and has there been any discussion by the government on the possibility of bringing in legislation to make it illegal for our youth under 16 to undergo body piercing without the consent of their parents?

**Mr MERLINO** — Thanks, Richard, for the question.

**Mr PAKULA** — Do you have any?

**Mr DALLA-RIVA** — I do not have any, Mr Pakula, thank you. But thanks for asking.

**Mr PAKULA** — No obvious ones.

**Mr DALLA-RIVA** — No obvious ones, anyway.

**Mr MERLINO** — The body image strategy is exciting, and it is quite significant. I recently went to a forum where there were 34 students from schools across Victoria. The forum was all about teaching those young people about how images are manipulated and digitally enhanced. It is quite extraordinary in terms of what we see in the media, images on television and in magazines, how images are distorted. People are skinnier, noses, hair — the whole kit and caboodle.

**Mr DALLA-RIVA** — I have seen your portrait, yes!

**Mr MERLINO** — One of the key things is getting those young people out to their schools and starting to disseminate this message. There is a community advisory committee on body image and also a media committee on body image that will look at developing a voluntary code of conduct for the media advertising fashion industries. There is a lot of work that we are doing which is quite exciting, because it directly impacts on people. It does not matter whether they are metropolitan kids or kids in rural and regional areas, poor body image leads to harming activities, harming behaviours, depression, anorexia nervosa, eating disorders. This is quite a significant program, and I am pleased to say that the state government is leading the way in terms of the country. We are the first government to really invest in this issue.

In terms of the specific issue you raised about body piercing and recent quite horrific reports in terms of body piercing and some of the outcomes if it is done in the backyard, that is an issue for DHS; it is not an issue that I have responsibility for as minister for youth, but it is an important issue to be raised.

**Mr DALLA-RIVA** — You said there an advisory committee about to be started, or it has started?



**Mr MERLINO** — The community advisory committee has been established, and I will be appointing a chair of that committee very shortly.

**Mr DALLA-RIVA** — Will part of its reference, I gather, be looking at the issues? Even though, as you say, it is within DHS, would part of that be in your portfolio of youth to actually advise on particular issues such as body piercing for people under the age of 16, for example?

**Mr MERLINO** — The committee's responsibility is essentially implementing the recommendations of the parliamentary inquiry. That is where it began. It began with a parliamentary inquiry. So responsibility is really about implementing that. That is about supporting local communities in positive body image strategies. That is in essence the responsibility of the committee. Responsibility in terms of regulation and legislation regarding piercing is really with DHS.

**Mr DALLA-RIVA** — And funding is within the budget for that advisory committee?

**Mr MERLINO** — It is out of the Community Support Fund. It is a Go for Your Life appropriation, Richard.

**The CHAIR** — Just a couple of things before we conclude. I just note you mentioned the performance measures on Youth Affairs and you have actually adjusted some of them. I note in regard to the FReeZA ones that you might look at the FReeZA attendance ones: 159 000 one year and 150 000 expected this year, but you are still looking in terms of next year 130 000. Similarly it is not quite the same variation, but in regard to FReeZACentral intensive workshops 666, 550 and you are looking for 500 next year. So maybe you want to do a similar process in regard to those particular measures.

Also in regard to the departmental response to the estimates questionnaire and question 9.1 on communication, advertising and promotion, we have sent a letter asking for a fuller answer in regard to that particular question, and I guess the committee would appreciate that response because we need to include that in our report and have some consistency between departments. I am afraid the Department for Victorian Communities did not seem to be able to say much at all about communication, advertising and promotion.

That concludes consideration of the budget estimates for the portfolios of sport and recreation and youth affairs. I thank the minister, witnesses and departmental officers for their attendance today. It has been a very good session. Where questions have been taken on notice the committee will follow up with you in writing at a later date. We request a written response to those matters be provided within 30 days and they will be there for consideration and inclusion in the future report of this committee. Thank you, minister.

**Witnesses withdrew.**



## APPENDIX 2: DOCUMENTS TABLED FOR EACH PORTFOLIO

### ***Parliamentary departments***

The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### ***Department of Education***

Education portfolio                      The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Education Services portfolio              The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

### ***Department of Human Services***

Children portfolio                      The Minister provided an introductory slide presentation at the estimates hearing.

Community Services portfolio              The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Health portfolio                      The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Housing portfolio                      The Minister provided an introductory slide presentation at the estimates hearing.

Mental Health portfolio                      The Minister provided an introductory slide presentation at the estimates hearing.

### ***Department of Infrastructure***

Major Projects portfolio                      The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Public Transport portfolio                      The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

Roads and Ports portfolio                      The report of the hearing on this portfolio was included in the *Report on the 2007-08 Budget Estimates – Part One*.

**Department of Innovation, Industry and Regional Development**

Industrial Relations portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Industry and State Development portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Information and Communication Technology portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Innovation portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Regional and Rural Development portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Skills portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Small Business portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Tourism portfolio	The Minister provided an introductory slide presentation at the estimates hearing.

**Department of Justice**

Attorney-General portfolio	The Attorney-General provided an introductory slide presentation at the estimates hearing.
Consumer Affairs portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Corrections portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Gaming portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Police and Emergency Services portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .

Racing portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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**Department of Premier and Cabinet**

Arts portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
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Premier's portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
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**Department of Primary Industries**

Agriculture portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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Energy and Resources portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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**Department of Sustainability and Environment**

Planning portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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Water, Environment and Climate Change portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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Mr G Barber tabled a chart depicting comparative per capita water consumption between Melbourne and other capital cities.

**Department of Treasury and Finance**

Finance, WorkCover and TAC portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
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The Minister tabled a letter from the United Kingdom Treasury indicating that the UK intends to introduce IFRS for 2008-09. The letter illustrates that Victoria is well ahead of overseas countries in the implementation of IFRS.

Treasury portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
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**Department for Victorian Communities**

Aboriginal Affairs portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Aged Care portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Employment portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Local Government portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Multicultural Affairs portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Sport and Recreation portfolio	<p>The Minister provided an introductory slide presentation at the estimates hearing.</p> <p>A map of Victoria showing statewide allocation of funds under the better pools initiative.</p> <p>A map showing metropolitan Melbourne allocation of funds under the better pools initiative</p> <p>A graph showing investment in community facilities</p>
Veterans' Affairs portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .
Victorian Communities portfolio	The Minister provided an introductory slide presentation at the estimates hearing.
Women's Affairs portfolio	The report of the hearing on this portfolio was included in the <i>Report on the 2007-08 Budget Estimates – Part One</i> .

Youth Affairs portfolio

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

An information card outlining details of the Youthcentral website.

A CD entitled enroute containing a selection of music recorded under the FReeZACentral program; and

An information sheet describing the government's Positive Body Image Strategy 2006-2010.





## **APPENDIX 3:            ACRONYMS AND ABBREVIATIONS**

A-IFRS	Australian equivalents to International Financial Reporting Standards
CALD	Culturally and Linguistically Diverse
CAV	Consumer Affairs Victoria
CIO	Chief Information Officer
CMYI	Centre for Multicultural Youth Issues
COAG	Council of Australian Governments
DSE	Department of Sustainability and Environment
DTF	Department of Treasury and Finance
EBA	Enterprise Bargaining Agreement
EFT	Equivalent full-time
ETIS	Energy Technology Innovation Strategy
FINA	Fédération Internationale de Natation
FTE	Full-time Equivalent
ICT	Information and Communication Technology
LPG	Liquefied Petroleum Gas
METROL	Metropolitan Train Control Reliability Systems Upgrade
NICTA	National ICT Australia
OTFE	Office of Training and Further Education
PAEC	Public Accounts and Estimates Committee
VECCI	Victorian Employers Chamber of Commerce and Industry
VET	Vocational Education and Training
VICERS	Vigilance Control and Event Recording System on Metro Trains
VWA	Victorian WorkCover Authority
YACVic	Youth Affairs Council Victoria



