

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2005–06

Melbourne — 10 May 2005

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Mr A. Somyurek

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr S. Bracks, Premier;

Mr T Moran, Secretary;

Dr R. Ben-David, deputy secretary, sector improvement; Department for Victorian Communities; and

Mr P. Harmsworth, chairman and chief executive officer, State Services Authority.

**The CHAIR** — Could I welcome to the hearing Mr Terry Moran, Secretary of the Department of Premier and Cabinet; Mr Rob Ben-David, deputy secretary, sector improvement; Mrs Helen Silver, deputy secretary, policy and cabinet; and Mr Peter Harmsworth, chairman and chief executive officer, State Services Authority.

Premier, over to you and whoever you want to do the overhead presentation. You have 10 minutes maximum for that.

**Mr BRACKS** — Thank you very much. I will be as succinct as I can be. Just as last year in the presentation for the Public Accounts and Estimates Committee, there was a new function in government which we had a brief presentation on — and that was the chief information officer — the State Services Authority is the new function in government since we were last here. Peter Harmsworth, who has had an extensive career in the public sector in Victoria and elsewhere, is the new chairman and CEO, and I want to introduce him to the Public Accounts and Estimates Committee, and obviously he might say a couple of words at the end if I am succinct enough. I will do my best.

First of all, I am very pleased to be here again on the sixth occasion as Premier presenting at the Public Accounts and Estimates Committee. I will not labour the point enormously, but it is my sixth occasion, and that is six times greater than the previous Premier. In my presentation today I will only briefly touch on the portfolio of arts. Obviously the Minister for the Arts will be presenting in full, but given it is a such a big portion of the budget, it will be referred to in some of the overheads, as you will see. In relation to the State Services Authority, as I have mentioned, we have a new authority, a new chairman, a new CEO here, Peter Harmsworth, who can add a few comments here as well.

#### **Overheads shown.**

**Mr BRACKS** — If I can go to the 2005–06 state budget, it reflects the long-term vision for Victoria that our government has, and Growing Victoria Together, which sets out that vision and lays out 10 goals that will help us achieve our vision to be the kind of state we would like Victoria to be in 2010 — a state which has a thriving economy, quality health, education, healthy environment, caring communities and a vibrant democracy. We are seeking to balance, obviously, the economic, social and environmental goals to provide for that very outcome.

The Department of Premier and Cabinet has four elements or main roles: one, to support the Premier as head of the government and cabinet, and to assist in the management of the cabinet agenda and the coordination of government policy, development and implementation; to provide strategic policy leadership, providing policy analysis and advice to the Premier on all matters affecting my role as head of government and providing administrative support for the operation of the cabinet, of cabinet committees and the executive council; to develop and coordinate whole-of-government initiatives, advice to the Premier in the overall administration of the state's operations, initiating, planning and implementing specific projects and events; and developing and delivering whole-of-government services and programs, including a delivery role in the arts area which will be referred to by the arts minister. Independent agencies which are independent but have a functional link with the Department of Premier and Cabinet include the Office of the Governor, the Chief Parliamentary Counsel, the State Services Authority and the Ombudsman and director, police integrity.

**Mr FORWOOD** — 'Policy integrity'?

**Mr BRACKS** — Police integrity, that should be. I actually said it right, so there you go. It needs to be corrected up there; it should be police integrity. We are not having one of those; we are going to have a director of police integrity. Good pick-up!

Since the last time I presented, two new offices are presented here as part of the budget consideration and budget estimates. The State Services Authority and the Office of Police Integrity have been established. That reflects the importance we have placed on those two areas. Of course the Office of Police Integrity and the director of police integrity have been established. The director of police integrity is also the Ombudsman. It has considerable extra resources as part of the budget appropriation in this financial year as well. The State Services Authority was established to assist in improving standards across the public sector, and I will address this shortly. I will not speak to that, but the list is there for your consideration.

**The CHAIR** — You read my mind.

**Mr BRACKS** — I will not speak to it — I promise. But there are big organisations and institutions which come under the portfolio of the Department of Premier and Cabinet. The theme of the 2005–06 budget was around five areas — a strong, growing diverse economy; building Victoria’s infrastructure; A Fairer Victoria, the social policy package we had before the budget, incorporated within the budget subsequently; growing and linking the state; and stimulating investment, innovation and sustainability.

As to the major issues impacting on DPC’s budget, the only two that I want to mention, which will be highlighted just so that the committee knows the two new appropriations which will be elaborated on by the arts minister, include the Melbourne recital centre, and there is a budget allocation for that in this budget. There has been a gap in the arts precinct and in the arts sector — the recital hall — and that is provided for with the \$8.2 million you can see over the next three financial years. Opera has also gained some additional funding. I should highlight that. I know it will be elaborated on further. This is not establishing a new state opera company but establishing funds to provide new opera product for state performances in the future. That is really what it is about. It will be able to be bid for as well as part of that. I want to highlight that because it is a significant amount of new money which has been provided as part of the budget.

The budget in 2005–06, if I can go to the core of that — I present this every year and I am presenting it again. Strategic policy advice on projects: between last year’s budget and this year’s budget there is not that much variation, but a slight increase. There is a big increase, though, in public sector management and governance. You can see that that includes the new money for the Ombudsman, the new money for the Office of Police Integrity and the State Services Authority, which are the new functions which have really accounted for the significant increase in that particular item in the budget. I wanted to highlight that, and I am happy to elaborate on that further but I do not think it is any secret that we have put an enormous amount of extra resources into the Ombudsman’s office, into the Office of Police Integrity, and of course the establishment of the State Services Authority. Whilst we have some existing funding for existing functions which we have relocated, there is some new money there as well which might be elaborated on also.

The Public Administration Act has now been established. I will just briefly mention that between the last meeting last year and this meeting we have established that new act. That was a commitment we made very early on. We have undertaken a complete examination of the public sector arrangements, independence, reporting arrangements, promotion and other aspects, and we have established as a result the new State Services Authority to enhance government service delivery capability and that has met the commitment that we set out some time ago.

The State Services Authority has four key roles. The first is to identify opportunities to improve the delivery and integration of government services and report on outcomes and standards. I know that is going to be important as well for the work this committee does; obviously you may want to take account of that in the work of the PAEC. Role 2 is to promote high standards of integrity and conduct in the public sector which will be performed by the public sector standards commissioner which we have appointed. We have appointed Greg Vines to that position. He was previously a deputy secretary in Industrial Relations Victoria. He has now been appointed to that role and function. Role 3 is to strengthen the professionalism and adaptability of the public sector. The fourth is to promote high standards of governance, accountability and performance for public entities. Not only budget departmental expenditure and oversight but also public entities will also come under the purview of the State Service Authority as well.

We also have a public sector standards commissioner, as I mentioned, who will be responsible for public sector values, employment principles, codes of conduct, review of actions and standards. The commissioner will be a member of the authority and will involve other tasks and references which are undertaken.

The funding which the previous slide illustrates shows the increase in one of the cost centres: recurrent funding, \$10.3 million, rising to \$11.4 million, with some minor capital works for the location of the authority. The reallocation is from two areas: one from the Office of Public Employment; and the second from the Office for Workforce Development. It has been subsumed within the new organisation of the State Services Authority, and so \$5.5 million reallocated in 2005–06 and \$5.6 million in the 2006–07 with a total new estimate, new allocation of \$4.9 million rising to \$5.97 million in 2006–07.

I will introduce Peter Harmsworth, who is the new head of the authority which is a new functional area in the government. He might briefly want to say something.

**The CHAIR** — You can briefly say something but you will not refer to overheads, will you?

**Mr HARMSWORTH** — I was going to just refer quickly, but I think the points the Premier makes in terms of the four roles are pretty exciting stuff for Victoria. If you look at the objects of the act, it now encapsulates really what the new authority will be chartered to do and undertake. Particularly I would like to emphasise roles 1 and 4, which is a new review function. First and foremost is role 1, looking at activities right across government; and if you examine the way that this structure of reviews work it is looking at the whole-of-government activities, looking at systems review across government to work with the departments and agencies in addressing critical issues that perhaps have not been addressed before because of the structures of departments. It has a special inquiry capacity to report through the Premier to Parliament on particular references given by the premier. Role 4 interestingly will review functions around governance of our public entities of which there are now, we estimate, over 4500. Within part 5 of the new Public Administration Act there is a set of governance principles for the operation of these entities. Part of role 4 of the authority is to give meaning to this governance framework, to promulgate this across public entities, to introduce training of directors of new boards and to undertake reviews not just on governance but on the operations of public entities as requested by the Premier or by a minister.

The other two roles, roles 2 and 3, as the Premier indicated, are really around Greg Vines's operation as the public sector standards commissioner. Role 3 is around work force planning and work force development, which is really a function of the work force development division within the Premier's department previously. So it is a package now of activities available to the government to undertake, as I said, a range of functions that previously have not been available except in particular discrete units within the Premier's or other agencies.

**The CHAIR** — Thank you very much.

**Mr FORWOOD** — Did you choose your own chief executive operating officer?

**Mr HARMSWORTH** — Fabulous appointment!

**Mr FORWOOD** — Did you choose it yourself?

**The CHAIR** — We will go to our first question which I have. Premier, budget paper 3 page 174 relates to the output of 'Government information services and support'. I notice that there is quite a bit of information coming out of the Our Water Our Future campaign. Could you outline the expenditure and the initiatives that that expenditure will purchase?

**Mr BRACKS** — The expenditure is outlined. The majority of the \$6.2 million campaign is funded within existing budgets of the metropolitan water business as part of its existing operation. It is a behavioural change campaign, the overall aim of which is to reduce water consumption in metropolitan Melbourne. So far it has been stunningly successful. Through related activities such as water restrictions, water saver rebates and the large advertising and awareness campaign we have seen water consumption reduced by approximately 20 per cent compared to the previous year. That is probably the best outcome of any state in Australia in relation to demand management and reducing water consumption. As you know, Australia is a dry continent, but we have one of the highest per capita water usages of any country in the world. That cannot sustain itself forever, and part of what we are doing as well as investing in infrastructure and investing in new projects for recycling and reuse of water is also demand management. That is what this whole campaign has been about.

The advertising associated with Our Water Our Future has been particularly successful in shaping awareness, attitude and household behaviours. There have been a range of television commercials, newspaper and outdoor advertisements — you have probably seen the badging outdoors on some billboards which has been quite successful, using water savers as an illustrative example of what you can do yourself, bringing it down to an individual response which you can take. To keep the water message at the top of the mind of all people in Melbourne in particular is part of the metropolitan water authority's campaign. The campaign includes a number of other more localised initiatives, including the introduction of the water-saver garden centres in key locations, a curriculum package for schools which has been developed and a community consultation program which is available — and I think many members have undertaken that consultation as well. One of the most successful add-on activities was a water-saver competition to encourage Victorians to deliver their own water-saving TV commercial. It was successful and several hundred entries were received. The three winning water savers are currently on air as part of that. I think that is a pretty good public participation effort really.

The Our Water Our Future program will continue into the foreseeable future with the support of the three water retailers and Melbourne Water. The key objective is to ensure that Victorians maintain their commitment to saving water and that obviously we have generations of Victorians learning water-saving habits for a lifetime. I have mentioned the funding, the source of the funds, which is the water authorities, and we have now the coordination of that in a coherent campaign across the metropolitan area and, of course, we have separate campaigns in country Victoria as well.

**Mr FORWOOD** — How much? Was that \$65 million?

**Mr BRACKS** — It is \$6.2 million.

**Mr FORWOOD** — I refer you to page 2 of the departmental response under risk management strategy which identifies that a key risk for the government, the third dot point refers to failure to maintain confidentiality of sensitive information. When did you first become aware that your budget had leaked? Were you party to the decision to seek an injunction to prevent it going to air? Why have you now engaged PWC to do the witch-hunt? Who will be paying for that? Why did you not involve the police in the issue?

**Mr BRACKS** — I am happy to answer each of those questions in order. I first learnt about it when there was communication from Channel 9 to my office. I think it was late afternoon. The department was made aware of it and sought an injunction. I think the injunction was gained around about 6 o'clock and the matter had gone to air at about the same time. My intervention, and the intervention of the Treasurer, occurred at that time when we indicated that as a result of the matters going to air we felt there was no purpose served in a continuing injunction for other media who would report simply on the matters raised by Channel 9.

**Mr FORWOOD** — So that was the first you heard of it?

**Mr BRACKS** — That is the time at which I intervened and said that the injunction should not proceed. I heard about the matter — the leak — as I mentioned in the late afternoon and steps were taken by the department to find out what the material was. It was too late and it was decided not to proceed with it. In relation to PricewaterhouseCoopers, it has been commissioned by the department, as is appropriate to — —

**Mr FORWOOD** — Department of Premier and Cabinet, or Department of Treasury and Finance?

**Mr BRACKS** — No, the Department of Treasury and Finance. It commissioned PricewaterhouseCoopers to examine and investigate the alleged leak and to report to the government on that. As you mentioned, because of the objective that we set out in the response to the Public Accounts and Estimates Committee, which is correct, that obviously the security of the budget is very important, and so it is currently undertaking that work. That is able to be paid for within the usual contractual arrangements that DTF has anyway for matters that it contracts in any one financial year. It seeks legal advice; it has external examinations of matters. It does that anyway. This was out of the fund that already exists and so there was no new fund for this.

**Mr FORWOOD** — And the police?

**Mr BRACKS** — That is really a matter that will be determined depending on what PricewaterhouseCoopers discovers. It is not yet known whether or not this is a police matter.

**Mr FORWOOD** — And you were not involved in the decision to seek the injunction, just in the decision to stop if going ahead?

**Mr BRACKS** — Whether or not the injunction should continue was the decision that I made with the Treasurer.

**Mr RICH-PHILLIPS** — Just a quick follow up — —

**The CHAIR** — It was clear. Ms Romanes?

**Mr RICH-PHILLIPS** — No, not on that, on another issue — on when the report is going to come back from PricewaterhouseCoopers.

**Mr BRACKS** — We have not given them a time line. I do not have a time line at this stage. As soon as possible.

**Ms ROMANES** — On pages 177 to 178 of budget paper 3 there is reference to the establishment of the new Office of Police Integrity. Can you provide the committee with details on the objectives of this new office, and the new powers granted for its investigations, and comment on how it is travelling?

**Mr BRACKS** — Of course, as I mentioned in the preamble, this is a major new initiative between the last time that we discussed the estimates and this occasion. The major crime legislation which backs up this package was passed in the autumn 2004 parliamentary sitting. It is designed to combat organised crime and police corruption. The Major Crime Legislation (Office of Police Integrity) Act establishes the Office of Police Integrity, headed by the director of police integrity. Its objectives are to ensure the highest ethical and professional standards are maintained in the police force and that police corruption and serious conduct is detected, investigated and prevented. The act provides that the person appointed as Ombudsman is also appointed as the director of police integrity. However, the functions and powers of the DPI and the Office of Police Integrity are clearly delineated from those of the Ombudsman and the Ombudsman's office, and that is set out clearly in the act and obviously in the funding models that we have established.

The legislation provides significant powers to the director of police integrity to investigate allegations of alleged police corruption including the use of surveillance devices, assumed identities and controlled operations, enabling the DPI to charge with contempt a person who fails to attend an investigation or to cooperate, and providing for the DPI to apply for the arrest of a person who fails to attend an investigation and also to have ongoing negotiations and discussions with the commonwealth to obtain a further power, and that is to grant telecommunications interceptions powers to the DPI as well. As part of the act we have a special investigations monitor to oversee the exercise of these extensive powers and a third-party examination of them as well. You are right, it is a significant new development since last year and a significant new expenditure backing up that legislation.

**Mr FORWOOD** — I would just like to follow up on the previous topic. Were you aware that an injunction was being sought before they went off to get it, and, if not, when did you become aware that an injunction was being sought? Finally, are you confident that the leak did not occur from your office or the office of the Treasurer?

**Mr BRACKS** — It is an obvious question, and my answer is yes, I am very confident. But the work by PricewaterhouseCoopers will obviously examine it properly and prove that case. In relation to the injunction, I was made aware when we had a successful injunction, and that was just before 6 o'clock. It was communicated to Channel 9. By the time it had the communication it had gone to air.

**Mr FORWOOD** — So you were not aware that an injunction was being sought?

**Mr BRACKS** — And the department quite rightly wanted to have time and space to assess the nature of the material involved.

**Mr FORWOOD** — But Terry did not pop up his nose and say, 'We are off to get an injunction'.

**Mr BRACKS** — Actually, I do not think the head of the Department of Premier and Cabinet knew about this matter at all at the time, because it was the Treasurer and myself.

**The CHAIR** — That has been made very clear.

**Mr FORWOOD** — I think Mr Moran has something he would like to say.

**Mr MORAN** — I am just agreeing with what the Premier said.

**Mr FORWOOD** — Brave boy!

**The CHAIR** — Thank you. Mr Somyurek has the next question.

**Mr FORWOOD** — We are going to close the committee down, are we?

**Mr SOMYUREK** — According to page 17 of the transcript of your contribution to the committee last year, you described and delineated the funding arrangements for the Australia and New Zealand School of Government. ANZSOG has been operational for just over two years now. Can you tell us about the progress of the school?

**Mr BRACKS** — It has been adopted right across Australia and also with our partners in New Zealand. The Australia and New Zealand School of Government builds policy and management skills to equip students for senior roles in public administration and promotes public administration as a profession of great social value. It has been a gap, if you like. We have not had such an organisation in Australia for some time.

So far the Victorian government has supported 156 participants. There are 117 students in the executive masters for public administration, and 39 students in the executive fellows program. The first executive masters for public administration intake will complete their two-year program this month, so we will have our first graduates from the course. ANZSOG has already provided benefits by linking senior officers with their peers in jurisdictions including New Zealand, the other states and the commonwealth, who are all partners. Further value is being gained from masters students who are undertaking a range of work-based projects focusing on significant policy issues — for example, challenges presented by an ageing population is a topic which I know many of the graduates are examining. It has also established an alumni to facilitate ongoing learning and foster continued cross-government collaboration. An alumni committee will meet with ANZSOG's management this month to articulate expectations of the group and reflect on progress.

Our government considers the significant financial outlay to be an investment in the future leadership of not only the public service, but also the broader community. I am very pleased that this has taken off around Australia. It was an initiative of our government and I want to give credit to the head of the Department of Premier and Cabinet, Terry Moran, who initiated the early discussions on ANZSOG. It has now been adopted by every state and the New Zealand government. We are now seeing the first graduates coming out of the school and, of course, Allan Fels, who is a former head of the Australian Competition and Consumer Commission, has taken over as the dean of the new school. That is a good outcome and he is doing a good job.

**Mr CLARK** — I refer to your role in relation to Growing Victoria Together, and in particular the goal of a more accountable government, and I ask: in that context, in relation to your repeated denial on morning radio today of any prior knowledge of threats to close the Hilton hotel, whether your answer this morning is consistent with the fact that you received a five-page letter dated 13 October 2004 from the developer Mr Daniel Kolomanski, and that you replied in person to that letter by letter dated 23 December 2003?

**The CHAIR** — Can you be clear on that? Are you talking about a letter to the Premier?

**Mr CLARK** — I am referring the Premier to a letter.

**Mr BRACKS** — I am happy to respond to this.

**The CHAIR** — I am just trying to clear it. It is a letter to the Premier that Mr Clark is referring to.

**Mr BRACKS** — I would ask the committee to furnish the letter and I will be able to provide a response to it. My understanding is the response was subsequent to decisions made by the Minister for Planning. I am happy to have that detail if I can.

**The CHAIR** — You will get back to us?

**Mr FORWOOD** — Are you happy to give that to the Premier, Mr Clark?

**Mr CLARK** — Absolutely.

**Ms GREEN** — Of the \$10.5 million allocated for the State Services Authority which you referred to in your presentation, could you elaborate on what part represents funds previously allocated to the 2004-05 outputs of public sector employment, conduct services and work force development?

**Mr BRACKS** — The establishment of the State Services Authority gives a good opportunity to elaborate on some of the new initiatives.

**Mr FORWOOD** — A few bits of it are backed up by freedom of information.

**Mr BRACKS** — We are committed to an objective, impartial and efficient public service. That was the principle on which we established the State Services Authority. The State Services Authority will strengthen the values and principles of public employment and ensure more integrated service delivery across government. It became operational on 4 April of this year. We have made the following senior appointments which I will reiterate: the chair and chief executive officer, Peter Harmsworth, the public sector standards commissioner, Greg Vines and also part-time commissioner Neil Edwards, who was previously the head of the industry department and also the Port of Melbourne Corporation is also the executive chairman as well.

We established the State Services Authority as a key driver of the public sector reform agenda instituted by the Public Administration Act 2004. Personnel from the former Office of Public Employment, the Office of Workforce Development, the Department of Premier and Cabinet and the State Services Authority alongside other new people will be recruited as well to fill those positions. In relation to funding, the \$5.5 million existing funding has been provided. As I mentioned in the preamble, there will be further funding in 2005-06 of \$4.97 million and \$5.9 million as well.

**Ms GREEN** — I have a supplementary question in terms of the number of employees within the department. Would it come from each of those two former areas?

**Mr BRACKS** — I can provide that information. At the end of the three-year build cycle, the total staffing profile will consist of something like 65 to 70 staff. All 35 staff — I think this was fundamental to your question — have been transferred from the Office of Public Employment and the Office of Workforce Development to the State Services Authority. Of the other vacant positions, not all of them will be filled on an ongoing basis. They will largely be filled on the basis of need and as required depending on the references and the workload required by the State Services Authority. The existing 35 will be transferred and others will be recruited as required up to around 65 to 70. Is that right, Peter?

**Mr HARMSWORTH** — Yes.

**Mr CLARK** — My question follows my previous question to the Premier. The letter of 13 October 2004 has been passed to you.

**Mr BRACKS** — It has been copied, but I am answering questions regularly. As soon as I have time to absorb it, I will reply to it later. I am in the process of answering a number of questions relating to the budget and estimates. I think it is only fair that I be able to consider it properly.

**Mr CLARK** — I would have thought because of the gravity of the issue, it would come to mind once you have had a look at that letter — —

**Mr FORWOOD** — Three times this morning you said to Neil Mitchell you did not know anything about it.

**The CHAIR** — You are not on the stage, Bill. This is not the melodrama section of the Oscars.

**Mr BRACKS** — I indicated to the committee that I would like the letter furnished. I have been answering questions regularly. I have not had a chance to read it.

**Mr RICH-PHILLIPS** — Feel free to look at it now.

**Mr BRACKS** — When I get a chance later, I will examine it properly.

**Mr CLARK** — I wish to continue with my question. I am surprised at the Premier's reaction. I ask the Premier whether he knows that Mr Daniel Kolomanski who wrote that letter to him is the same Daniel Kolomanski that is in the *Hansard* of 9 December 1997 of the Australian Capital Territory, who was cited by Mrs Kate Carnell as being knowingly involved in a fraud committed upon the ACT TAB?

**Mr BRACKS** — No, I would not have a clue. Of course I do not know. I am not sure what it raises for the budget, but the answer is no.



**Mr FORWOOD** — You would not have a clue! Do you know this goes to governance issues?

**The CHAIR** — Mr Merlino has the next question. I remind members that they are not in the melodrama section of the Oscars.

**Mr MERLINO** — The State Services Authority expects to complete or be undertaking eight reviews. One of those reviews relates to the public hospital outsourcing of food and ancillary services. Can you outline to the committee that review and the other areas in which the authority will undertake reviews for any other activities of the authority in the coming year?

**Mr BRACKS** — I thank you for your question. We have given an early reference to the State Services Authority to conduct a review and provide advice on the management system structures and processes applying to Victorian public hospitals to delivery ancillary services, including cleaning services, food services, patient movement, maintenance and security services. We have asked in that reference for the review to consider the quality, cost effectiveness and financial impact of the various delivery models applied. We expect that to be reported to me, as the minister responsible, by 30 June 2005. The review will consider the scope of the provision of services, the benchmark, and critically review the various in-house outsourced and joint service delivery models with welfare and the experience of patients being a principal consideration as part of that. It will review the existing formal performance order processes and also the industrial and employment issues associated with transition to and from outsource service providers as well. We will be examining that as part of it.

**Mr CLARK** — I again refer to the Hilton hotel issue and the fact that the Minister for Planning justified the decision to call in this matter on the grounds that it was a matter necessary in relation to the Commonwealth Games. It is my understanding that neither the MCG Hotel nor apartments would have been ready in time for the Commonwealth Games and that 99 per cent of the work relating to the Hilton proper was work that did not require a planning permit. Given that I ask: are you satisfied — —

**Mr BRACKS** — I am able to answer that, but it is useful to have a budget reference just to cover yourself if you could.

**Mr FORWOOD** — We are just dealing with governance. You are the Premier!

**Mr BRACKS** — I am just helping you.

**Mr FORWOOD** — Thanks!

**Mr MERLINO** — Do it without smirk on your face, Bill!

**Mr BRACKS** — Usually you have a reference to the budget item somewhere.

**Mr FORWOOD** — You remember that from your days here!

**Mr SOMYUREK** — That would be a veiled reference to the budget.

**The CHAIR** — The reference was in relation to the Minister for Planning. I am just waiting for a reference to the Premier.

**Mr BRACKS** — Find something.

**Mr FORWOOD** — This was on Mitchell this morning.

**Mr BRACKS** — That is a reference!

**The CHAIR** — Is there anything in particular — —

**Mr CLARK** — The question has been interrupted mid-syllable. Perhaps I should finish the question.

**The CHAIR** — That is what I said. Have you got anything there other than a reference to the Minister for Planning?

**Mr CLARK** — Given the matters that I have referred to, are you satisfied that the way in which this issue has been handled by your government is consistent with the commitment under Growing Victoria Together to a more accountable government?

**Mr BRACKS** — Yes, indeed.

**Mr FORWOOD** — That will come back to haunt you.

**The CHAIR** — My question relates to the total savings across departments in consolidating media and communication within the Department of Premier and Cabinet. That is extremely important. I would like to know what arrangements you have put in place to monitor the service standards of that service and particular work.

**Mr BRACKS** — The good news is that this consolidation has resulted in some significant savings which are incorporated within the budget estimates and the Treasurer's budget speech and part of the savings response we have had. The Treasurer in the budget speech indicated that significant savings will be achieved by the centralisation of print media and communications services. There are a number of initiatives in this area that will achieve millions of dollars of savings each year from this year onwards. In the area of media advertising, an innovative way in which our master advertising media contract, which is known as the MAMS contract, is configured to deliver savings in 2005–06 of around \$1.1 million, which will rise to about \$5.7 million in 2006–07 and \$7.2 million in 2007–08 and beyond. So it is a considerable escalation in savings and that is largely because of consolidating the buy and the management of that buy across government. I think that is a good achievement really. That has been achieved fundamentally by a change in the structure of the contract so that the future contractor, expected to be appointed on 1 January next year, will no longer earn commissions related to the volume of advertising purchased on our behalf. This has been the case with the current contractor, whose terms were established under previous arrangements, and that is what we are going to change. That is in relation to the MAMS contract.

In the area of publishing, the decentralisation of printing that has occurred in the past under the previous government, or previous administration, has resulted in hundreds of non-specialist personnel being responsible for the purchase of printing — you can imagine it across the whole of government — sometimes to the value of many hundreds of thousands of dollars. Every aspect of government does the same work in this area, and, of course, there is enormous opportunity for savings if you look at consolidating that purchasing activity and that economy of scale which can be gained by joining together those arrangements. By introducing a centralised brokerage arrangement whereby printing is only procured by experienced specialists there will be significant savings. We estimate that in the first year the net savings will be about \$500 000, rising to \$3.1 million in 2006–07, and about \$4.1 million in 2007–08. So if you look at the TV advertising, the consolidation and the better coordination of that across government there is something like \$1.1 million rising to \$7.2 million in savings; and for print, \$500 000, rising to \$4.1 million in savings. This is a considerable saving of more than \$10 million per annum in the future out years.

In the area of media monitoring, the other part which you raised with me in a question, Chair, the establishment of an in-house service provider will result in the cost of this service being capped and closely managed for the first time. In the past the cost of these services has been subject to occasional spikes in response to short-term factors such as emergencies or major events, and, of course, you pay extra under the contract for those extra services at the time. From now on the cost of media monitoring should not exceed about \$1 million per annum. That is probably the lowest of any state in Australia because of the internal services. That represents the cost of running the unit. We estimate this will result in savings that will average at least \$700 000 in a full year, and this is approximately one-fifth of the amount spent on media monitoring by the New South Wales government, for example. I recognise that state is larger, but it is probably the most comparable in terms of size.

So those three things — the \$7.2 million ultimately for the MAMS contract, printing of \$4.1 million, and considerable savings on media monitoring — will flow through in the budget in the future and we will have significant benefits from that which we can put directly into program delivery and other parts of our budget as well.

**The CHAIR** — You made reference to commissions. Did you quantify a figure in the initial part of your response.

**Mr BRACKS** — That is embedded in the ultimately — —

**The CHAIR** — Old contract?

**Mr BRACKS** — Yes, in the old contract. We have changed that system and the new contracts will not contain those clauses, so that we will be able to have a saving of something like \$7.2 million in 2007–08, so it will be embedded in that new savings figure.

**Mr FORWOOD** — I refer you to the first page of your slides, and particularly the fifth dot point under ‘Community expectations — vibrant democracy’ and also to page 361 of budget paper 3, which under ‘Vibrant democracy’ says:

Open and accountable government is one of the fundamental commitments the government made to the people of Victoria. It is the right of all Victorians.

You indicated that you would take on notice replying to the issues raised by Mr Clark, particularly the letter. When do you think you will be able to do that, and will you give an undertaking to return to this committee and answer questions on this matter?

**Mr BRACKS** — I indicated I will take it on notice. I will do that. I will examine it properly and I will give a response back to the committee, as you would expect, as I do on every occasion I come here.

**Mr FORWOOD** — We might have some more questions we might like to ask.

**Mr BRACKS** — You always have the right for more questions, and I think if you look at what we have done with the Public Accounts and Estimates Committee, every minister presenting — —

**Mr FORWOOD** — What, the past budget?

**Mr BRACKS** — Come on — every minister presenting, and the Premier presenting for the first time. You have to remember that the previous Premier refused, point blank, to come here when you were chair of the committee. You had great influence at the time, obviously.

**Mr FORWOOD** — I did not have that much influence!

**Mr BRACKS** — I can tell. He refused to come, point blank. Not only that, he sent in the head of his department to answer those questions on his behalf. I have presented on every occasion. Every minister has presented. There was a selective number of ministers that used to present.

**Mr FORWOOD** — But you will not come back, will you?

**Mr BRACKS** — It was about seven or eight each year.

**Mr FORWOOD** — But you will not come back and you will not answer the question?

**The CHAIR** — It is Ms Romanes’s turn to ask a question.

**Mr FORWOOD** — No, hang on, let him answer it. He does not need your protection.

**The CHAIR** — What he does not need is — —

**Mr BRACKS** — There is always an opportunity for supplementary matters to be furnished to the committee. I have done it every year and I will do that on this occasion as well.

**Ms ROMANES** — My question follows up the Chair’s previous question. You were talking about savings from consolidating various services in government. Obviously this could lead to staff reductions and services, so I ask how the functions of the previous Office for Workforce Development — whose functions have been transferred to the new State Services Authority Victoria — will be called upon in terms of looking at potential reductions in the work force?

**Mr BRACKS** — Can I make this point about the budget: this is an expansionary budget, which will have a significant extra number of people employed in service delivery areas around the state — for example, in health 900 extra health workers will be employed. If you look at the neighbourhood renewal programs, disabilities services and mental health, we will see a large number of extra people employed. So this is an expansionary budget. The savings achieved — and I know this is a matter in which the Public Accounts and Estimates

Committee has an acute interest — are in three particular categories. The first is that we will cut annual expenditure, as indicated in the budget speech and the budget papers as well. The annual expenditure on consultants and contractors will be cut, so we will have fewer consultants and contractors as a result of this budget, and that will be applied to every government department; we will be reducing the number of and the funding for consultancies. That is one part of the savings in the budget.

The second part of the savings is the more than \$10 million in the future, as I have mentioned, through the consolidation of government print, media and communication services. Also, as we do on every budget and as we have indicated in this budget, there will be general departmental savings through head office efficiencies, reducing duplication and waste, and re-scoping of the existing initiatives. We are scaling up a lot of new areas. Other areas are finished, and that is always the case. If you look at the public sector more broadly in Victoria there is something like 186 000 people employed across the public sector at any one point in time, and there are programs finishing and new programs starting up. Overall the net result of this budget will be an increase in employment in the public sector and an increase in service delivery, but we will have within that a savings target which we will achieve, which I think is specified in the budget at more than \$500 million over the forward estimates period, but rising to about \$130 million a year. That is achieved through those three areas: consolidation of communications — that is the TV, newspaper and monitoring; efficiencies in avoiding duplication in functions across government; and, most significantly, reduction in outlays for consultancies and contractors, which is something that I should remind the committee we undertook in our budget in 2000–01 and we have replicated it in this budget, and that is a reduction in that cost centre of Victoria, and we will do that again as part of what we are planning to achieve.

**Mr BAXTER** — Premier, \$27.5 million is allocated in the budget to strategic policy advice. Bearing in mind that we are now entering our ninth successive year of below-average rainfall and it is 10 May and we have not had any autumn rains, and that the ocean temperatures in the Pacific are rising, indicating a likely El Nino event, what work is being done to address what might be a very serious problem, bearing in mind that farmers and country businesses are becoming very edgy indeed?

**Mr BRACKS** — Indeed, and I welcome your question. It is a critical issue for the whole community, including government. As you know, we have had parts of the state which have had relief in rainfall but significant parts of the state, particularly in the north-west of Victoria, have not and they are in prolonged long drought periods. That is the problem and the issue. We have provided some assistance and support. I think the Minister for Agriculture has been dealing with the councils and communities involved, in the north-west of Victoria in particular, and provided some direct assistance to support farmers and communities currently. Over and above that we are also, of course, working very strongly with the commonwealth on the drought relief package, to ensure that we have the right case going forward, which we support and want to see happening for emergency relief funding and emergency funding being provided as part of that also.

Separately, of course, over and above the direct response that we need to have and we will have, both the state and the commonwealth working together — which we are currently seeking to trigger — we are also looking at long-term issues, as Mr Baxter would know quite clearly, in relation to investment in water projects in north-western Victoria, no bigger than the Wimmera-Mallee pipeline, which has a full allocation in this budget. It will see water in open channels piped, which will save water and provide a much more secure water supply for that part of the state, which currently has significant problems, particularly in dry periods through evaporation and seepage and through lack of irrigation waters to the farms themselves. So, on the immediate response: yes, we are certainly doing what we can and we are increasing our effort to encourage and work with the commonwealth for its commitment as soon as possible, and also looking at the long-term issues as well.

**Mr SOMYUREK** — Premier, the 2004–05 budget update and the 2005–06 budget allocated significant additional funding to the Office of the Ombudsman, most of which is required to establish the Police Integrity Commission. I have two questions. The first question is: how does the department assess the resourcing requirements of the Office of the Ombudsman; and the second question is: what measures are in place to ensure that the Ombudsman has sufficient resources to undertake investigations as required?

**Mr BRACKS** — Thanks very much for the question. The Office of the Ombudsman is functionally within the Department of Premier and Cabinet whilst acting as an independent office which reports to the Parliament of Victoria, and therefore enshrines its independence through that method. In relation to resources, the Office of the Ombudsman is part of the consolidated budget bid that the Department of Premier and Cabinet puts up for consideration in the pre-budget deliberations. That is put up particularly as a request from the Ombudsman

through the head of the department. The head of department obviously has further examination and discussion on that with Treasury and other central agencies, and in the end a consolidated budget bid for the department, which includes the Office of the Ombudsman, is put up for consideration. That is largely how the budget process works in relation to that independent office.

In June last year I announced that the government would provide \$10 million in additional annual funding to the Ombudsman to employ more staff, including forensic accountants, legal counsel and investigations and other specialists. That was a direct result of the Ombudsman's request to the head of the department, which was considered in our budget process and was delivered as part of that announcement. In the spring sitting of Parliament we granted the Ombudsman broad new coercive powers, including of course those in relation to allegations of police corruption. These new resources and powers will ensure an ongoing independent office to uncover corruption within the Victoria police force.

The 2004–05 budget provision for the Office of the Ombudsman in Victoria includes an appropriation for the Office of Police Integrity. The total budget provision for 2004–05 for both the Office of the Ombudsman and the Office of Police Integrity is \$14.5 million. I can inform the committee that the director of police integrity will be seeking to have a separate budget cost centre for the Office of Police Integrity in the 2005–06 financial year, which I think is a good step and will allow for better reporting of those measures publicly, to the Parliament and through to this committee as well.

**Mr RICH-PHILLIPS** — Premier, last Monday you wrote to this committee with your response to our questionnaire regarding the budget. It would have been at the same time as David Broadbent was reading his leaked copy of the budget!

**Mr BRACKS** — I would have been reading this in detail at that point in time, I can tell you!

**Mr RICH-PHILLIPS** — I hope you did! Among the risks to the department outlined in your document, which Mr Forwood touched on, is the failure to maintain confidentiality of sensitive information. Given the wide range of risks that government is exposed to, can you tell the committee what circumstances have led you to form the view that one of the biggest risks to your government — one of the top five risks to your government — is your bureaucrats' leaking?

**Mr BRACKS** — I think this is the pretty standard sort of reply that we have. In every period we submit to the committee we identify across government what we think are areas which we need to take risk management consideration of, and that is one of them. I do not think there is anything remarkable in it. It is something we have reported on, and something, I have to say, that all Westminster governments would report on as well.

**Mr RICH-PHILLIPS** — It is top five. Is there a history of DPC leaking?

**Mr BRACKS** — Not really. No, it is just standard procedure, really, in the Westminster system of government and there is nothing specially unique about it. It is part of how we have operated — and not just us, but governments always — with the cabinet being the supreme governing body and cabinet confidentiality remaining a key principle of consideration on how decisions are made, policy options are considered and resources are allocated. That requires fearless advice from the public sector. That fearless advice is going to be more independent and more robust if it is advice which is given to ministers, premiers and cabinet for their consideration before they make a decision. If it is widely canvassed in public that will colour the sort of advice that is given; it will be done with less regard to the independence of the advice given and second-guessing what would be publicly appealing, and that is not a good principle on which to operate the important considerations which governments have from time to time.

**Mr RICH-PHILLIPS** — In view of the events in the last week, have you reviewed or is the DPC reviewing its processes with regard to documentary confidentiality?

**Mr BRACKS** — Not in relation to last week's events, no.

**Ms GREEN** — Premier, the progress report on the revised Growing Victoria Together framework revealed areas in which the government is on track to exceed goals, such as reducing crime, but also areas that represent significant challenges. Could you outline for the committee how the Growing Victoria Together framework is used by departments to focus their attention on these important high-level outcomes?

**Mr BRACKS** — Indeed, it is now a feature of the budget, and I am very proud of the fact, that we have upgraded Growing Victoria Together in a revamped Growing Victoria Together as part of the budget reporting arrangement and this budget cycle as well. It is something we brought in; it is measurable and we have indicated what the indicators are. It is an important accountability mechanism. I released the refreshed *Growing Victoria Together* document on 29 March this year. It sets out the government's vision for Victoria and is the government's medium-term policy framework for our initiatives to improve Victoria's social, economic and environmental performance.

This year, as in past years, the goals set out in Growing Victoria Together have acted as a filter for us in determining our budget priorities. It is a very useful tool right across the public sector because it is clear on what is going to be the government's priority in any one period, given that it has that longer-range view on what it wants to achieve as part of that as well. It provides also a way for Victorians to measure progress. The refreshed version has even clearer measures of progress and outcomes that will allow people to track our progress towards the important goals, clear and set out, whether they are about student education — to have 90 per cent of students completing year 12 education in 2010 — or road safety or public transport users.

Growing Victoria Together also provides a framework for the public sector — public servants — to assist them to make good decisions on the day-to-day issues that are consistent with our vision for the state. We have refreshed Growing Victoria Together because to retain a live vision we must constantly review it to keep it relevant to and real to the circumstances in which we find ourselves. Our review process involves ministers, departments and the Victorian public more broadly. Importantly, we have added a new, fifth element — the vision of a vibrant democracy — which was inherent within the other objectives previously but which we have now added as a separate subset. Whilst most of the goals remain largely the same, reflecting the stable community and the solid commitment of our government to follow through on reform, there are a number of important changes.

I will just mention finally those changes that we have put in the new version of *Growing Victoria Together*. After consultation and research and examination we have added a greenhouse gas emissions reduction measure — it has become a more important issue since we last undertook the Growing Victoria Together initiative; a new export target to increase Victoria's exports to \$30 billion by 2010; a new measure to increase Victoria's total and regional population, which was not in the first document; and the recently released social policy statement in the *A Fairer Victoria* document, fleshing out the social elements that are in the Growing Victoria Together vision, just as our economic statement, *Leading the Way*, delivered by the Treasurer and me last year, set out our economic strategy. I am very pleased that this is now embedded and past the budget and has been reported on now for some time.

**Ms GREEN** — Just an aside related to that, I just want to understand how important the framework is in determining the priority areas that received additional budget funding and in terms of setting out a longer-term budget strategy.

**Mr BRACKS** — Very important and crucial in that it provides the framework — if you like I will put it this way. In the preparation for the budget it is the framework in which departments can bid for resources in any given year. There can be no more important filter or process undertaken than that which is determined by the government or cabinet as the filter which we use to determine our priorities in any one year and the resources which follow from those priorities, so it is important. In a sense there is no benefit to a department putting up proposals which do not fit into the Growing Victoria Together framework because their likelihood of success is very small, unless of course they are of unexpected consequence, so it is a very important filter.

**Mr BAXTER** — Premier, I would like to flesh out some more of the operation of the new State Services Authority, which you acknowledged is something different from what we had last time. Bearing in mind this budgetary allocation is well in excess of the two bodies it subsumes, both you and the chairman of the authority in your references earlier today, referred to a review function of the authority. Bearing in mind that the Auditor-General from time to time has special reviews of various government departments and other activities, is this designed to replace those reviews or replicate them, or is it some other form of review that you have in mind?

**Mr BRACKS** — No, certainly not to replace anything that the Auditor-General undertakes as part of the enhanced Audit Act which we brought in in our first term. This is in addition. The existing Office of Public Employment and Office for Workforce Development have the capacity to examine certain aspects of public administration already. We have enshrined that again in the new State Services Authority but obviously we will be looking at something more extensive. Looking at the best way of delivering services, a good example is the current

reference we have for the State Services Authority where we are examining in some detail the contracting out of cleaning and other ancillary services in our hospital systems around the state, to see if what occurs currently in some of the contracting out is the best, most efficient and effective way of delivering good quality service and also good efficiency for the state. That will be examined properly. This is the best place to undertake that. It is a functional role which the government undertakes in delivering a service, and therefore the authority which has now been formed to examine the effectiveness and efficiency of the public sector is the right place to undertake that. If it is suitable to you, Bill, I might ask the head of the authority also. He might like to take the opportunity to add on to that.

**Mr HARMSWORTH** — Yes, I could. In terms of the Public Administration Act, section 73 requires that I submit to the Premier an annual work program and that would be informed, I can assure you, from activities by other review bodies. I have already met with the Auditor-General and the Ombudsman. You may recall that the Auditor-General put out a report recently on work force planning, and the government has adopted that report. That will be a function of the SSA, to implement it in terms of working with all departments and developing a work force planning approach. So I see, as the Premier has indicated, a very complementary role. We would not be straying into the areas of financial audits; we are really looking at service delivery functions — as I emphasised in my introduction — that are really cross-border, cross-department activities where we can add value. This in no way takes away from departments and their responsibilities. The secretaries of departments are still the employers under the Public Administration Act, but we are there as a sort of way of coordinating and facilitating activities that may not have otherwise taken place. It is really a complementary role. It is looking at systems; it is looking at structures; it is looking at processes from a wider whole-of-government viewpoint.

**Mr BAXTER** — Thank you for that information. The example you used, the current one into the —

**Mr BRACKS** — Contracting out.

**Mr BAXTER** — Into food provision and so on seems to me to be the classic sort of thing that the Auditor-General might do as a special review. If the Auditor-General does such a review it becomes a public document. If the SSA does it, is the outcome going to be a public document?

**Mr BRACKS** — I think this is the difference. The Auditor-General would clearly examine that in terms of value for money. If you look at the Auditor-General, what is the principle governing the act, and that is: is the public getting value for money for what is being undertaken or delivered? This is quite different. This is asking, 'Have we got the best model and operation for undertaking the programs we are undertaking'. That is what the reference is about, so it is quite different. The Auditor-General is examining past performance, if you like. Has the government received value for money? Has the public received value for money? Can the public expect more from the objectives as set and what has been delivered? This is really different in saying, 'How should we deliver it? What is the best evidence around the country, around the world, in delivering some of these programs, and what lessons can we learn?'. That is really quite different.

**Mr FORWOOD** — In Peter's slides on the last page he talks about the accountability requirements being annual plan, annual report, specific reports. I think he started by saying that he agreed with the work plan review, and I wondered whether or not each or any of those documents — all of them, hopefully — are public documents? For example, once the work plan is agreed is that a public document? Is the annual plan a public document? Who does the annual report go to?

**Mr HARMSWORTH** — The annual report comes to Parliament.

**Mr FORWOOD** — As part of DPC's annual report, or separately?

**Mr HARMSWORTH** — No, quite separate as an independent agency.

**Mr BRACKS** — Which is good.

**Mr HARMSWORTH** — And review reports, certainly special inquiries, are directed to come to Parliament. The Premier must table those within 30 sitting days of receiving the report. The other reports would be really at the discretion, I should imagine, of the government of the day.

**Mr FORWOOD** — So the work plan that you agreed to is not a public document?

**Mr HARMSWORTH** — It is really up to the Premier as to whether it is released.

**Mr BRACKS** — The work plan will be incorporated as part of the report which goes to Parliament. It will be fundamental to the authority's report.

**Mr HARMSWORTH** — I see no reason why it would not be, but the act is silent as to its publication.

**Mr FORWOOD** — I would like a commitment from the Premier.

**Mr BRACKS** — It will be incorporated as part of the report.

**The CHAIR** — We are particularly interested in this, given our relationship, as you would know, with the Auditor-General. It sounds like quite a similar relationship.

**Mr MORAN** — Just on the work plan, there may be a lag between when it is formulated and agreed by the Premier and when it is subsequently reported to the Parliament as part of an annual report. It could be easily up to a year's lag. The annual report would be saying what has been done in respect of the work plan.

**Mr FORWOOD** — Right, but I take it that it will include the whole of the work plan, even the bits that have not been done; or perhaps we should have the work plan early so that when the annual report comes we can compare what was in the work plan and what actually did happen.

**Mr MORAN** — There is a requirement to lodge an annual report and that is a matter for the authority rather than the Premier. So that is an issue that the authority would have to take up.

**Mr FORWOOD** — Premier, I think this committee would be interested in receiving, once you have agreed to it, the work plan, the annual plan for the SSA — and when we get the annual report later in the year that will be great.

**Mr BRACKS** — Given that the Public Accounts and Estimates Committee has a direct relationship to the Auditor-General, this authority has a direct relationship to the Parliament. That is, I think, how the reporting arrangement should work: to the Parliament.

**Mr FORWOOD** — So the work plan will go to the Parliament?

**Mr BRACKS** — It will, as part of the report of the SSA. That is where it will go, which is reasonable.

**Mr MERLINO** — Premier, the department's response to the committee's 2005–06 budget estimates questionnaire nominated insufficient preservation of the knowledge and information contained in the departmental key risks affecting the capacity to deliver its outputs and meet its performance targets. What strategies has the department implemented to manage this risk?

**Mr BRACKS** — A whole-of-government tender for an electronic document and records management system will be finalised at the end of this month, so we will be finalising that soon. The provider will work with the department to implement a technology-based solution to access storage and retrieval of departmental information. Departments will need to ensure that the implementation and ongoing operation is properly resourced. It is expected that implementation will begin some time towards the end of this year, once we have the tenders in. An exit check list for managers to complete when staff are leaving has recently been updated, with an emphasis on the handover of electronic and hard-copy information, so there is an ongoing record of active files, active cases and active details on programs. Communications have recently gone to all managers to inform them of the importance of this step in the exit process and future refinements to the exit strategy will encompass employee responsibilities and identification of roles that have information management responsibilities such as intranet and Internet content authors.

Also, DPC's orientation program is being — at the other end; not the departure end, the arrival end — redesigned to become an information resource for existing and new staff. It is likely to feature learning modules regarding key legislative processes, privacy, VPS codes of conduct, Internet and email usage, FOI; all those matters to do with the information flow across government. These modules will enable new staff to quickly obtain critical knowledge. The orientation program currently addresses information management processes and these will be re-emphasised in the new version. Many DPC staff have recently refreshed their understanding of information management



processes by recompleting the orientation program as part of that as well. We have taken into account some of the comments, I think, made by the PAEC on the last occasion.

**Mr RICH-PHILLIPS** — I would like to ask you about the government-wide initiatives, particularly those announced in relation to the Commonwealth Games. Can you provide some detail to the committee as to, firstly, the financial commitment, and also the nature of the government-wide initiative that relates to them? It is on page 279.

**Mr BRACKS** — Yes. This is the overall budget?

**Mr RICH-PHILLIPS** — It is specifically Commonwealth Games security requirements, but it is described as a whole or government-wide initiative; so I assume it is within your jurisdiction.

**Mr BRACKS** — So it is just the security arrangements you are after.

**Mr RICH-PHILLIPS** — There is no detail provided and I am wondering if you can do that.

**Mr BRACKS** — Let me just check that.

**The CHAIR** — You said you had a number of parts. Do you want to outline the parts of the question?

**Mr RICH-PHILLIPS** — I just want some detail about it.

**Mr BRACKS** — The critical issue here is that we have to take advice on the security rating from the commonwealth; the ASIO rating. That has changed considerably post-September 11, Bali and other events that have occurred in Indonesia. It has been upgraded somewhat and we are really dictated in what we provide as to security by the ASIO rating which applies across Australia. That is the case for all the events we undertake, not only the Commonwealth Games but every event, and it is now embedded in budgets. We have the budget for the Commonwealth Games. Within that are the security arrangements. The commonwealth is, I think, today probably going to announce some extra security arrangements. I cannot anticipate that, but my —

**Mr FORWOOD** — You know about — —

**Mr BRACKS** — I think there was a report in the press about that by the Treasurer.

**The CHAIR** — Feel free; you can say it.

**Mr BRACKS** — An authorised leak! I think they will be having some enhancement as well which will assist in most of the security arrangements. Does that answer your question?

**Mr RICH-PHILLIPS** — I am after a quantum of the dollars committed too, Premier.

**Mr BRACKS** — I cannot give you a quantum. I think some matters are already embedded in existing security supply anyway.

**Mr RICH-PHILLIPS** — There is absolutely no indication in the budget as to the extent of that commitment.

**Mr BRACKS** — Yes, I am very happy to provide whatever information is required. I know you are the shadow minister in this area and I am happy to furnish you with information following this. I do not have that information currently.

**Mr RICH-PHILLIPS** — Do you know if it is included within the \$697 million cap — whether this entire amount will be within that?

**Mr BRACKS** — We have contained our expenditure within that cap. Other expenditure would have to be provided from other budgets as is always the case — general policing, for example.

**The CHAIR** — Premier, my question goes to the tsunami disaster reconstruction fund. If you look at the budget, it includes \$10 million over four years to establish that fund.

**Mr BRACKS** — Yes.

**The CHAIR** — Could you give us some indication of how the money will be allocated?

**Mr BRACKS** — Sure.

**The CHAIR** — What are the department's expectations about how it will be used and how you will ensure it will be used?

**Mr BRACKS** — I think Australia can be very proud overall of the contribution it has made to the tsunami disaster and the recovery. I have been on the record as applauding the Australian government's response, which was one of the biggest responses of any place in the world. Each of the states has responded individually to assist and support with key personnel, with the immediate relief fund, and in our case with long-term infrastructure funds. We were very quick to donate \$1.5 million in relief aid to the four major aid agencies to directly assist emergency relief efforts. It is now committed to doing what it can to assist affected communities achieve self-sufficiency. That money has already been applied.

We have also established a new \$10 million fund, and largely that is for longer-term infrastructure programs in rebuilding those communities. It is a tsunami disaster reconstruction fund to resource substantial reconstruction projects and provide lasting benefits to affected communities. Guidelines for the funds are available on our web site and we will furnish that to the committee. I can furnish it directly, but we have guidelines now published and out in relation to that \$10 million as well. The Treasurer and the fund director of our new \$10 million infrastructure fund visited Sri Lanka in February to consult with government agencies, with NGOs, with multi-lateral donors and local communities to assess opportunities and priorities in consultation with the Australian High Commission. The fund director has just returned from a second round of consultations in Sri Lanka to further assess opportunities and priorities for reconstruction projects. Leading international donor countries, including Australia, the United Nations and key aid agencies are currently developing reconstructions plans. We are continually in dialogue with the commonwealth government. Coordination is extremely important in the administration of the fund. Probity issues are extremely important as well — to know that the funds applied are going to be used for the purposes required. That is a task we are doing in coordination with the federal government as well. It is necessarily a careful process. There is a lot of demand, but we want to do it properly and well.

Work is currently under way to develop partnerships for projects that draw upon Victorian expertise and meet the needs of affected communities. Projects currently under development include construction of housing, health programs and assisting the recovery of the fishing and tourism industries. They are the ones we have identified already. Any programs that received our assistance from our \$10 million fund must be responsive to the needs of affected communities. At the same time, as I mentioned, proper accountability for the way in which funds are applied is important. Projects and programs will be implemented in consultation with the commonwealth government and non-government organisations and with the concurrence of the governments of directly affected countries. It has been established primarily to resource Victorian government initiatives. Any Victorian government organisation wishing to find out more about the fund can find out from our department, which is administering it — the Department of Premier and Cabinet. It is our direct responsibility and we are undertaking that. We have established a small unit within the Department of Premier and Cabinet to administer the fund. The costs of the unit we are not meeting from the \$10 million fund; we are meeting from our own resources internally, which I think is appropriate.

**The CHAIR** — That is good. I was going to ask that very question. Thank you for that.

**Mr RICH-PHILLIPS** — Can I do a follow-up on that?

**The CHAIR** — Yes.

**Mr RICH-PHILLIPS** — On the actual mechanism, Premier, you mentioned there are guidelines on the web site. Is it envisaged that people will apply to DPC for this funding?

**Mr BRACKS** — Yes.

**Mr RICH-PHILLIPS** — Or will your director source projects in the affected countries? Exactly how is it going to work?

**Mr BRACKS** — We are going to do both. We are working with the commonwealth government, the NGOs and the national governments involved on the development of key projects and have identified those, but we are also to take submissions, so both can happen. For example, I know that the Sri Lankan community, which is strong and vibrant in Melbourne and has strong connections overseas, is putting in applications, as I understand it, as part of this process. So it is both, really. The key issue in the assessment of projects which are submitted is that they have the support of the national coordinating bodies; that they are not just one-off arrangements that we are undertaking because they look like a good project. It is very important. I think anyone who has had experience in aid projects in countries in which they have had difficulty in acquitting and accounting for those projects would know that it is very important not just to go off quickly and fund projects without consideration of what the United Nations, NGOs and the commonwealth government's priorities are, and that is exactly what we are doing.

**Mr FORWOOD** — Premier, I return again to page 2, risk management strategy and failure to maintain confidentiality of sensitive information. I have just been handed a leak from the Labor Party, page 24 of the Victorian ALP energy discussion paper, headed 'Victoria's aluminium smelters'. If you look at the second paragraph, first line, it says:

Alcoa consumes 720 MW continuously.<sup>18</sup>

Footnote 18 says:

Alcoa's submission to Victorian government.

I wonder if you could explain to the committee how a confidential submission from a company — Alcoa — to the government ended up being given to an ALP internal committee doing the preparation of draft policy and whether or not you are prepared to have an investigation to see how a confidential document of this nature went from government to the ALP?

**Mr BRACKS** — First of all, I do not know if that is the case.

**The CHAIR** — Could you table that document, Bill?

**Mr FORWOOD** — I have given — —

**Mr BRACKS** — I was just explaining. I do not know if that matter is the case — that is, if these matters are in the public domain or they are not in the public domain, or if they are within the authorisation of the company. That is the first point. In terms of the principle of the question, I do not accept the premise of the question. In relation to the wider issue — that is, the expansion of the aluminium smelter — if I can just indicate — —

**Mr FORWOOD** — I am not interested in — —

**The CHAIR** — Let the Premier speak.

**Mr BRACKS** — Obviously it is a very important matter. It is an important industry in this state and one which our government has supported through the last five and a half years, which the previous government supported and which was initiated by the government before that. It is coming to a point at which there is examination of smelters around the world and where the best location would be for expansion. A critical issue in that is power supply and the cost and reliability of our power supply, and these are matters which the government will consider over time.

**Mr FORWOOD** — Premier, will you undertake to discover whether this is appropriately gone or not and get back to the committee?

**Mr BRACKS** — I do not know that the premise of your question is true.

**Mr FORWOOD** — Could you have a look and see if it is true?

**Mr BRACKS** — And, of course, I will examine what is in the public domain already.

**Ms ROMANES** — Premier, I have a further question on the State Services Authority. I am interested in what the SSA is doing in relation to indigenous employment initiatives. Can you tell us what plans the government is making in relation to this area?

**Mr BRACKS** — This is another important responsibility of the State Services Authority, which was a previous responsibility of the Office of Public Employment. We have established the indigenous employment strategy in 2002. On the Wur-cum barra project — which means to work, in indigenous language — which seeks to improve the diversity and responsiveness of the Victorian public sector to indigenous issues by increasing indigenous employment throughout the whole of the public sector, we can certainly do better in the profile across the whole of the public sector. The strategy includes a performance framework for monitoring progress in six key employment activities on a government-wide basis. Indigenous employment plans have been developed in all government departments and have been completed or are well in advance in 45 of the largest public sector enterprises as well. Within the Victorian public service alone, the number of indigenous staff employed on ongoing employment contracts has more than doubled since Wur-cum barra has been launched. In total there are now over 355 indigenous staff employed on an ongoing basis in the whole of the Victorian public sector. In addition, there are 109 indigenous people in receipt of public sector scholarships, traineeships and cadetships that may be expected to result in ongoing employment in the public sector based on merit and the outcome of those courses and the scholarships they are undertaking. We are committed to the project and removing any barriers that are there to indigenous employment in the public sector. The second stage of the strategy covering the next three years is currently being developed which will further deliver on our government's commitment to expand the representation of indigenous Victorians in our work force in Victoria as well.

**Mr BAXTER** — Premier, I want to return to an earlier question and answer concerning the consolidation of print media and communications services of government. I would be the last to suggest that this central control is to enable you to vet the content and put on a consistent spin, but be that as it may, you alarm me in your response by referring to printing contracts that would be done — paraphrasing your words — by the experts. My concern is that that might result in all government printing contracts increasingly becoming the preserve of the very large printing works. I want some assurance that the small country printers will get a fair go at being able to make a bid for government work.

**Mr BRACKS** — I understand the question. Yes, they will be able to get a fair go at the bids, but there are some economies of scale you can achieve by consolidating the buying. That is what this is about. Within that, the government is looking obviously for the best value for money options. Yes, we want to include in the invitations to tender not only firms and companies in metropolitan Melbourne but firms and companies in country Victoria as well because a lot of the material we produce is designed for regional and country Victoria. Some of it is specific to certain regions as well, so we want to invite to tender for the new consolidated printing tenders that we operate a wide range of companies to get that value for money. So they will be able to be included. I understand the basis of the question. I understand they might have concerns that it may be a bit more difficult than simply going to a local departmental office and getting a contract. It will require them to submit and compete on a wider basis. I think that is good value for money for the government to do that really. They still will be able to compete for that work.

**Mr SOMYUREK** — Page 317 of budget paper 3 refers to the initiatives being planned by the Victorian government to help celebrate the 150th anniversary of democracy in Victoria. Can you outline what these initiatives will achieve?

**Mr BRACKS** — It is going to be a big year, isn't it? During the financial year that is coming up in 2005-06 we will celebrate 150 years of self-government. It is an important landmark in our state's history. It will demonstrate the value of robust and vibrant democracy over time and its relevance to society today. It will allow Victorians to reflect on the successful achievements of our state over that sustained, important period as well. The result will be that in 2005-06 Victoria's key political and educational institutions will present a number of activities to commemorate the 150th anniversary. This will begin in November 2005 and continue through 2006. The funding outlined in the budget to which you refer relates only to initiatives being undertaken by the Parliament. Overall the Parliament of Victoria, the Department of Premier and Cabinet, the state library, the Public Record Office and the Victorian Electoral Commission are coordinating their events to avoid duplication and make the most efficient use of public funds. In the estimates we have got the Parliament's appropriation, but there will be other embedded funds within other departments which can be applied to this as well.

There are three major exhibitions being planned by the Parliament of Victoria, the Public Record Office Victoria and the State Library of Victoria. They will all be linked to the Victorian school curriculum on civics and politics. Parliament is developing a travelling exhibition — I think you are aware of that — which will visit a number of regional centres in Victoria, and it is developing a number of other exhibitions for display at Parliament House. They will relate to the institutions of the Parliament. Our Department of Premier and Cabinet is sponsoring a

number of activities including the exhibition of documents of the Public Record Office to coincide with the 150th anniversary of executive self-government. This exhibition, *People in Parliament — landmark decisions 1856 to 2006*, will include an online education program that will provide a lasting resource for primary and secondary students and teachers. Our department has set aside \$52 000 for this project in the current estimates period. From June to September 2006 the State Library of Victoria will house the *Seeds of Democracy* exhibition with a related publication. The Department of Premier and Cabinet is providing \$103 000 for that exhibition at the State Library of Victoria.

There are a number of other proposals under consideration separately. VEC is also developing materials for schools in March 2006 to coincide with the 150th anniversary of the secret ballot — a world first for Victoria. We were the first place in the world to have a secret ballot and I think that has been lost in the accounts really and we need to sort of push that more significantly. This broad range of exhibitions, publications and activities will provide a lasting contribution for all Victorians to understand the development of democracy in Victoria and its legacy over 150 years of self-government. It is not only the Parliament — other broad institutions will also be part of the coordinated effort this year and next year as well.

**Mr CLARK** — I refer the Premier to the fact that this year for the first time your government has openly declared an intention to resume borrowing in order to partially fund the state's infrastructure programs, some \$693 million a year average over forward estimates if I recall correctly. I also refer you to the fact that your government did not pick up on the recommendation of your Infrastructure Planning Council in its report in 2002 that the government publish a detailed, integrated, long-term plan specifying the infrastructure required in order to achieve its vision for future infrastructure. Given that as you know borrowing posed significant difficulties for the previous Labor government, is your government prepared to reconsider its decision not to publish an integrated, long-term plan for infrastructure? If you are not prepared to reconsider doing that, what other measures do you plan to ensure that the borrowings are used sensibly and efficiently and the state does have a multi-year plan for funding and delivering its future infrastructure needs?

**MR BRACKS** — On debt first of all and then on infrastructure second, those are the two parts of the question. Debt — after the borrowings for new infrastructure spending, part of the contribution to the \$10 billion of new infrastructure in the future — will still be lower than we found it when we came to office. It will still be lower as a proportion of GSP than when we came to office. Through buoyant strong economic times in Victoria we have been paying down debt and paying off unfunded superannuation liabilities. That has made significant room therefore in the balance sheets to conservatively increase debt to a very low level and still have it less than when we came to office. That is the overall point I should make. We are able to do this because we invested in reducing debt and reducing the unfunded liability payback at a time when we had resources in the budget which were cyclical and not long term. We did not embed those into long-term recurrent expenditure.

Secondly, we have embarked on a significant infrastructure expenditure program. We announced a lot of that publicly. I should indicate to the shadow Treasurer we announced all that publicly in the *Leading the Way* document which preceded our last budget. The projects in the port, the convention centre, the projects which are currently part of the large infrastructure spending program and profile that we have had, the relocation of markets, all of those are part of it. They have been published; they are available and were a part of a statement before the last budget. Of course we will report on other expenditure in the future as well in accord with the requirement in the second half of the year to report on capital expenditure which will be delivered to the Parliament. I think it has been supported widely. It was supported by the public and also by the rating agency which, several hours after the budget, reaffirmed our AAA credit rating based on the moderate increase in capital expenditure, a small portion of which was due to debt.

Let us go to the overall period. Over the period 2005-06 to 2008-09, which you refer to, general government infrastructure investment will exceed estimated depreciation by \$1.3 billion — that is what you have reported on — resulting in 12.2 per cent growth in the real capital stock over the four-year period. The general government's total asset base is expected to grow from about \$56.3 billion to about \$69.4 billion as of June 2009, an increase of about 23 per cent.

The operating surplus depreciation of the provisions were predominantly financed to the general government infrastructure program. As to the remainder, as I mentioned, we are using the strength in the balance sheet to debt fund key public investment projects that have a long-term pay-off. As a result the general government net debt is projected to increase from \$1.9 billion at June 2005 to \$5 billion at 2009, equivalent to 1.9 per cent of gross state

product, so it will still be under 2 per cent of GSP even at the end of this period, which I think is a pretty reasonable and sensible position to take.

**Ms GREEN** — Premier, I refer you the output group ‘Strategic policy and projects’ on page 173 of budget paper 3. Could you provide the committee with information on the objectives and desired outcomes regarding Beyond Five Million, the Victorian government’s population policy?

**Mr BRACKS** — Indeed. We can all be very proud of what has been achieved. We have exceeded most of the targets we set for population growth, both in metropolitan Melbourne and country Victoria. Last December was the month that Victoria reached the 5 million population milestone. At that time we produced Beyond Five Million, the Victorian government’s population policy, which outlines the current action and provides a framework for future policies to ensure our continued success in this area. This policy explains our government’s vision for growing Victoria’s population in an economic, social and environmentally sustainable way. As importantly, it identifies strategies to plan for and manage population change. The policy, which you referred to, provides a framework designed to increase migration, encourage family formation, increase regional population growth and respond to the challenges of demographic change and, of course, the ageing of the population and the skill base required to fuel some of the new demands in our economy as well.

We accept that population growth is not an end in itself. Victoria needs growth that is consistent with our social, economic and environmental check lists. It must lead to higher living standards for Victorians. In Beyond Five Million we outlined how these goals could be achieved through a broader-based population strategy focusing on six key strategies which are part of what we released. They include reversing Victoria’s low fertility rate by reducing the obstacles to raising a family. There is considerable evidence to suggest that families are not having the number of children that they would ideally like to have. That is an area where the federal government is pursuing some new policy objectives. Also, increasing the overall level of migration from overseas, especially attracting more skilled migrants particularly into regional areas; achieving a balance of interstate migration with a focus on retaining and attracting young, skilled people in Victoria — which is our objective in interstate migration; maintaining population growth in provincial Victoria by strengthening the economies of provincial centres and rural areas, and also looking at the better links to those areas; preparing for the changing needs of an ageing population; encouraging work force participation and addressing skill shortages to ensure the economy has the work force it needs to continue growing; and ensuring population growth is sustainable and manageable by reducing wastage of energy, water and other resources so that we retain our world-renowned livability and preserve the environment for future generations. That is important and integral to what we want to achieve on population growth.

We have been at the forefront in calling for a national consensus on population and will continue to argue that case very strongly. Since we sponsored the first national population summit in Melbourne in 2001 we have consistently advocated a national and rational approach to issues of population growth and demographic change. We recognise that meeting future population challenges will require all levels of government, the business community and communities more generally to a working partnership. Population policy is about breaking away from a short-term focus and looking long term for solutions to benefit Australians. Of course it does not occur overnight so it is important to identify a vision and a strategy for a population in Victoria that will underpin the future strength of our state. Beyond Five Million will play an important role in growing those principles as we grow and change. To reflect the importance our government places on population growth and the need to manage that change, we have included ongoing strong population growth as a new measure — as I mentioned before — in the Growing Victoria Together update.

We have also identified four key growth objectives. One is to reach a population of 6 million by 2025, which is achievable, and we are setting about achieving that in an environmentally sustainable way as well. Also, to improve our regional population growth rate. We had a goal of 1.25 per cent per annum growth by 2006, and we are about on that now. It is about 1.2 per cent, a rate which is closely approaching our target. Also, to maintain and build current levels of immigration. We are getting a bigger share of population immigration because we have argued for it and fought for it and worked with the commonwealth in a task force which has identified that Victoria can take a larger share than our existing population share, and to increase the number of migrants settling in regional areas. Our refugee funding, referred to earlier, is related to that as well, to ensure that there is support in the settlement of refugees. There has been a marked increase in population growth since we came to office. The state is now growing at a rate of about 1.25 per cent per annum, a faster rate than the national average. It is the first time in 40 years that Victoria has had a faster population growth than the nation’s population growth.

Our interstate migration position has improved and we are attracting a larger share of overseas migrants. We certainly welcome the commonwealth's recent announcement to expand the migration intake and will continue to work with the federal government in this area. I think I was the first to congratulate and support it when it moved on that matter. Regional growth rates have also been improving. As I mentioned, the Australian Bureau of Statistics estimated 1.22 per cent growth — I said 1.2 per cent — and our objective is 1.25 per cent. Beyond Five Million is an important part of our continuing effort in this area which outlines the practical actions we are taking to help grow the population and manage change and provide the framework which will guide future policies as well.

**Mr RICH-PHILLIPS** — I want to take you back to the tsunami reconstruction fund. Without arguing the merits of the fund, we are in the unusual situation of a provincial government engaging in what is effectively foreign aid, which gives rise to questions over accountability and probity. Obviously there is no ex-territorial effect with the Audit Act. Firstly, has the Department of Premier and Cabinet had discussions with the Auditor-General's office on how accountability and probity will be dealt with with funds on the ground and, what mechanism has DPC put in place to ensure the probity in the distribution of these funds? You might like to take the second part on notice.

**Mr BRACKS** — Yes, sure. The probity, the reporting and the accountability have been one of the highest priorities in establishing the guidelines for the funds. We would expect the Auditor-General to oversee the program, as he does across all public sector spending. This is a big expenditure item for the Department of Premier and Cabinet and we would expect the Auditor-General to examine and oversee that as well. We are acutely aware of the accountability mechanisms. We have put in as director someone who is very experienced in public sector administration — Dr Frost. I might ask the secretary if it is suitable to make some other comments.

**Mr MORAN** — Dr Peter Frost has substantial experience in previous roles in managing aid into the Asia-Pacific area, including some of the countries which have been affected by the tsunami, and that is why he has been engaged for this purpose. He did it out of the commonwealth foundation in London. He has already visited Sri Lanka twice; once accompanying the Treasurer in the visit that the Premier referred to earlier. He has worked with representatives of the Sri Lankan government and non-government organisations active in Sri Lanka on aid projects. We have got tight evaluation requirements internally as to what would be expected. I think normally we will see projects coming forward which contain some money from state sources, some from non-government organisations, and possibly in some circumstances funds from the commonwealth government as well. I think through that process we will see that the benefits of individual projects are well and truly tested, and, as the Premier said, the details of all of that will be available for subsequent scrutiny.

**Mr BRACKS** — We clearly understand the accountability requirements. We have had some experience in East Timor, as well as the sovereign government, in providing aid, assistance and support to Timor — one of our near neighbours. Every other state and administration has as well. We are obviously taking that experience into the work we are doing as part of the tsunami aid. But I again I stress this: we are not working in isolation. We are, of course, working with the commonwealth government because it is important to coordinate Australia's efforts. There is no sense at all in one-off projects being undertaken by the state if they are going to be duplicated by another administration somewhere else in the world or by the Australian government. That coordinating effort is fundamental to what we want to do.

**Mr RICH-PHILLIPS** — I will pick up Mr Moran's comment and assume there have been discussions with the Auditor-General about his role?

**Mr MORAN** — I would have to check whether there have been. I know there have been discussions about the probity issues. They are part of the guidelines. I could get back to you as to whether there has been an actual discussion with the Auditor-General.

**Mr RICH-PHILLIPS** — My concern is the projects that are not associated with NGOs and the commonwealth, where basically a cheque that leaves the state of Victoria is beyond the reach of the Auditor-General in terms of — —

**Mr BRACKS** — I get your point. I do not think it is beyond the reach of the Auditor-General because he has to acquit for the funds that leave us. I will get some further advice to you on that. I am sure that is okay.

**Mr MORAN** — Part of what the Auditor-General does when he looks at any activity such as this is to check the systems by which funds have been made available and then accounted for. That is the usual basis for

most of the conclusions he has reached about whether a department has acted properly in handling some public funds. That would be readily available to him through the process we have in mind.

**Mr BRACKS** — The Auditor-General would also have available to him practice from the commonwealth Auditor-General. The commonwealth government obviously regularly administers funds internationally. That practice would be useful to the state Auditor-General as well.

**Mr MERLINO** — Premier, in your overhead presentation you referred to *A Fairer Victoria*, the recently released social policy statement. Can you inform the committee about the impact these initiatives will have on Victorians?

**Mr BRACKS** — We are very proud of the fact that as an integral part of the budget we have implemented a new \$788 million package which is about opportunities and addressing disadvantage which are the twin objectives of A Fairer Victoria package. We have spent the last five and a half years building up public services in this state. We have also worked on addressing disadvantage in certain areas such as homelessness in neighbourhood areas in housing commission estates. This is taking that to a new level on behalf of the effort of the government, by coordinating it coherently across all government agencies and setting out a plan for the future of which this is the first instalment as part of that in preparation for this budget cycle in this budget year. It is true that across Victoria there are some people in places who still face barriers in accessing opportunity. They need to build a better future for themselves by accessing those key services.

In relation to the \$788 million we have identified some key areas which we are highlighting as part of the A Fairer Victoria package. One is protecting children and giving them the best start in life — for example, 17 000 families will receive further reduction in kindergarten fees as a result of the contribution made in A Fairer Victoria to disadvantaged families in Victoria. Another part of it is supporting young people at risk, particularly young people dropping out of school early. This assists schools and communities to get them back on track and to support them and assist them to get them back into the school system. Another part is to assist families in crisis. There is a new package in this for family crisis and breakdowns which is a part of this, particularly those experiencing the consequences of family violence which is one of the important parts of the Families in Crisis project. We know that Victoria Police has new protocols in dealing with family violence. That will cause a whole number of new cases to be reported. As part of this package we are following that with other support from the government. Some early intervention is a part of this also. Another part is helping older Victorians stay independent with more material support — equipment, resources and aids — in the home and more places for older Victorians in independent living arrangements as well. Another key area is increasing support for people with a disability. This is the second biggest part of the package and we have a significant increase in disability funding as part of the package as we have for mental health services; a new \$180 million extra fund for mental health services to assist in the treatment, the rehabilitation of those diagnosed with mental health and, in some cases, secure environments where it is required. There is support for building a new partnership with indigenous Victorians, a boosting for access to affordable housing and some extra money for housing stock as well.

As I mentioned, this is one part of a longer-term project of our government to address disadvantage and create opportunities. The framework is there for that to occur. This is the first funding over the coming four years for that. We will obviously be looking at examining that in the future as well, but I am very pleased that this is embedded as part of the budget as well. We are able to have maximised what we have invested in other services by providing better access points into those services through this package.

**The CHAIR** — There is a supplementary question as well.

**Mr FORWOOD** — I wanted to touch on the issue of disability. There is continuing to be an increase in the number of people waiting on the urgent waiting list. While I am in no way criticising the A Fairer Victoria package, this is not going to get any easier as parents get older. We are going to get more and more people on the urgent waiting list. I hope you will be able to address this issue.

**Mr BRACKS** — I agree with you completely. There are two areas where we are seeing an increased identification and diagnoses of people: one is mental illness and the other is disability. There are more and more people who are currently being identified as having a disability or a mental illness. I will just go through the disability funding. We are committing an extra \$119 million, from \$3 million scaling up to about \$34 million per annum. In mental health \$44 million scales up and goes onto \$180 million. You are right. There is an increase in



demand. We recognise that. That is why we have put an extra amount in the budget for this. We understand we will have to do that in the future as well.

**Mr BAXTER** — I would like a quick clarification of the answer to the very first question about water savings in Melbourne. Is the figure quoted the quantum reduction in volumes consumed or is it the notional reduction if the trend lines of consumption had continued unabated.

**Mr BRACKS** — No, it is a two-year period compared with the previous year which shows a 20 per cent reduction. It is on the actual figure prior to that. It takes the actual figures and looks at the new actual figures. It is comparing eggs with eggs. It is not projecting 20 per cent. It is actually on an outcome of the last year compared to the previous years.

**Mr BAXTER** — That answers my question, thank you.

**The CHAIR** — I take you to the chief information officer and budget paper 3, page 175. Can you report to the committee on the progress made in the current financial year on the output of information and communications technology strategy and services?

**Mr BRACKS** — Last time we had a report which was in a new area of government which we have established. In the past year we have made significant progress in a number of major projects. The areas which have been developed over the last year are: the web site management framework; the whole-of-government information and communications technology shared services; the data collection consolidation; the electronic grants management system; the electronic and records management system — and I referred to that before — and the application hosting consolidation. Progressing these projects through 2005-06 will contribute to realising the many benefits that were outlined in the strategy report that led to the establishment of the chief information officer.

The Office of the Chief Information Officer has been allocated \$17.5 million over three years. That is capital funding towards the whole of government information and communications technology standardisation strategies. These projects and the associated funding are then transferred to the Department of Infrastructure for implementation once established. In 2003 the Office of the Chief Information Officer was given an operating budget of \$33 million over four years, \$8.6 million of this was allocated to the 2004-05 financial year. Full expenditure of these allocated funds is projected by the end of the financial year. We are certainly making significant progress and are looking at significant consolidations across government and better opportunities therefore for not only savings but for the purchase of better technologies with those savings which is part of what the aim of the office is as well.

**Mr CLARK** — My question relates to staffing levels within the Department of Premier and Cabinet. This committee's outcomes report for 2003-04 found that there had been an increase of 32 equivalent full-time staff. The figures as you have provided to us this year, which is in answer to our question 6 on staffing matters, on the face of them show a reduction of nine staff for the Department of Premier and Cabinet itself, but that is after 16 staff appear to have been taken off the DPC list because they are ministerial drivers who have been seconded to other departments. So there has been a net increase of seven after adjusting for that, and then a further increase because some staff have gone from the Office for Workforce Development to the State Services Authority. When you look at the State Services Authority there is an increase of 17 staff compared with the former Office of Public Employment. I suppose my question is threefold: is there a good reason, other than reducing apparent numbers of DPC staff, for seconding 16 ministerial drivers to other departments; how many people are going over from the Office for Workforce Development to the State Services Authority; how do you justify the increase in staffing in your core department; and what on earth will the State Services Authority be doing with all the extra staff that it has compared with the former Office for Public Employment?

**Mr BRACKS** — That is a fair few questions! In regard to the drivers, that was the result of an examination which the department did on what was the best way of administering the drivers pool. We still have a pool of the Premier's drivers, those that work at 1 Treasury Place, and the pool for other services — for visiting dignitaries and others who come who require drivers. But it was deemed in that examination that it was more efficient and effective to locate drivers in the department, and the department was asked to provide accommodation for them in that role, because they could more immediately respond to the demands required and they could also undertake other duties as required as part of the work in that area as well.

**Mr RICH-PHILLIPS** — Did it have to do something with them beating each other up?

**Mr BRACKS** — That is absolutely, totally unrelated to that.

**Mr MORAN** — The drivers themselves welcome the opportunity to have more diverse work experience by being available in ministers' offices to do clerical duties, for example, and otherwise assist apart from being drivers. It is only anecdotal, I know, but the feedback from the drivers to me recently when I have asked them has been very positive and some of them are now seeking training in additional skills that would enable them to further their interests in these more business-oriented tasks they can do in ministers' offices and elsewhere.

**Mr FORWOOD** — To which department did you allocate the opposition's drivers?

**Mr MORAN** — They are still in the DPC.

**Mr BRACKS** — They are still in the general pool.

**Mr MORAN** — They want to stay with us.

**The CHAIR** — Helping the Premier with his photocopying, I am sure!

**Mr BRACKS** — As you know, the opposition is part of the Department of the Premier and Cabinet; in the cost centre it is!

In relation to the overall figures for the DPC — you will have to remind me of the other questions — the full-time equivalent as of 30 June 2004 was 320.88; the full-time equivalent as of 30 April was 321.59. Of course there have been some changes up and down, which is the case as functions move out and functions move in, and that is understandable, but I guess the overall figures are pretty clear. You had some other subsets to that.

**Mr CLARK** — Yes. It was how many staff went from the Office for Workforce Development to the State Services Authority and what was the State Services Authority doing with all the extra people.

**Mr BRACKS** — I think I answered that before: 35 were transferred from the Office of Public Employment and the Office for Workforce Development. There is staffing capacity in the State Services Authority, eventually between 65 and 70, and they are the extra staff you are talking about. That will go to the extra functions we give, in the references that we give, which is required to be done under the act. In regard to the extra coordination across the whole public sector, under the Public Administration Act we are employing a different scrutiny of the public sector than that which was done under the previous act, including examining areas like work force development, the training of the public sector more broadly and redeployment — those issues which were previously disaggregated totally to departments. They are all matters which will be addressed as part of the new State Services Authority.

**Mr RICH-PHILLIPS** — On a point of clarification, are all ministerial staff still employed within the DPC, or ministerial advisers?

**Mr BRACKS** — Yes, they still are — all ministerial staff and opposition staff, and drivers. They are all DPC — we get the lot.

**Mr MORAN** — And ministers too, actually.

**Mr BRACKS** — And we employ ministers as well.

**Ms ROMANES** — On page 302 of budget paper 3 there is reference to new output expenditure on security. How well prepared is Victoria to respond to an international terrorist incident, and what is being done to improve this?

**Mr BRACKS** — We are playing a leading and significant role in the national counter-terrorism arrangements. I have to say this has been an exercise in very effective coordination between the commonwealth and state and territory governments in relation to national security issues. Those arrangements ensure that Australia has a nationally consistent and coordinated approach to managing counter-terrorism and addressing any potential threats or terrorist attacks. Just to give you an indication of, I guess, the important resources which have followed this, we as a government have spent over \$154 million to improve our capability to prevent and respond to a

terrorist incident, so it has been a significant increase in expenditure, and I think you will find that replicated around most states in Australia.

I should emphasise that there has not been any increase to the threat — no specific threat — of a terrorism incident in Australia. The general threat classification has been upgraded by the commonwealth or ASIO some time ago, but there is no specific threat in any part of Australia. However, the government is taking a prudent and responsible approach to the threat of terrorism and these measures should reassure Victorian communities that we continue to provide the right capabilities to prevent and, if necessary, respond to such an incident.

I am pleased to advise that since the government's Enhancing Victoria's Domestic Security initiative, which I announced in November 2002 and through subsequent state budgets, the following progress has been achieved. I shall just highlight those achievements quickly. The counter-terrorism coordinating unit in Victoria Police and the security and emergencies unit in the Department of Premier and Cabinet are now fully staffed and operational. We are improving counter-terrorism coordination within the Victorian government and also with the commonwealth government. A new state crisis centre is now fully operational; it is in interim configuration and will be fully configured in mid-2005. We have a default capacity as well in the event of that state crisis centre being inoperable because of an event or incident.

A number of Victorian police capabilities have been significantly enhanced, including the intelligence and risk analysis capabilities of the special operations group. New equipment and vehicles have been purchased to improve forensic capabilities; and protective clothing and equipment to respond to CBR — chemical, biological and radiological — incidents have been purchased. Training and equipment have been purchased for the Metropolitan Fire and Emergency Services Board to increase its urban search and rescue, chemical response and rapid response capabilities. The CFA and the SES are receiving new equipment and training as well in dealing with chemical, biological and radiological hazardous materials.

Within the Department of Human Services we have some other measures, including the establishment of the new emergency management coordination unit and a specialist unit for CBR, enhanced emergency management plans and planning to address CBR hazards and other major mass casualty incidents. We have enhanced the state's pharmaceutical stockpile, which is very important, depending on the incident, along with national arrangements. We have purchased radiation field kits and radiation monitoring devices for major hospital emergency departments, along with decontamination facilities for major metropolitan and rural hospitals. Additional chemical, radiological and biological related training for 2000 medical and health personnel has also been undertaken. I can also go on, if you like, to talk about what has been done to improve Victoria's preparation, but I am happy to furnish that to the committee in the future as well.

**Mr BAXTER** — I would like to turn briefly to the role of the Ombudsman in future. I think most Victorians would have seen the Ombudsman as a very, very useful body to which to turn and felt that they have received very good service from the three or four ombudsmen that Victoria has been privileged to have since the office was established. Because the government declined to establish a crime commission and has instead given the Ombudsman the duties of police integrity director, the budget papers show that the staff complement will more than double, so is there not a danger that the Ombudsman will become less hands on in terms of dealing with complaints from individuals in Victoria about administrative decisions of the government and will itself become somewhat of a bureaucratic institution? What sort of assurance can the committee have that the traditional role of the Ombudsman will not be undermined by the myriad new duties that he has been given?

**Mr BRACKS** — We have already had some experience, because the act has now been in place for some time. We have the Office of Police Integrity established, as well as the extra resources for the Ombudsman. That has not been the experience to date or, as I understand it, the experience of the public to date, either. The Ombudsman has deputy ombudsmen as well, whom he can charge with the responsibility for a particular task and he has the capacity and facility to argue for even more resources in that area if required. It is a matter which goes directly to the head of the department and to me as Premier. It is very unlikely that those requests are refused if they are soundly based because we take those very seriously. So he has access to undertake both roles, the role that is required as the Ombudsman and also the role as the director, police integrity. As I mentioned, we will have separate, identified budgets; there will be separate reporting arrangements to the Parliament on separate occasions; and there are separate accountability arrangements in those two offices. I do not envisage there will be any difficulty, as there has not been in the past. Our experience to date has been very positive and I can assure you that if any of those matters are raised we will seek to address them as soon as we can.

**The CHAIR** — Thank you very much, Premier. To you, Mr Blacher from earlier today, Mr Moran and departmental officers, our collective thanks. It has been extremely useful. Transcripts will be provided to you shortly. There are a couple of matters that you have agreed to follow up.

**Mr BRACKS** — Sure.

**The CHAIR** — Thank you, and we look forward to catching up next year.

**Committee adjourned.**