

VERIFIED TRANSCRIPT*

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2006-07

Melbourne — 5 June 2006

Members

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Witnesses

Mr S. Bracks, Premier;

Mr T. Moran, secretary;

Ms P. Hutchinson, deputy secretary, sector improvement;

Mr C. Barrett, deputy secretary, policy and cabinet; and

Mr J. Denton, Victorian government architect, Department of Premier and Cabinet.

*Corrections to the transcript by one or more of the witnesses have been received and accepted after the initial publication.

The CHAIR — I welcome Mr Terry Moran, Secretary of the Department of Premier and Cabinet, Ms Penny Hutchinson, deputy secretary, sector improvement, Mr Chris Barrett, deputy secretary, policy and cabinet, and Mr John Denton, Victorian government architect. I call on the Premier to give a brief presentation on the more complex financial and performance information that is his responsibility as Premier. For anyone who has just joined us, please turn your mobile phones off.

Slides shown.

Mr BRACKS — Thank you very much. Chair; as you have mentioned, on each occasion if there is a new function in the department we thought it appropriate to have a very brief presentation and introduction of that person in the department. On the last occasion we had the head of the State Services Authority, before that the chief information officer and, in this case, John Denton has joined the department in a role as the state architect in a new function, and he may say a couple of words to add to that. I think that has been a feature of the Public Accounts and Estimates Committee's understanding of some of the new aspects of government activity in our department.

I am pleased to be here before the committee to again present on the budget estimates for the portfolio of the Department of Premier and Cabinet for 2006–07. I indicate that PAEC is an important accountability mechanism and I congratulate the committee for dealing with the estimates in a comprehensive way as it does with all portfolio areas. In my presentation I will only briefly touch on the portfolio of arts; that is probably the most substantive delivery part for the Department of Premier and Cabinet. As you will see later on, it is really the most substantive funding part of the portfolio, but the arts minister of course will be covering that in more detail. The Minister for Information and Communication Technology will also be presenting on the ICT portfolio, including the work of the Office of the Chief Information Officer, as I understand it, at a later date.

In relation to the new function I mentioned, the office of the State Government Architect, a function that we are very pleased about, very excited about, is a new operation within government. The state government architect, Mr John Denton, is here and will provide the committee with a brief overview of its functions shortly and any questions that the committee might have in relation to that.

The department's — I am on the second slide in the handout — primary contribution to the strategic direction of government is through the provision of independent, rigorous, soundly based policy advice for the Premier and cabinet, directed towards the effective and efficient implementation of the government's policy and programs. The department has four major roles. The first is supporting the Premier as head of government and cabinet; assisting the Premier as chair of the cabinet in leadership of the government; management of the cabinet agenda; and coordination of government policy, development and implementation.

The second major role is providing strategic policy leadership: providing policy analysis and advice to the Premier on all matters affecting the Premier's role as head of government and providing administrative support for the operation of the cabinet, cabinet committees and also the executive council. The third is developing and coordinating whole-of-government initiatives: assisting the Premier on the overall administration of the state's operations; initiating planning and implementing special projects and events. And finally, developing and delivering whole-of-government services and programs — and in particular the government's arts policy, state-owned cultural agencies, and assistance, advice and policy development in relation to the provision of government communications.

Slide 3 refers to independent agencies within the department. The Office of the Governor, the Chief Parliamentary Counsel, the State Services Authority and the Office of the Ombudsman are the key independent agencies within the Department of Premier and Cabinet reported on within the department. The department's role is to ensure that these independent agencies are appropriately supported so that they can perform their function in accordance with government policy. A machinery-of-government change has resulted in the transfer of the Office of Police Integrity to the Department of Justice. That was always envisaged in the legislation after its early stage — the slides have caught up — and that has occurred. The Major Crime Legislation (Office of Police Integrity) Act 2004 indicated that that change would occur, and it has occurred within this financial reporting period. It is now under the responsibility of the Minister for Police and Emergency Services.

Just briefly — I will put the slide up and then go on — as to the arts agencies within the portfolio, you can see they are extensive. These are big, cultural organisations which the department has responsibility for. Penny Hutchinson, in her previous role, was the head of the arts portfolio in that area.

I refer to the budget 2006–07, the next slide, and the strategic policy advice and projects output group. This output group includes ministerial and parliamentary services, virtually all policy support services, depreciation and other matters, economic policy, social policy, resource and infrastructure, legal, government branch securities and emergencies, the cabinet secretariat, policy and strategy projects, the Office of the Chief Information Officer protocol and special events, and strategic communications. That is within that first remit item which is there, and you can see the revised estimates for this year and the estimates for 2006–07.

I refer to public sector management and governance. This output group comprises the portfolio agencies of the Office of the Governor, Chief Parliamentary Counsel, State Services Authority, and the Ombudsman, just to note that decrease in funding, which you can see, from \$41.7 million to \$29.9 million. That is really and essentially the transfer of the Office of Police Integrity to the Department of Justice. That is really the essential part of that.

Arts and cultural development takes up most of the resources, as you can see. This output includes Arts Victoria, as well as the management of grants for major arts agencies and other organisations. The increase in funding relates to many of the initiatives approved in the 2006–07 budget, so that increase is largely, as you can see on the sheet, reflected in the new outputs, the new initiatives. There is the State Library of Victoria where we are digitising the service — 80 per cent of it is going to be digitised. Mr Forwood was there at the time we presented that.

The item headed ‘Pit Orchestras Services’ is the result of the federal government’s inquiry and changes; each state has had to undertake some extra funding. There is modernising of the arts centre — essential for the big institutions. I mentioned the state architect which you can see has an allocation from \$0.6 million rising in the output years to \$1.3 million and \$1.4 million. There is also a special project in the Yarra Ranges, so you can see the total output measures, as identified there.

With respect to the Office of the Victorian Government Architect — if it is appropriate, I am trying to proceed as quickly as I can, I thought the committee would like some introductory comments from John Denton, the state government architect. I welcome John; we are thrilled with the appointment. He is an outstanding architect, and he is a great find for the government. I welcome John’s presentation to the Public Accounts and Estimates Committee.

The CHAIR — John, thank you very much for coming. Could you please contain your comments to a reasonable length, perhaps about 5 minutes. I know that will not do you justice, but that is what we have to ask you to do.

Mr DENTON — Thank you, Chair. High-quality buildings and public spaces generate vibrant, diverse and inclusive places. Victoria has a global reputation for design excellence in the built environment, and I think this will be extended and enriched through the government’s positive and proactive support of high-quality design outcomes.

Our experience in making architecture and urban design will assist government and the broader community to understand the built environment. In this way we believe we can achieve a better quality of life, an enriched sense of place and a sustainable future for all Victorians.

There are two key roles in the Office of the Victorian Government Architect. Role 1 is to provide strategic advice to government about architecture and urban design, offering an informed understanding of building design to government ministers and departmental secretaries, where required. Role 2 is to advocate or promote an awareness of design across government and in the broader community about how you make better buildings and urban environments.

Looking at the advisory role in just a little more detail, we are advising government on capital works, major infrastructure and specific projects at a strategic level. This involves commenting on procurement processes as they relate to the design outcomes, assisting agencies to establish design requirements and expectations, and reviewing specific projects, capital works programs and infrastructure proposals.

The office is currently providing, for example, advice to the Department of Education and Training in relation to new schools, to the Department of Justice in relation to the Victoria Police headquarters, and to the Department of Human Services in relation to the Royal Children’s Hospital development and some project initiatives at the Office of Housing.

We are also advising on planning policy where the Minister for Planning has asked our views or sought our input. This might involve commenting on key sites, developments and initiatives or sitting on steering committees or project control groups. Currently we are also providing policy advice through an interdepartmental committee, particularly in relation to disability access.

With respect to advocacy, we advocate through engaging with government agencies, local government, industry and communities and participating in government and public forums. We are undertaking focused research and analysis to address and identify the issues which hinder and support design quality, and we are preparing discussion papers towards government policy to raise awareness of the benefits of high-quality, sustainable built environmental outcomes. So we have been involved in a significant range of public-speaking and discussion panels and various things to date.

Finally, as the Premier indicated, we have a budget this year of \$0.6 million — because we have only been going since January — and in the next year, it is \$1.3 million.

The CHAIR — Thank you very much, we appreciate that.

Premier, you are responsible for intergovernmental relations, and my question goes to the Snowy. Could you please advise us of the impact of the Prime Minister's decision to withdraw from the Snowy Hydro sale?

Mr BRACKS — I thank the Chair for the question. Of course, this occurred last Friday, when the Prime Minister publicly indicated that the 13 per cent share of the Snowy Hydro scheme which the federal government was placing on offer would be withdrawn and as a consequence of that, Victoria and New South Wales both withdrew their share offer as well. As the Premier, I am responsible for interstate arrangements as well and obviously this was a matter which went to two states in Australia and the Commonwealth government as well.

The history of this is that on 16 December last year the New South Wales government announced that it would sell its shares on the Australian Stock Exchange but did not at that stage go into details of whether it would be done directly or indirectly, and, of course, that set a chain reaction in place on what should occur as part of the Snowy. On 7 February the Commonwealth — that is, the finance minister, Nick Minchin, and the industry minister, Ian Macfarlane — announced that it would sell its 13 per cent share, subsequent to the Commonwealth government approving this through cabinet. On 13 February, a week later, I announced that we would be selling our share and would be utilising the proceeds of that to put into new assets, in this case into school funding.

The reason I went through that chronology, Chair, is just to indicate — I think everyone on this committee knows — that our view quite strongly was that if the original arrangements were to be changed, then we wanted to ensure in Victoria's case we had security for irrigators and also security for environmental flows in the Snowy River as well. They were the two conditions precedent, and we would only consider entering into a float of the Snowy Hydro on the Australian Stock Exchange with the other two jurisdictions — the Commonwealth and New South Wales governments — if we had those assurances. That was the precondition which finally was met before we made that announcement. Subsequent to that, the Prime Minister has indicated that he is not proceeding and the other governments, our government and the New South Wales government, have said we are not proceeding also.

I have indicated that the new amounts were identified in new school projects over and above the existing usual budget estimates we have for school buildings and maintenance. Those new amounts which we identified, would be around the \$600 million mark, would be committed to in the future, and we will be making adjustments, of course, in budget arrangements in the future to achieve that.

For the benefit of the Public Accounts and Estimates Committee I can indicate — and the budget papers are clear on this matter — that the first 23 schools identified for the \$100 million funding and the \$50 million identified for maintenance were all contained in the budget without reference in the budget to the Snowy Hydro receipts being brought into the budget estimates — that is, we did not bring into the budget estimates matters or money which had not been received by the government. That was in order that we accurately reflected what the current budget position was, so that the surplus for the coming financial year is a surplus based on \$150 million out of normal receipts — revenue raising and the surplus over and above that in the operating account.

On the remaining \$450 million, the Treasurer indicated and I have indicated also over the last few days that that will be a matter which we will adhere to within the existing budget arrangements in the future — and obviously

adjustments will be made — on the basis of projects which were, in some of the larger projects, to go over a four to five year period would now go over a five to six year period.

The arrangements for that will be twofold. One will be, of course, in unallocated capital which is in the budget already — which is there available for distribution in the future by the government but as already calculated within the surplus figures for the future. As well, this committee would be aware that in the past — not in this budget but in the past — we have allocated amounts for a dividend from the Snowy Hydro, so a portion of the earnings has also been drawn down for dividends.

The average dividend in the past has been somewhere between \$40 million and \$50 million. If you look at the prospectus of what they expected in the future, I think they expected, as part of the Snowy Hydro float, about \$143 million.

If you take a share of that, that is roughly between \$40 million and \$50 million. That facility is available to the government as well. If you look at it over a period of five to six years, that would account for the bulk of any resources required for new allocations in the future. Already embedded in the budget is unallocated capital. I thought it would be important to, up front, indicate to the Public Accounts and Estimates Committee what the position is. Our commitments to the new school projects stand. They will be arranged in a different way, of course, because the Snowy Hydro scheme sale is not proceeding, but it will give a long-term dividend to the state, as we have had in the past. That will be utilised significantly.

The CHAIR — That is clear, thank you.

Mr CLARK — Could I follow on from the Chair's question and clarify some aspects of the situation. Firstly, when the Snowy sale was still expected to proceed, was the government intending to devote the whole of the proceeds, other than the money earmarked for environmental matters, to schools, or did it only ever intend to devote \$600 million out of whatever proceeds there might have been to schools? Secondly, I understand that on Friday you initially thought there might be a delay of one to two years in the process. Are you now saying it is five to six years? Thirdly, in relation to the different projects that are listed on page 9 of budget paper 3 you have referred to the fate of two items — the 23 schools and the \$50 million. Could you explain what the fate is now of the other sets of items listed on page 9 given that the Snowy sale is no longer proceeding?

Mr BRACKS — Sure. Can I go in reverse order because I remember the last one clearly. You might prompt me on the other two. The answer to your question is, yes. We will proceed on the remaining items, as I mentioned, in accord with budgets in the future but it may take slightly longer than it otherwise would because the sale of the Snowy is not going ahead. Initially we did not have a complete and final understanding of how long that would be. It will take one to two years longer than we expected. As I have indicated, what would have taken four to five years will now take probably five to six years. Your other question, the first one?

The CHAIR — Was the whole \$600 million going just to schools?

Mr BRACKS — As the shadow Treasurer would appreciate, one of the things that is not appropriate when a float is proceeding is to try to estimate what that float will bring; that is fraught with danger. However, we thought it was prudent and sensible to indicate that \$600 million would be available to the government on a reasonable case going forward for receipts received from any float. That is the only estimate we were able to provide. I think it was probably irresponsible of any government to try to estimate what it would be.

Mr FORWOOD — That is not the question. The question was: what would you do with the windfall above it?

The CHAIR — The question was, was all the \$600 million going to schools?

Mr BRACKS — I am happy to answer that.

Mr CLARK — My question was: was the policy intention that out of the total proceeds, whatever they might be, \$600 million would go to schools, or was it that it was only prudent to identify \$600 million but whatever came in, other than environmental, would go to schools, so that if you got \$900 million total, it would be close to \$900 million that would have gone to schools?

Mr BRACKS — We had no way of anticipating what other amounts would come in. If it was less, we would have had to supplement it in the budget. If it was more, that would be a decision for government to make in the normal cabinet process. That is all we can do in this area.

Mr CLARK — Can I clarify the third aspect of my question which was about the items listed on page 9? Did you say that all of those items would still go ahead as planned, or did you say that some of them were going to be rescheduled as a result of the Snowy sale not proceeding?

Mr BRACKS — They will all go ahead. The 23 identified out of the budget process obviously go ahead. The \$50 million for maintenance goes ahead. These projects go ahead. The scheduling is a matter which we will determine very soon.

Mr CLARK — All the remainder will be rescheduled.

Mr BRACKS — Rescheduled, yes.

Mr FORWOOD — Just a quick supplementary, any chance tonight that you might actually answer some questions consummately and fully? The people of Victoria expect this process — —

Mr MERLINO — There is no question, Bill. Why don't you start your retirement now?

Mr BRACKS — The answer is: yes, I was certainly up front about the Snowy issue and answered it as extensively as I thought I could, and I have done that.

Mr FORWOOD — As you thought you could — in other words, you did not answer it extensively.

The CHAIR — Thank you, Premier. That was consistent — —

Mr BRACKS (to Mr Forwood) — If you want to make a political point for the cameras, that is understandable.

The CHAIR — That was absolutely consistent with what all the MPs were briefed on at the budget briefing, when the secretary explained those same facts to a similar question.

Ms ROMANES — Premier, my question relates to a discussion that we had at this committee last year in regard to the strategic policy advice output. On that occasion there was some discussion of the funding of the tsunami disaster reconstruction fund. Premier, given that nearly 18 months has passed since that tragedy, can you tell us about the progress of the fund?

Mr BRACKS — Yes, it is a significant item within the government's budget provision, and that is \$10 million towards a tsunami disaster reconstruction fund. It is on top of the existing amount of money we gave to aid agencies at the time immediately after the tsunami hit our region.

I can report to the Public Accounts and Estimates Committee that almost two-thirds of the \$10 million in the Victorian government tsunami disaster reconstruction fund has been allocated to substantial projects that will provide lasting benefit to the tsunami-affected communities.

Can I just make this point, and I think this committee would appreciate it: that where difficult governance issues are involved — and we nominated that of the \$10 million, a substantial portion would be to Sri Lanka — for accountability reasons, to ensure that the money gets to where it is meant to go, with difficult governance issues — these are very, very difficult arrangements to put in place, so the accountability trial was very important from the start. That is why I am very pleased that the Department of Premier and Cabinet put in some significant control mechanisms from the very start.

I had the opportunity to visit Sri Lanka in April 2006. I announced \$3.2 million of funding for the Victoria Garden Settlement, a great project in the south of Sri Lanka near Gall, where 84 families who lost their homes in the disaster will each receive a house connected to water, sewerage and electricity — very good-quality houses. That is something we can be proud of. I note there are some contributions from governments in Western Australia as well, and from other countries around the world, to a larger project on site.

We will also construct on that site a community centre, a recreation ground, a children's playground, shops and associated infrastructure.

There are other announced projects which will proceed. There is a \$1.2 million school project in partnership with Plan Australia. It will replace schools damaged by the tsunami, reduce the burden on neighbouring schools and increase the educational opportunities in those regions.

For the Eastern Technical Institute strengthening project we are providing \$625 000 in partnership with Holmesglen Institute of TAFE, for young people from tsunami-affected communities. It is for training in trades, desperately needed to rebuild after disaster.

We have got a Vic-Jaf fish net manufacturing factory project — \$850 000 largely for widows to gain employment and income security from the manufacture of fish nets at the top of Sri Lanka. It is a project which has been very well received.

There is also the Maldives capacity building project in partnership with Australian Volunteers International. We are providing approximately \$460 000 to fund four volunteer placements in the Maldives to assist in improving the quality of education.

What we have tried to do is complement the federal government in the arrangement of funds that they are undertaking in the recovery effort on the tsunami, and a large portion of the federal government money quite rightly is going to Indonesia. We have had extensive discussions with the federal government and with aid agencies, and we felt our nomination of Sri Lanka predominantly would be a good focus and a good way of ensuring that that community receives support from Victoria.

Also, we should add, we have a very strong Sri Lankan community here in Victoria, which welcomes this support as part of the reconstruction project. There is still a long way to go, but the \$10 million contribution has now been fully committed, the projects have started and the projects will make a significant difference. I can report on that progress to the Public Accounts and Estimates Committee.

The CHAIR — Thank you, Premier.

Mr CLARK — I want to refer to the role of your department in providing high-level strategic advice to you, Premier, and in particular to ask what role your department played in providing advice to you in relation to the government's decision to sell the \$2.9 billion of Transurban concession notes for \$609 million. In particular, did your department play a role in assessing the scope or the adequacy of the advice that has allegedly been given by Rothschild in relation to the decision to sell those notes?

Mr BRACKS — Thank you for your question. The principal place in government which undertook the detailed work and the assessment on the concession notes was the Department of Treasury and Finance. It was a project which the head of the Department of Treasury and Finance took up, given his history in the origination of the concession notes which were originally costed, when they were first implemented under the original Transurban agreement, at something like \$250 million. That was the original costing, which you would remember.

There was a lot of commentary at that time that these were valueless. There was a lot of debate and discussion about that. They have proved to be of some value and some significant value, but that was the history at that time. The original department and the original head of the department who had carriage of that at that time also had carriage of the assessment from the Department of Treasury and Finance on those concession notes, aided and assisted by advice which we received from Rothschild, which helped in that department assessment.

The role of the Department of Premier and Cabinet, as it always is, is to provide coordinated and consolidated advice to the Premier on matters which happen across government. This was one matter which happened across government as part of the transport and livability statement. The advice we received was the advice which was generated, prepared and assessed by the Department of Treasury and Finance.

Mr CLARK — But it was provided to you by the Department of Premier and Cabinet?

Mr BRACKS — The Department of Premier and Cabinet, as it always does, in a coordinating role, provides advice to the Premier based on, in this case, the advice from the Department of Treasury and Finance.

Mr BAXTER — Chair, I have a quick supplementary question. Was the idea of cashing in these concession notes generated out of government or was the approach made by Transurban?

Mr BRACKS — The government obviously was very pleased with the arrangement which was struck around the Calder–Tullamarine interchange in which the first concession notes were brought forward so that the benefits of those could be bought now, rather than them being retained to 2034, which was the maturity date for those concession notes.

That was of considerable benefit in allowing the project to proceed, effectively to change that bottleneck on that freeway. That particular precedent was very useful in the suggestion that we could utilise them, bring them forward from 2034 to get the benefits for generations of Victorians for that project right now.

Mr BAXTER — So it was initiated by this government and not by Transurban?

Mr BRACKS — By the government. Transurban obviously are an important and crucial player in this because they are a buyer; otherwise they are only available on the market after 2034, and that is a key and important role for them to play.

Mr MERLINO — Premier, within the A Fairer Victoria policy statement there is funding set aside for refugee and migrant health. Can you tell us from a policy perspective what the department is aiming to do in relation to refugee and migrant health in 2006–07?

Mr BRACKS — This would usually be an almost exclusive responsibility of the federal government. But we are very aware, with the large number of refugees who are settling in Victoria and the humanitarian migrant program which is happening in Victoria in a significant way, that we need to supplement and support some of the existing services which are in place. We would argue that there are significant deficiencies in the current support provision for refugees in this country.

The Department of Human Services refugee health and wellbeing action plan, for instance, outlines new and existing initiatives to address the complex health issues and the wellbeing needs of refugees. In 2005 *A Fairer Victoria* announced \$4.7 million over four years to provide refugees with a range of targeted support. That was the first time we had such a program. The new refugee health nurse positions were also recently announced in the 2006-07 budget, which I referred to in my introduction before.

The relatively poor health status of some African entrants remains a challenge across Australia. The government continues to work closely with the Commonwealth's Department of Health and Ageing and Department of Immigration and Multicultural Affairs to ensure this issue is addressed. We are committed to piloting regional settlement of humanitarian entrants as an important part of our broader strategy to encourage greater migration to regional Victoria. We know that there are councils and communities who want to increase regional migration. Humanitarian settlement is one part of that.

We want to support that underneath with support services to those regions to enable that to happen. One pilot has already commenced in Shepparton with the successful settlement of refugee families from the Democratic Republic of Congo, and that is probably a good example of what can be achieved. Our government is monitoring the pilot with great interest with a view to providing information to DIMA on a second location as well.

Mr CLARK — Premier, in the response that your department provided to the committee's questionnaire we were provided with information on staff numbers for the Department of Premier and Cabinet central which showed a rise of full-time equivalent staff expected from 306.36 in June last year to 323.11 as at June this year. Could I ask, firstly, what are the main areas and reasons for that increase in staff numbers? Secondly, those numbers did not cover the number of ministerial staff that were on the DPC payroll, which I understand was 196 as at June last year based on an answer you gave to a question on notice.

Mr BRACKS — Yes.

Mr CLARK — How many ministerial staff do you expect to have as at 30 June this year, and what is the reason for any change that has taken place?

Mr BRACKS — Okay. On the first one, on the change, which I think at 30 June 2005 was 306.36 full-time equivalent to about 324 — 323.11. This is largely a result of two areas. One is the new State Services

Authority which has extra staffing within it and which has been incorporated as part of our budget provision and staffing numbers. Secondly, the Office of Police Integrity, which was with the department for a large portion of the financial year, has now been transferred to the Department of Justice. We also have a significantly increased workload currently.

Mr FORWOOD — You do.

Mr BRACKS — We do.

Mr FORWOOD — I am not arguing with that. It is just that state services has its own paragraph.

The CHAIR — Can you let the Premier answer the question, please?

Mr BRACKS — To a large extent the increased workload is due to the Council of Australian Government's resolution to look at significant reform initiatives arising out of the last COAG meeting. They go to work force planning, mental health, skills, infrastructure and a whole range of others areas in which we have significant working parties in association with the Commonwealth government and other jurisdictions. We led that debate at COAG, of course, and we ensured there was unanimity in what we were achieving in having a national reform initiative in place. But it takes some resources for that to occur. Sorry Bill, you were saying that the State Services Authority — —

Mr FORWOOD — It is shown separately and so you cannot give that as a reason for the increase in your own numbers.

Mr BRACKS — Right. Most of it will be down to the extra workload from COAG over that period as well, as I mentioned. You went to other — —

Mr FORWOOD — So you are correcting your previous answer?

Mr BRACKS — Yes.

Mr CLARK — The second part of my question related to ministerial staff. You have 196 total ministerial staff at June 2005. What are you expecting as at June this year, and the reasons for the change, if any?

Mr BRACKS — We think it will be about the same as it is now, is really what you asking.

Mr CLARK — It is about double the number when you came to office.

Mr BRACKS — Everything has increased. The size of the government has increased more broadly.

Mr FORWOOD — I'll say!

Mr BRACKS — To be fair on this, the ministerial staff has increased from 174 to 196 from 2003-04 to 2004-05, which is about a 13 per cent increase over the last financial year, but so too have other areas of government. The opposition ministerial staff has increased from 10 to 18, which is an 80 per cent increase.

Mr FORWOOD — Yes?

Mr BRACKS — Yes, it has.

Mr CLARK — That is because you have taken away all the pool staff.

Mr BRACKS — No, it has increased, and so has The Nationals staff.

Mr FORWOOD — You want to come and work in the opposition rooms! Come and count them!

Mr BRACKS — You have more staff than you had last year. It has increased from 10 to 18; 13 full time, 4 part time and 1 casual. So it has increased from what it was.

Mr FORWOOD — You are counting casuals in all these things?

Mr BRACKS — I know it is not fair, but The Nationals staff has increased from 4 to 5. I will not even use that percentage term because it is probably unfair to use that.

Mr BAXTER — We lost our pool staff!

Mr BRACKS — We all lost that. Sorry, was that all?

Mr CLARK — Yes.

Mr SOMYUREK — Questions 15.1 to 15.4 on the 2006–07 budget estimates questionnaire address the very important issue of a skills shortage. Further to your comprehensive responses to the questions — —

Mr FORWOOD — Come on! Who wrote that?

Mr SOMYUREK — Can you advise the committee what the department is doing to develop its people to assist with preventing such shortages?

Mr BRACKS — I thank you for your question. I remember when I presented to the Public Accounts and Estimates Committee last year I indicated in the preamble that we saw that as a potential risk. I think it was the shadow Treasurer who questioned me on that matter, and I wanted to report back, 12 months later, on some of the steps we have taken to ensure we get the right skills in place and retain those skills in place in the Department of Premier and Cabinet.

Learning and development activity focuses on the department's commitment to building employee and organisational capacity. Some of those initiatives have included the development of a Department of Premier and Cabinet skills and knowledge guide called the capability framework that clearly outlines the skills, knowledge, experience and behaviours expected of staff who are working to deliver DPC outcomes — it is one of the matters we discussed at the last PAEC; the provision of a new online guide of international and external learning options to ensure that staff development is aligned strategically to the skills and knowledge that will assist staff to deliver on the department outcomes; and ongoing support and promotion of a public service career for the provision of career management and development of staff.

The other key professional development initiatives include, of course — I think I reported on this once before at PAEC — the Premier's scholarships to the Australia and New Zealand School of Government. That school is based here in Victoria; it was one of our initiatives, but it now has funding and support from other jurisdictions as well. Future work is focused on leadership and management development through a low-cost tailored program. So since we were questioned on this matter 12 months ago we have taken steps to certainly look at retaining and enhancing our capacity within DPC to retain staff and get new skilled staff, which is one of the key risks we identified in the last 12 months.

Mr FORWOOD — Premier, at page 29 of your 2004–05 annual report it shows government information services and support. You will see it talks about strategic communications and then ongoing management of the master agency, marketing services panel, media monitoring and white pages rationalisation. If you look at budget paper 3, page 195, you will find the output group, which deals with government information services and support.

The first question, obviously, is: how come it has gone from \$35.4 million as a target in 2005–06 to \$40.4 million this year, and then to \$41.1 million next year; and of that output of \$41.4 million, how is it allocated across each of these groups? How much is going on media monitoring, how much on marketing services, how much on the master agency, and how much on the strategic communications?

Mr BRACKS — Thank you, I have all the material here.

Mr FORWOOD — I have to fit it all together, as you know.

Mr BRACKS — That is fine. In a previous answer I indicated that on media monitoring that was a saving we had between the last budget and this budget. There is still some media monitoring, and that is mostly for newsprint, but all the electronic is done in-house, which has saved us a significant amount. This is really about the total amount expended; that is really what you are after — —

Mr FORWOOD — Let us start with why it has gone up and then each of the components.

Mr BRACKS — And the components within it. One of the key reasons we have had a bulge in this particular year has been the extra expenditure that has been in place because of the Commonwealth Games. I can go to that in some detail, if you like, which I am sure I have got here.

In itself it was about \$14 million, a significant one-off increase, which was for that particular and unique event. I will just go to the current financial year. If you look at what is expended to the end of March 2006, which really relates to those questions which illustrate what money is being spent on and the reasons therefore for any adjustments, which is what you asked, you see there is approximately \$40 million of the campaigns can be accounted for by six items, which is interesting — \$8 million on the Transport Accident Commission, \$7 million on tourism, \$4 million on WorkSafe, \$14 million on the Commonwealth Games-related advertising, \$5 million on water and \$2 million on the promotion of art galleries and museums. That is on six items. Of the remaining \$18 million a further \$3 million is for the Formula One Grand Prix, the motor GP and the Australian Tennis Open Championship. Interestingly, they use the benefits of buying through the MAMS contract — the Australian Open, some of those activities. If I can just glean what your question is — I think it is really about the adjustments, is it not? Please clarify.

Mr FORWOOD — When I have a look at the budget paper on page 195, I see the expected outcome for 2005–06 under government information services and support is \$40.4 million.

Mr BRACKS — And it goes to 35 and then 33.

Mr FORWOOD — That is going backwards.

Mr BRACKS — Yes.

Mr FORWOOD — But you have just given me, I suspect, more than \$40 million worth of expenditure in that output group.

Mr BRACKS — No, it is about 40, because you take in TAC — anyway, about 40.

Mr FORWOOD — I would be interested to do the maths, because that does not leave much for anybody else, like [inaudible] or anything like that. If your situation is that \$14 million of that money went to the Commonwealth Games, how come in the forthcoming year the amount to be expended goes up by \$700 000 rather than dropping down by \$14 million?

Mr BRACKS — The particular matter in BP3 that you have identified does not include just advertising; that is the difference. We are talking about different figures. I was talking about some of the campaigns.

Mr FORWOOD — Where are those campaigns shown in the budget papers?

Mr BRACKS — The campaigns are shown in various parts of the budget papers — that is, the Department of Sustainability and Environment will have the water campaigns —

Mr FORWOOD — Right, okay, that is good. Thank you for those figures. To get to the \$40 million, what was the \$40 million spent on this year in the government information services and support output group?

Mr BRACKS — Obviously those categories which are identified in BP3 on that page. I am happy to get some specific detail to you.

Mr FORWOOD — If you look at the annual report on page 29 you should be able to say, should you not, that X amount of the \$40 million is on strategic communications, Y amount of the \$40 million is on the master agency, Z amount is on media monitoring — —

Mr BRACKS — Yes. I am happy to furnish that material for you.

Mr FORWOOD — That is great.

Mr BRACKS — Okay, I got you now.

Mr BAXTER — Can I just get a clarification?

Mr BRACKS — Sure.

Mr BAXTER — Premier, I think you said that media monitoring, particularly electronic media monitoring, is all being done in-house now. Does that mean that we have got in each department a tribe of people who spend their day watching television and listening to radio.

Mr BRACKS — Some people have that function. I tell you what, Bill, it is cheaper than contracting for other people to do it!

Mr FORWOOD — A good job to get into — —

Mr BRACKS — There are different jobs in the public sector.

Mr FORWOOD — I am retiring!

Mr BRACKS — Actually I have got the detail on the saving: it is about \$500 000 year that we are saving by having that function in-house, which I want to identify and I actually mentioned it last time in the Public Accounts and Estimates Committee. It is a good saving.

Mr BAXTER — Those people who are now listening to the radio and watching television — what were they doing before, or are they new people who have been hired to do it?

Mr BRACKS — Some will be new, but they are cheaper obviously than purchasing that from the private sector. Some would be from a relocation of responsibilities.

Mr FORWOOD — Premier, you just told us it is half a million. If you look at the annual report, you see it says it is a million. Which figure is correct? Page 29 says it will save the government more than a million dollars a year — —

Mr BRACKS — It is consistent. It will ultimately, but we have saved about half a million in the implementation to date; it will over the forward estimates period certainly have a million. The notes I have here say in the implementation we have already saved about half a million dollars.

Mr BAXTER — Taking into account the new people we have engaged and those reallocated?

Mr BRACKS — That is the net figure compared to what it was.

The CHAIR — We will have one more question from Ms Green and then Mr Baxter, and then we will take a break, so that everyone has had a chance to ask a question.

Ms GREEN — Premier, I refer you to the output group for the State Services Authority, which is on page 197 of BP3. Could you please advise the committee of what the State Services Authority is doing in relation to meeting its objectives of promoting high standards of integrity and conduct within the service?

Mr BRACKS — That really is its prime function and responsibility. We are committed to promoting high standards of integrity and conduct in the public sector and, under the Public Administration Act 2004, the public sector standards commissioner has a key role to promote appropriate behaviours consistent with public sector values and employment principles prescribed by that act. At the same time the primary responsibility for applying the public sector values and employment principles rests with the head of each public sector body or organisation. That has not changed in the implementation of the new act — the Public Administration Act — from that which was in the Public Sector Management Act previously.

The public sector standards commissioner recently released an ethics framework and an ethics resource kit to support public sector bodies' heads in carrying out those responsibilities. The ethics framework provides guidance on how to integrate the various processes in organisations that help embed high ethical standards based on public sector values and employment principles which are indicated in the act itself. The standards commissioner has also published an ethics planner which helps organisations identify possible gaps in terms of implementing the framework. The kit provides a set of resource materials that public sector organisations can use in following the framework. Specifically, the kit addresses the different elements of planning, of building commitment, of developing ethical skills and of reinforcing ethical behaviour. Since the release of the kit in April this year there has

been a high level of interest from within our public sector as well as other jurisdictions who are looking at what we have done and seeing if that can be a model for some of their work as well. The public sector standards commissioner plans to monitor the take-up of these support materials and review their effectiveness in the latter part of the 2006–07 period as well.

Mr BAXTER — Premier, on the Snowy float and the preparation for the float, do we have a handle on what was expended in that preparation, including all the ads that appeared in newspapers and at tram stops down the street and the road show in Hong Kong, and who is paying for that? Is it the corporation in the first instance or the shareholders proportionately?

Mr BRACKS — We do not have a final amount because it was obviously stopped in its tracks, I have to say, last Friday.

Mr BAXTER — Do we have any estimate?

Mr BRACKS — Not at this stage, but we will be able to get that soon. Obviously this will be a claim which will be ongoing from our government to other governments, and we would believe there is a responsibility on the federal government to meet the bulk or the majority of this, and we will be mounting that claim significantly — —

Mr BAXTER — On what grounds?

Mr BRACKS — Given the action the federal government took last Friday unilaterally. There was not a shared decision last Friday. There was not an opportunity for governments to meet and consider their position. It was unilaterally decided by one government without reference to any discussions. That will be taken into account in how those matters are paid for in the future.

The CHAIR — Premier, in relation to the State Services Authority, can you give us details of what its achievements have been in the first year and also any planned reviews or forthcoming activities for the next year?

Mr BRACKS — Thank you, Chair. The State Services Authority has made a very good start in taking over responsibilities for public sector integrity and standards across Victoria, a role that was previously contained in the old Public Sector Management Act and is now in the Public Administration Act. The authority has made a significant contribution during 2005–06. The outputs reflect the government’s commitment to deliver an efficient and effective public sector through the State Services Authority’s role as described in the act. The major achievements in 2005–06 included: I requested the State Services Authority to undertake seven reviews over the reporting period, and they are currently under way. As part of its role in encouraging best practice and the promotion of high standards of integrity and conduct in the public sector it issued discussion papers on employment principle standards on merit, fair and reasonable treatment and equal employment opportunity. As I mentioned before, the authority released an ethics resource kit to support public sector policy heads in their employment practices. The standards commissioner will report annually on adherence to and application of the employment principles. The State Services Authority also conducted an evaluation of the efficiency of traineeship and apprenticeship schemes operating in the public sector, developed a new marketing strategy to attract and retain graduates and keep them in the public sector, initiated development of a good practice guide and supporting tools for directors, developed a comprehensive online database of public entities in Victoria — which is very important for our future planning, and we have not had such a database before — and finalised 100 per cent of section 64 reviews of action within specified time lines. For a new body taking over responsibility for public sector standards, it has already done a very good job in its first year.

Mr RICH-PHILLIPS — Premier, you spoke earlier about the \$450 million hole in your education package which you will fill from — —

Mr MERLINO — No, he did not.

Ms GREEN — No, he did not say that. Don’t put words in his mouth.

Mr RICH-PHILLIPS — You will fill it from the \$450 million gap between what Snowy would have funded — —

Mr MERLINO — Is that 1 per cent or 10 per cent, Gordon?

Ms GREEN — Yes, 1 per cent or 10 per cent? You should know about numbers.

The CHAIR — Excuse me. If we can just go to the question.

Mr RICH-PHILLIPS — Premier, you said you would fund that through unallocated capital and also the future Snowy Hydro dividends stream coming in. You also made the point that in the budget you had not accounted for proceeds from the sale of Snowy Hydro because it would be imprudent to do so.

Mr BRACKS — I said dividends.

Mr RICH-PHILLIPS — No, this was the sale commitment; you said you had not put in a dollar figure from the sale because it would not be prudent to do so.

Mr BRACKS — Towards the \$150 million, yes.

Mr RICH-PHILLIPS — Yes. Given that is the case, how prudent is it therefore to count on dividends from Snowy Hydro when you have only a minor interest and no control over it?

Mr BRACKS — As I said, there is past practice and future estimates, and both those things are important. If you look at the past practice, on the average, there have been dividends of about \$40 million to \$50 million which has been received by the state government in Victoria. If you look at the prospectus, that is what it expected when it was issuing to prospective owners under the float — it was expecting in, I think it was the 2006–07 period, about a \$143 million dividend, effectively, so if you look at that allocation it is within the range of the \$40 million to \$50 million mark. So both on history, that is the performance of Snowy Hydro, and also on what was expected in the prospectus, both those match up and obviously the work is always done to make sure those estimates are as strong and robust as they can be. I think the practice shows that it will be of that order.

Mr RICH-PHILLIPS — Obviously the prospectus was based on the float?

Mr BRACKS — Yes.

Mr RICH-PHILLIPS — And one of the reasons for the float was that injection of capital, the need for capital for Snowy Hydro. Given that may now have to come from existing reserves, existing capability of Snowy Hydro and therefore have an impact on the dividend stream, what discussions have taken place between Treasury and Snowy Hydro that give you confidence in relying on that ongoing dividend stream?

Mr BRACKS — Between Friday and Monday?

Mr RICH-PHILLIPS — Yes, exactly, because that is what you have said you are going to base the package on.

Mr BRACKS — I said the estimate at this stage is based on past dividend flows and also the prospectus.

Mr RICH-PHILLIPS — But you cannot rely on that now that circumstances are different.

Mr BRACKS — Well, that is good practice and we will firm those up, of course, as the opportunity arises, but I was asked for an indication of where it was going, and that is an indication.

The CHAIR — Thank you.

Ms ROMANES — Premier, the Victorian Public Service careers structure was implemented to enhance the contribution of employees to the public service and their productivity. Can you please tell us about the implementation of the careers structure and the impact it is having on the service?

Mr BRACKS — Yes, and the government's public sector wages policy does provide for a reasonable, I think a fair, adjustment for public servants, and advancement based on contribution and productivity. The notion of time served has really gone from the public sector, and gone for some time, and it really is about skills reached and skills attained. That is really what the public sector principles are now based on, as they should be.

This is consistent with our industrial relations policy, which is to promote a cooperative approach to enterprise bargaining based on proper minimum standards, and we certainly have adhered to that in our own practice with

public sector employees. It does stand in contrast to the alternative model, which we know is advocated strongly by the federal government, which does involve removing those important employment safeguards from which those enterprise agreements are developed.

In 2002 the government delivered enterprise bargaining outcomes for nurses, teachers and public servants that kept economic adjustment within overall wages policy. If you look, really, at the budget papers, and at any analysis that has been produced on the comparative position on public sector wage increases and public agency wage increases in Victoria compared to other states, we have done a very, very good job of looking at reasonable and fair increases, but increases that can be sustainable and afforded in the long term. I think our position has been very strong and certainly very robust.

In the new Victorian public service career structure rules were put in place to ensure progression to higher levels were only allowed where there was a demonstrated contribution or productivity improvement. Whilst I am aware some would obviously like to return, as I mentioned, to the old days of automatic progression — that is, time served means increment gained — this is not consistent with contemporary work practices or the government's drive for a productive and effective and very skilled public service. It should be noted that most public servants, I think, generally accept and support this view. We do have a fairly robust and effective enterprise agreement which enshrines that. In a recent ballot the majority of public servants voted to continue these arrangements as part of the new VPS enterprise bargaining agreement. That is probably the best indication yet of that acceptance and support across the public sector.

The CHAIR — Thank you.

Mr FORWOOD — Thank you. Premier, I am sure you are aware that May 2006 is the 20th anniversary since David White as health minister in 1986 sacked the St Albans health and resource centre, of which George Seitz was then the chair and president.

Ms GREEN — Some of us could not vote then, Bill.

Mr FORWOOD — Twenty years ago, and of course he is now still in the Parliament. Premier, do you —

The CHAIR — Mr Forwood, there is a budget process here; we are doing estimates.

Mr FORWOOD — Yes, I am happy — —

The CHAIR — Any question you have got — —

Ms GREEN — You've got question time tomorrow, Bill.

The CHAIR — If you want to tell history, tell history outside, but we have to relate it to the budget.

Mr FORWOOD — I know you do not want to hear these stories, but these are true stories.

Ms GREEN — Take a chill pill.

The CHAIR — This is the third time, Mr Forwood; can you get to the budget?

Mr FORWOOD — Yes, let us get to the budget. Premier, you have substantial funds in your budget for seeking advice. Have you sought advice on Mr Seitz's behaviour — first, with the St Albans health and resource centre; second, with the various bingo games he has operated over the years; and finally, in relation to the house at Portarlington? And if so, do you believe that Mr Seitz has always behaved appropriately?

Mr BRACKS — If there are matters to be investigated, there are existing procedures for that to occur, and it is not a matter which would require any — a budget matter in relation to that advice — —

Mr FORWOOD — Have you received briefs in relation to this?

The CHAIR — Excuse me, let the Premier speak.

Mr BRACKS — As I mentioned, if there are matters to be brought forward, these allegations have been vigorously denied by the member. If those allegations are to be tested, there is existing facility for that to be done.

Mr FORWOOD — But you suggested that he sue, and he refused to do so.

The CHAIR — Thank you. Mr Merlino.

Mr MERLINO — Thank you, Chair. Premier, I refer you to page 194 of budget paper 3, which outlines strategic policy advice, and part of that is community cabinet. This has been an important initiative of the government. Can you please tell the committee about community cabinet and its objectives?

Mr BRACKS — Sure. It has now been going for six and a half years, and going effectively. We remain committed to taking cabinet into the community and giving citizens in parts of Victoria, all parts of Victoria, direct access to ministers. It has been very successful in that. The program is an important initiative because it actively demonstrates the commitment we have to not only staying in touch with community needs but also improving services and optimising government resources in partnership with Victorian citizens. It is an integral part of the core functions of the Department of Premier and Cabinet, and it is serviced within the cabinet office in the department as well. It is an existing and associated cost absorbed within existing programs and budgets, and delivered through the strategic policy and advice and projects output, which I referred to in the presentation. The community cabinet has visited 66 regional and metropolitan municipalities since the program commenced in November 1999.

By the end of 2006 we expect that cabinet will have undertaken some 67 visits. The broad coverage of Victoria shows that the community cabinet program is one of the drivers of the government's commitment to ensuring that we get good advice from every part of Victoria.

The community cabinet program has been a great success, with high levels of community participation. I should place on record that local councils have been very generous in the way they have worked with us to ensure that the program runs smoothly and effectively. Councils do present for the first period on what they see as the priorities in their regions and their municipalities, and we have significant input during the day from submissions received and from effective meeting-hall-type arrangements where community groups and organisations can present to ministers as well. The councils have been an integral and important part of that also.

Measuring outcomes of the program has shown that the community strongly values the community cabinet experience and would be willing to participate in further visits. The community considers the key strengths of the program, under the evaluation, to be cabinet visiting regional and metropolitan communities, the opportunity to meet and interact with cabinet and express their views, and the opportunity for government to focus on local issues. Community cabinet visits also comprise a range of activities, as I mentioned. We have had incorporated more recently a business round table, youth forums, indigenous round tables, women's round tables, as well as the ministerial site visits and formal community submissions.

Consistent with requests from host communities and participating organisations, the government formally reports back to the community following a visit, and we have undertaken to do that in a refinement of community cabinet. We now report back on the matters which were raised, on what action has been taken and what impact it has on future programs of the government. That has been a very effective and useful tool for the government as well; one, to test existing programs, but two, to also determine priorities for new policies.

The CHAIR — Thank you, Premier.

Mr BAXTER — Premier, I still have not got clear in my mind the relationship of the \$150 million to be spent on schools from the Snowy Hydro proceeds and the \$600 million you referred to, saying, 'We are not getting the \$600 million; we are not including it in the budget'. Then you made the deduction: \$150 million from \$600 million, you have \$450 million.

Mr BRACKS — Yes.

Mr BAXTER — Is the \$150 million in the budget on the expectation that it was going to be received from the Snowy Hydro sale, so if it is not there, how is it to be substituted?

Mr BRACKS — It is in the budget because we did not have any proceeds from the sale of Snowy by the time the budget was prepared, and the surplus of over \$300 million was derived after those 23 schools and the \$50 million allocated for maintenance was determined. If the money comes to the budget, it increases the size of the surplus and the capacity of the government to undertake those sorts of activities in a quicker way; that is what it does. The remaining \$450 million — so there is \$450 million that we have already accounted for, costed and provided for in the \$300 million plus the surplus \$150 million. The remainder will be done over a longer period of time because we do not have the proceeds of the Snowy coming into the accounts immediately. It was anticipated that some of the larger projects would take four to five years; they will now take five to six years. We will have the benefit of the Snowy dividend, which would otherwise not have occurred if the Snowy was sold.

Mr BAXTER — Except for Mr Rich-Phillips's thesis, if it comes to bear.

Mr BRACKS — I do not believe it will; I think there will be a Snowy dividend. Secondly, we have already allocated more than \$1 billion in unallocated capital which is yet to be allocated by the government, and obviously a portion of that would go to key projects. That is an amount that has been allocated before the surplus has been determined. So you have got that capacity in the future.

Mr BAXTER — I understood that, but I was just fascinated by you making that deduction and putting it in two piles of money: \$150 million and \$450 million. If you are not getting any of it, why did you make that distinction? That is what I am grasping to understand.

Mr BRACKS — Because we wanted to ensure that we had some school projects — 23 of them — advanced immediately and some school maintenance done immediately, but we were able to do that out of the budget.

Mr RICH-PHILLIPS — Just to clarify, I think what the Premier is saying is that the \$150 million expenditure is there for the schools you have allocated.

Mr BRACKS — Yes.

Mr RICH-PHILLIPS — But none of the sale proceeds are on the revenue side.

Mr BRACKS — No, but the revenue is there in existing receipts. That is, all the other revenue-raising capacity of the government covers that and provides for a surplus of more than \$300 million. If you got more in the future you would obviously have a larger surplus and a larger capacity.

The CHAIR — Thank you, Premier.

Mr SOMYUREK — Premier, if I can take you back to strategic policy advice and projects, on page 194 of budget paper 3, there are two parts to my question: what projects are priorities and what funding provisions are there for these; and also, can you please provide information on the objectives and desired outcomes regarding the national reform agenda?

Mr BRACKS — It is the biggest new matter related to that particular item that you raised. This year, on 10 February, the Council of Australian Governments made an historic commitment to national reform, a cooperative commitment between the Commonwealth government, state governments and territory governments, which will deliver greater productivity, increased participation in the work force, and a more prosperous Australia as a result of that. The national reform agenda will help Australia face the big challenges into the next decades — the growth of China and India and the ageing of the population — and that was certainly underpinning the work that was done in preparation for the COAG meeting in February and now the work that has been done post then as well.

In June last year I advocated a new reform agenda, called a third wave of national reform, an agenda not only to mitigate these challenges but also to turn them into opportunities. COAG has recognised the need to act and has agreed to a reform agenda across competition — that is, the matters remaining from national competition policy and some new matters to be determined; regulation, to look at not only uniform regulation but complementary and consistent regulation across the country; and human capital as well: skills, health of the work force and other issues.

It is the human capital reform, focused on health, education and work incentives, which has the greatest potential, according to the modelling, of delivering benefits to the Australian economy. COAG has agreed to a \$1.1 billion

down payment on health reform and took a small but important step towards improving the way governments will work together in the future as well. Of course, this is a small step compared with the possibilities under national reform, but nevertheless we are hoping for significant progress when we come up to the COAG meeting in the middle of this year.

There is still a lot of work to be done before the July meeting of COAG, and we will be working very hard to further develop the competition and regulation reform agendas — there is significant work between jurisdictions on that area; to do more detailed work on human capital reforms, including health, education, early childhood development, on which there is a clear focus, and work incentives; and to develop and argue for the right framework to make sure the reforms are implemented and maintained with appropriate accountability and incentives to ensure that all governments do their part.

We would like to see — and there is in-principle agreement — a national reform council which has the responsibility of overseeing the national reform agenda, and ideally backed up through proper and appropriate incentive payments, so that when that structural adjustment is undertaken by a jurisdiction there are the incentive payments which apply as part of that, which worked successfully for 10 years under the national competition policy model. There is a refinement which we are pursuing for the Commonwealth which we believe will also work effectively with defined plans in place, those defined plans becoming the article of faith for that national reform agenda but backed up by those incentive payments as well. I think it is going to be a very, very important meeting of COAG this July.

Mr FORWOOD — Premier, which government advertising campaigns have you personally authorised and how do you decide which ones you will authorise and which ones you will not? Can you provide the committee with the government's forward advertising campaign scheduled through to Christmas this year? Finally, on what date will you cease government advertising in the lead-up to the 25 November election?

Mr BRACKS — Thank you for your question. We have set guidelines for government advertising as a result of the 1996 Auditor-General's report — if you remember the Auditor-General's report, which recommended that guidelines be put in place. We adhered to that when we came to government in 1999 and we set about to prepare guidelines, which have now been put in place.

We have set those guidelines as clear and appropriate principles. We have said that the advertising must aim to achieve one of the following objectives — that goes to your question:

- To maximise compliance with the law;
- to achieve awareness of a new or amended law;
- to raise awareness of a planned or impending initiative;
- to ensure public safety, personal security or encourage responsible behaviour;
- to assist in the preservation of order in the event of a crisis or emergency;
- to promote awareness of rights, responsibilities, duties or entitlements;
- to encourage usage of or familiarity with government products or services;
- to report on performance in relation to government undertakings;
- to encourage social cohesion, civic pride, community spirit, tolerance or assist in the achievement of a widely supported public policy outcome.

They were put in place as a result of the request of the Auditor-General for the government to have guidelines. We have been applying them ever since. Any government advertising campaign has to have regard to those guidelines and to ensure those principles have been implemented as part of that. Every one of the Victorian government advertising efforts has adhered to those guidelines.

In relation to the other parts of your question, we have just announced, for example, in the last two days some significant public advertising campaigns which are new campaigns. Yesterday I was with the Minister for Health and announced the \$10 million nurse-on-call initiative which was in the budget. That requires a significant public education campaign to have that awareness there in all households and families that they have access to 70 trained and registered nurses on call 24 hours a day, 7 days a week.

Today the Minister for Environment and the Minister for Resources announced an energy saving campaign which is really about reducing energy demand and ensuring that sensible procedures, which we know the community will respond to and which will save money as well as energy, are adhered to. These campaigns have been conducted in the past — switch off lights when you do not need them, switch off stereos and other appliances in the house when you do not need them. It will save money but it will also save the environment, which is a key part of it. Each one of those campaigns is in accord with those arrangements.

In relation to authorisation, that is a vehicle used to say the government stands behind these arrangements. We do stand behind them: we think they are important. We think this is an important message on the part of the government which we think will improve services in Victoria or change behaviour to something which is of benefit to all Victorians. Probably the best example of that is water, where there was authorisation in place. Water has been a stunning outcome. Since the public education campaign on water with water savers, initiated by a presentation by me as Premier and going on to Victorians giving testimonials about water saving, we have seen something like a 21 per cent reduction in water use per capita in Melbourne. That is a stunning outcome when you think of what occurred before. It is a great credit to Victorians that they have picked that up. These are important campaigns which are good public policy to ensure that we have outcomes which we believe are part of that policy development in Victoria.

The CHAIR — There was a supplementary in relation to that.

Mr FORWOOD — I had a four-part question. Which ones have you personally authorised, and how do you decide which ones to personally authorise?

The CHAIR — That has been answered.

Mr FORWOOD — Has it? Which ones has he — —

The CHAIR — He said he stood behind every one of them.

Mr BRACKS — Obviously that is determined by the particular campaign and what it will have an impact on. For example, for the introduction of the water campaigns it was seen as an important part in saying that the government was behind this major push — —

Mr FORWOOD — Is that the only one you have authorised yourself?

Mr BRACKS — I will check that for you. I cannot remember the others. However, that is certainly the one that is most apparent. It was really saying the government stands behind this important push to conserve water, which was part of the campaign.

Mr FORWOOD — The final part was: will you cease government advertising, as happened in South Australia, prior to the election on 25 November? If so, when?

Mr BRACKS — Yes. That has always been the case in all jurisdictions and we will adhere to that. That will be in accord with the caretaker principles. When the Parliament is prorogued, the usual arrangements will apply.

Ms GREEN — Premier, I refer you again to the output group ‘strategic policy advice and projects’ on page 194 of budget paper 3. In reference to one of the projects in that area, I understand the department has worked for some time on the COAG indigenous trial in Shepparton. Can you update the committee about the department’s work on this initiative?

Mr BRACKS — There were COAG indigenous trials around Australia. The selection that we had in Victoria was one based in Shepparton, where the largest number of our indigenous community are and where there were some significant developments with the council, the community, key business organisations, trade unions and others. That was really one of the reasons we initiated that in conjunction with the federal government.

The Shepparton COAG trial is an opportunity for indigenous people and all three levels of government to work in partnership to enhance the outcomes for indigenous Victorians. The trial is about testing new ways in which government and the local indigenous community can work together and which enable the community to take greater control and achieve better outcomes.

In effect it is really about breaking down silos. The usual response is to say that we need more funding for a particular program or a new program. Our view was that this needs to be bottom-up; it needed to break down the barriers between federal, state and local, and we needed to work together to ensure that we listened to what the communities wanted, in this case in Shepparton. For example, they were saying in Mooroopna there was a key problem with youth unemployment for indigenous youth in that area. So looking from the bottom up and ensuring that we had the right support in place to back up some of the key organisations already there in Shepparton was very, very important, and that was part of it, for example.

The government has committed funds of \$500 000 over three years to support community engagement and planning capacity in this initiative. Two initiatives are currently being developed in Shepparton: an education pathway strategy, to improve educational opportunities for indigenous children and young people in the Shepparton area; and the Youth at the Centre project, developing leadership skills of young indigenous people.

We have committed significant resources to the trial, and by continuing to work in partnership sustainable improvements in the wellbeing of indigenous people in Shepparton–Mooroopna will be made, we believe, in the future. There is a rigorous evaluation process as part of the COAG trial in place. It has had some success already, but the important real success has been getting governments to work together and the indigenous communities. That has been a really important outcome.

Mr RICH-PHILLIPS — The government architect — the state architect, Mr Denton — spoke at some length about what his role is across three or four slides. Could you tell the committee, please, why Victorian taxpayers need to spend \$1.3 million on a state architect — not what he does but why we need him — and over, say, your six years of government is there a project you can identify where having a state architect would have produced a better outcome than we currently have?

Mr BRACKS — The reason is to ensure that we have good design and that we have the best possible advice given to government.

Mr RICH-PHILLIPS — Have we had bad design to date?

Mr BRACKS — You can always have bad design, and you can always do better. There is no doubt about that. Having a state architect, who was recommended to us from — —

Mr FORWOOD — He designed most of the buildings anyway!

Mr BRACKS — Yes, that is right; you are dead right on that. It was a matter which was recommended to us from significant peak architectural and planning groups in Victoria. We considered it very carefully, and we felt that it would be a great adjunct to good design in Victoria. It will be a facility which is open to the government to nominate on a particular project. It will not be mandatory on every project to have the state architect involved, but there is the opportunity for projects to be nominated. All that is required is a request to me as Premier, of course given that the function and the role resides within the Department of Premier and Cabinet. It is really about ensuring that the great built environment in Melbourne and Victoria is enhanced even further, that we understand what a treasure we have in this state, that we enhance and keep that treasure but we also look in new design to how that can be enhanced even further. If you want examples of good design, just as an aside to the Public Accounts and Estimates Committee, I think we are all stunned by Eureka Towers, how magnificent it is. It is really, really a great design.

Mr FORWOOD — And the Sidney Myer centre up on — —

Mr BRACKS — And from every aspect and from every part of Victoria. When you see it, it is just stunning. It is the right place for a high-rise development, in the right part of the city. It is a great and innovative design, and I think it will be seen as one of the iconic buildings in Melbourne in the future. That was a product of very effective commitment by the builder to get the best possible architectural advice in place and to put a lot of investment into that. Not every project does that, and we want to make sure that we can supplement that by having good advice to the government and therefore good advice on major projects that are undertaken by the public and private sector in the future.

Mr RICH-PHILLIPS — Are there any projects that your government has completed in the last six years that would have benefited from having Mr Denton on board as state architect?

Mr BRACKS — That is a very good leading question.

Mr RICH-PHILLIPS — Do you have an answer?

Mr BRACKS — I actually cannot think of one which is an architectural disaster— I really cannot. There have been some in the past. If I could nominate one — and I know that it is not in our period, and I am sorry, but I just cannot think of one at this stage — I think it would be the backdrop to St Paul’s Cathedral. To see what is essentially a good building in the centre the city — what is the name of the hotel?

Ms ROMANES — The Westin Hotel.

Mr BRACKS — It needed a hotel there, there is no question about that, but to see the spires framed with the Westin Hotel in the background is probably not the best vista in Melbourne.

Mr RICH-PHILLIPS — How is Mr Denton being paid? Is some of that \$1.3 million going to his firm? I assume he is a government employee.

Mr BRACKS — At this stage I will ask the secretary to elaborate on that, because we have some good detail on that.

Mr RICH-PHILLIPS — I would be disappointed not to hear from Mr Moran.

Mr FORWOOD —We are always disappointed!]

Mr MORAN — Thank you, Mr Rich–Phillips. He is engaged on a standard executive contract for two days a week and is paid therefore two-fifths of what would normally be paid to a person in that office. His position is part of the executive envelope of the department. It is not a statutory office.

Mr RICH-PHILLIPS — So the rest of the money is — —

Mr BRACKS — It is servicing the function and the personnel required to give the state architect and the deputy architect the advice required.

Mr RICH-PHILLIPS — It would be a lot of people, I would suggest, for \$1.3 million, if Mr Denton is only there two days a week.

Mr BRACKS — It is not a big office, really.

Mr MORAN — Apart from the state government architect and the associate state government architect, at the moment there are two other people, but some of what they are doing is funded by short-term contracts with people with specific expertise, in order to save accumulating a large group of people in the department who may not be suitable for the purposes.

The CHAIR — With great interest in this topic, there is a supplementary question from Ms Romanes.

Ms ROMANES — Premier, could you tell us of one or two projects that the state architect is currently providing advice to you on?

Mr BRACKS — Will do; the office is currently preparing some discussion papers, which can be utilised right across government, towards policy advocating for high-quality design throughout Victoria’s urban environments. It is involved in assisting agencies to develop design objectives for relevant infrastructure projects across the state. It is providing advice on specific projects where appropriate. It is currently providing advice to the Department of Education and Training in relation to new schools, and that is obviously going to be very useful. We think we can do even better with some of the new schools provided in the future. The Department of Justice, in relation to the Victorian police headquarters development, is in the very early stages, but we know that at some stage the government of the day is going to have to undertake a new police headquarters in Victoria. The Department of Human Services, in relation to the Royal Children’s Hospital development — an iconic and very important development for Melbourne and a very important location in the state — and there are some initiatives between the office of housing and some of the new housing developments. That is the initial suite. There will be more in future, but these are some of the examples of the sorts of projects that we will be giving advice on.

The CHAIR — Premier, could you look at page 285 of budget paper 3, which deals with counterterrorism initiatives and the new expenditure allocated on security? How well prepared is Victoria to respond to an international terrorist incident? What is being done to improve this as a result of this budget?

Mr BRACKS — There is a continuing focus on counterterrorism in this budget and some further additional budget initiatives as well. Our government continues to focus closely on ensuring that our counterterrorism arrangements are comprehensive and protect the Victorian community against the threat of terrorism.

While there are issues still before the courts, Operation Pendennis, which led to the arrest of 22 men in Sydney and Melbourne, shows how seriously police in Victoria take potential threats. I will obviously not go into detail; those matters are before the courts.

In addition to the new budget initiatives that I will go into in a moment, there has been considerable emphasis on counterterrorism over the past year. Key activities have included the special Council of Australian Governments meeting on counterterrorism and the release of our government's statement on counterterrorism, the 'Protecting the community: attacking the causes of terrorism' document in September last year. There has been ongoing cooperation and coordination between the relevant agencies involved in Victoria's emergency management arrangements and our response capabilities, including extensive exercise and planning in the lead-up to the Commonwealth Games. That was a very useful exercise where we trialled most of our counterterrorism activities. We have been left with a very useful legacy in some of the equipment that was purchased as part of the Commonwealth Games which can now go on to other events and activities in relation to counterterrorism.

We have made two sets of amendments to the Terrorism (Community Protection) Act 2003 to implement key initiatives agreed to by COAG, which further strengthen the counterterrorism arrangements for Victoria. In May I met a commitment to report to Parliament on the operation of the act — our first report on the act — which showed what action was taken under some of the legislation. I am pleased to note that the second bill proposing amendments to the act — the Terrorism (Community Protection) (Further Amendment) Bill — was passed by the Legislative Council on 1 June. Well done to the Legislative Council!

Mr FORWOOD — We just do what we are told! We didn't used to.

Mr BRACKS — In the 2006–07 budget the government has funded further initiatives to improve Victoria's counterterrorism arrangements in addition to the \$150 million committed to counterterrorism in 2002. Noting that some of the new funding will also contribute to defeating organised crime as well as counterterrorism, our funding of counterterrorism will increase to over \$200 million — this budget takes it up to that level. Initiatives funded this year that directly contribute to counterterrorism and security include \$20 million to fund the security arrangements for people arrested or convicted of terrorism or organised crime — their transportation and other amenities; \$3.5 million for extra counterterrorism resources for Victoria Police's security intelligence group; \$16.7 million for refitted courtrooms at the Supreme Court and other enhancements to assist the capacity of the legal system to manage counterterrorism and organised crime trials; \$5.4 million to fund public information campaigns to improve the Victorian community's awareness of counterterrorism arrangements and transport security arrangements, and \$21 million for public transport security, including the maintenance of security cameras and CCT arrangements around the state.

As I mentioned, there is some legacy of benefits from the Commonwealth Games — CCT equipment that we purchased which can be utilised, which is not mentioned in my notes here, but which will be very useful in the future.

The CHAIR — That \$200 million you referred to, that is over the forward estimates period?

Mr BRACKS — Yes, the forward estimates period.

The CHAIR — Yes.

Mr RICH-PHILLIPS — Chair, may I get some clarification on the security question?

The CHAIR — Yes.

Mr RICH-PHILLIPS — The departmental response to the committee on question 12.5 asks, ‘How many security incidents occurred in 2005–06?’”. The second sentence of your response is, ‘No terrorist incident occurred despite this period being the highest risk period for at least a decade’. Can you elaborate on that?

Mr BRACKS — The Commonwealth Games was the highest security risk event that we have had in the last 10 years. Obviously we had one-third of the world’s countries represented here.

Mr RICH-PHILLIPS — So it was because of the Commonwealth Games, not because — —

Mr BRACKS — Yes. I should add that we will have the World Swimming Championships next year, where every country will be represented. That will have a higher security rating. The federal Treasurer will host the G20 meeting — that is the finance and treasury ministers — from around the world later this year. That will be in about November this year. The head of the department will be acting in my capacity as I will be the caretaker Premier at that time. If anything happens I will blame him.

Mr BAXTER — I would like to go to the issue of openness and accountability, which is a phrase that you and your ministerial colleagues use quite frequently, and express my concern that the budget being delayed has put this committee under a lot of pressure and caused the committee to have to meet during the parliamentary session, which I think denigrates Parliament by having members having to make a decision as to whether they should be in the chamber or attend this committee.

I am particularly concerned that it has caused, for example, today’s session to be at 4 o’clock. The commercial television news services are over, and that is where 90 per cent of the people form their opinions, I think, and the television cameras have already left. I do not accept, or I have trouble accepting, that the budget was late because of the Commonwealth Games — I think that is a convenient excuse. My question is: where is the openness and accountability in changing the system so that we are now on this rather absurd and ridiculous time line and arrangements that need to be made to accommodate it so far as this committee is concerned?

Mr BRACKS — I reject that notion totally. The reality is that we have two major state budgets that will be delivered this week: the Queensland and New South Wales budgets will be delivered this week. We are at about the mid point. Even though the budget was delayed this year, and it was because of the Commonwealth Games — and I cannot say strongly enough how important the games were and how it occupied a significant amount of time of those ministers and people in government who would otherwise be preparing the budget, and therefore have the first budget in.

We have had the first budget in the cycle for time; we have had for six of our seven budgets. You would expect some latitude at a time when we have had the Commonwealth Games; we had a budget still in May, at the end of May, still before New South Wales and Queensland, and not long after the federal budget. I do not think that was unreasonable.

You might discount the effort that has gone into the Commonwealth Games. I chaired the Commonwealth Games committee. The Treasurer was involved in that. Significant effort went into that arrangement. It was a big budget, probably the biggest budget we have had for any single activity we have had Victoria’s history. We wanted to make sure we did it well — and didn’t we do it well? — in Victoria. We should all be very proud of that. I think every MP is also proud of that as well, and they have mentioned that to me.

I reject that totally. For goodness sake, we had the biggest event we have had since 1956 happening in the time that we would have otherwise had the budget or the preparation for it, and I think it is reasonable to say we did it as quickly as we could, and the end of May was quicker than most states.

The CHAIR — And I want to place on record the appreciation that the ministers have appeared before this committee, no matter what, whether it is Parliament sitting or Parliament not sitting. They have accommodated us into their busy schedule because we did have want to have as many hearings as possible prior to the passing of the budget in the Assembly.

Ms ROMANES — I have a further question on security arrangements and initiatives and draw your attention, Premier, to one of the initiatives that has been funded previously —that has been the development of a state crisis centre. Can you tell the committee about the progress of that security initiative?

Mr BRACKS — It is a new centre which is now in place and up and running. It also has a default centre in case anything happens to the existing centre, which is required, as you would expect, under those security arrangements. It arose because of the 2002 *Enhancing Victoria's Domestic Security* statement, which included the establishment of a dedicated state crisis centre with secure communications. The estimated capital cost was \$6 million, and that is what has been utilised for the establishment of the centre.

The project included the engagement of consultants to define the communication and IT infrastructure requirements and comprehensive systems, as I have mentioned. The final refurbishment of the centre was completed in September last year, 2005. It was actually operational during the games period — that is, it was staffed and operational. It was not utilised, which was magnificent, of course! A fully functional backup centre as a contingency in case the primary centre is deemed inoperative will be completed also by 30 June 2006.

The establishment of both the primary and backup centres will be completed within our existing budget. Within the 2005–06 budget the state crisis centre received \$400 000 annual recurrent funding for four years over the forward estimates period to support the recurrent costs of maintaining the centre.

On the location — following the review of a number alternatives, a site in the CBD, close to government ministers and officials, was identified as the optimum location for the primary centre. I cannot say what it is, of course. Secure access for ministers and senior government officials is provided. Security access to the facility can also be restricted. A fully functional secondary facility some distance from the CBD logically will also be provided.

In October 2005 Victoria participated in Mercury 05, the second multijurisdictional exercise which validated national security arrangements and provided an opportunity to exercise the state crisis centre, to get it operational and have strategic level coordination arrangements for the 2006 Commonwealth Games. The newly reconfigured centre was activated 24 hours per day for the duration of the exercise, and its systems and equipment were tested in operational simulation arrangements.

Mercury 05 and a subsequent assessment by a United Kingdom expert validated the centre's design and equipment. The state crisis centre also conducts additional exercises and training as required for the security and emergencies committee of cabinet and the centre's government response committee. I am very pleased it is up and running. I think we have led the other states in this as well, by the way, which is very pleasing.

Mr FORWOOD — Premier, given your commitment to openness and transparency, could you advise the committee what is the total budget for this year, 2006–07, for the cost of your private office, which output group is it in, and how many media monitoring people are located in your private office?

Mr BRACKS — It is in the output group in BP 3. I think I put a slide up before on that. It is in the — —

Mr FORWOOD — Strategic policy advice?

Mr BRACKS — Yes.

The CHAIR — You have provided us with the overheads, so if you want to refer — —

Mr BRACKS — No, I will go to it. 'Strategic policy advice and projects' is the output group which contains ministerial staff, drivers, opposition staff, National Party staff — third party — former premiers and governors. That is the group which contains that, plus other advice which the government receives. I think I have indicated the staff numbers to the committee.

Mr FORWOOD — What I was after was the total cost of your private office and how many media monitoring people are in your private office. I do not want the total number in your office.

Mr BRACKS — I do not think we have media monitoring people. That is a service which was contracted for; it is now done within government. We do not do media monitoring; it is not a function of our private office. In relation to the budget, can I take it on notice? I do not have that disaggregation.

Mr MERLINO — Premier, a number of important policy statements have been released over the last year. Can you inform the committee what activities the department will be undertaking in 2006–07 to ensure the successful implementation of these initiatives?

Mr BRACKS — We have had a large number of statements which have been released by the government on key and critical areas, which we believe is important for Victoria's future — *A Fairer Victoria* and, of course, *A Fairer Victoria II*, which was contained within the budget papers themselves. *Moving Forward*, our provincial Victoria statement, had \$500 million committed to provincial and country Victoria as part of a four-year outlook.

We had *Maintaining the Advantage*, the skills statement which was produced in the early part of this year; *Healthy Futures*, which was effectively a life sciences statement, bringing forward significant projects which we know will drive the life sciences industry, and biotechnology and research and development will assist that as well; and *Meeting our Transport Challenges*, which is obviously the biggest of those, a \$10.5 billion plan over the next 10 years to improve public and private transport for better links and allows for capacity.

They are a critical part of the government policy agenda. We are committed to the efficient and effective delivery of these statements — as well as the immediate delivery in each programmatic area, there will also be oversight by the Department of Premier and Cabinet overall.

The delivery remains the operational responsibility of the relevant department and the relevant minister. A dedicated implementation unit has been created in the Department of Premier and Cabinet to assist in this task and to provide timely information across the whole of government on those implementation plans. The implementation unit is working across departments to ensure that robust monitoring and reporting arrangements are put in place for all major policy statements. This systematic approach to monitoring and reporting of major policy commitments will enhance the government's capacity to track progress of implementation and to achieve desired policy outcomes. It will also give greater attention to those statements and the implementation of those, and shows the high priority we place on these projects being delivered. Whether it is in transport, health or skills, these are very important for our future.

Mr RICH-PHILLIPS — Premier, can you clarify the funding for the public sector management and governance output group? On your slide you show that for the 2005–06 year, expenditure was 47.1, and then for the current year declining to 29.9. One of the differences is the Office of Police Integrity. Funding for that office, though, is shown in the budget as roughly \$17 million. If that was a net reduction, that would drop back to \$25 million rather than \$29 million, so I was wondering what the extra \$4 million, almost \$5 million, is in your output group, or is it the case that OPI has received extra funding?

Mr BRACKS — I am happy to give as much detail as I can on that reduction. Would it be okay if the department gives some detail and I can add any comments you want as well?

Mr MORAN — The money transferred to the Department of Justice was the amount appropriated for 2005–06, which was a little more than \$10 million. There is an additional initiative in the current budget for 2006–07 which increases the budget of the OPI to the level that you are talking about, but of course that is available within the appropriation for the Department of Justice from 1 July 2006.

Mr BRACKS — So it is a pro rata we are seeing.

Mr RICH-PHILLIPS — Sorry, \$41 million minus the \$10 million that is transferred gives roughly 30 —

Mr MORAN — It was slightly more than 10. It is mainly the transfer of the Office of Police Integrity.

Mr RICH-PHILLIPS — A further increase separately through Justice for OPI?

Mr BRACKS — Yes, the remaining amount of OPI's funding will be transferred to them and they will report on that in their budget.

The CHAIR — Would those who have budget figures like to give them to Hansard, because Hansard is trying to do this within 24 hours, so if we can give them as much documentation as possible, it will assist them no end.

Mr BRACKS — As well as the \$10 million, there is \$1.2 million for the State Services Authority in there, so we can specify that. I can give a lot more detail to the committee.

Mr RICH-PHILLIPS — An extra \$1.2 million this year for the SSA?

Mr BRACKS — Yes, in line with previous budgets. I will get a specification for you on this.

Mr SOMYUREK — Premier, I take you now to ICT strategy and services output group on page 196 of budget paper 3. Can you please delineate to the committee the recent achievements of the Office of the Chief Information Officer?

Mr BRACKS — The CIO was established so we could have access to the best possible advice on matters relating to ICT. It has a key role in the e-government strategy to drive improved service delivery. It has investment advice to align our investment in ICT with the government's priorities; it has a strategic planning role as well to better coordinate activities across departments and agencies; it has architectural standards to reduce the complexity of the government's ICT environment and enable sharing of information and more standardisation as well.

The office is developing a new e-government strategy for the minister, who I know will be presenting before the committee. This will update the *Putting People at the Centre* document released in 2002. The strategy will outline the government's plans for using ICT to further improve both services and the way information is managed and used by government.

The office has played an active role in this year's budget process, working with departments to improve the quality of funding submissions and providing advice on the merits of ICT investment proposals. For example, if the Public Accounts and Expenditure Review Committee has a matter which is related to an information or communications system, we receive advice from the CIO on that, which is very useful, because it is dispassionate advice. In government, the advice you always get on ICT is that by spending more money it will save you money. You get that advice all the time — just wait and those savings will come. It is very important that we have that verified and checked before we allocate resources.

New capabilities have been developed to improve strategic planning, including a new system called the ICT fact base to monitor and report ICT activities and costs across government. The office has developed new whole-of-government policies and standards, and the office has led a project to consolidate multiple data centres and put in place improved disaster recovery capabilities across multiple departments. That achieves economies of scale and improved protection of government information services. A shared service centre has also been created, consolidating ICT functions for four government departments. The Department of Infrastructure, the Department for Victorian Communities, the Department of Sustainability and Environment, and the Department of Primary Industries will now have a shared service centre, and that will lead to some significant savings.

These initiatives are part of a significant change that is taking place driven by the Office of the Chief Information Officer to manage ICT from a whole-of-government perspective to better support government objectives and to improve value for money from ICT investment. It has been a very good and sound initiative which is bearing fruit currently and is in good shape.

Mr FORWOOD — Premier, during the Commonwealth Games over 40 trade union officials, primarily from the Construction, Forestry, Mining and Energy Union, were given full accreditation to all Commonwealth Games venues so they could come and go. I understand that this was done through Protocol — your department. Included were Martin Kingham, John Setka and Bill Oliver. I wonder if you could explain what benefit it was to the people of Victoria that 40 trade union officials could go into any site, at any time, and secondly, what was the cost of it?

Mr BRACKS — I am not sure of the cost, but in relation to whether it was facilitated by Protocol within the Department of Premier and Cabinet, I will check that. It is my guess it was more likely on the advice of particular departments in which those projects were undertaken, but I will determine that — that is, where projects were completed, and completed effectively. But in relation to those who received courtesy support to go to Commonwealth Games events, there were a large number of people across industry. Most of the industry associations across Victoria, because they were facilitating other industry development, had those support arrangements in place as well. Whether there — —

Mr FORWOOD — What? Full accreditation?

Mr BRACKS — There were certain accredited people across industry sectors who had that facilitation. Intergovernmental arrangements were in place, too, with key economic ministers from other states, which is also

very important for their facilitation. We had a wide range of facilitation. In relation to this one, I do not have any detail in front of me, but I am happy to get that — really, I am happy to.

Ms GREEN — Premier, could you please detail to the committee what the Department of Premier and Cabinet is doing to assist people with a disability working within its work force?

Mr BRACKS — As well as having effective disability policies across the state it is also important that key government implement those policies. The Department of Premier and Cabinet's Disability Action Plan 2006–08 was launched in February of this year. The disability action plan is designed to eliminate practices preventing people with a disability from having full and equal access to all aspects of the department's operations. It is based on the government's Victorian state disability action plan.

The plan reaffirms the department's commitment to identify and address barriers to opportunity and sets an example for other institutions and other employers to follow as well. The department's plan is based on the six outcome areas identified in the policy framework for the Victorian government's disability action plan and was drafted with reference to the Disability Discrimination Act 1992 provisions for developing action plans.

The six outcome areas are: employment and careers; consultation and participation; progress and services; improved staff awareness; communication, and physical access, and that plan will now be put in place up until 2008, and there will be further plans put in place and announced for the future as well.

The CHAIR — Mr Baxter.

Mr BAXTER — Thank you, Chair. Premier, I am sure that you are as disappointed as I am at the recent announcement by Kraft that it is relocating some of its manufacturing processes from Victoria to an unnamed location in the Middle East. Did Kraft have any discussions with the government before it made that announcement, and secondly, in relation to Strathmerton — where a fair amount of government funds have recently been contributed to improve the water supply to its processing plant there — when those sorts of grants are made, as welcome as they are and acknowledging perhaps the difficulty of what I am about to ask, is any attempt made to try to lock the recipients in so that they are actually going to hang around?

Mr BRACKS — Yes, I was also disturbed to hear that it was moving its operations offshore, as you were, as I think we were across government. In relation to grants or investment attraction for expansion, they are all identified against targets. That is, they are only given if it is identified employment and investment outcomes which have to be scrutinised before payments are made, so they follow it.

In effect, for any investment attraction which is offered to any company to locate or expand, they have to identify increased employment, increased investment, and grants only follow if that is achieved, in progress payments. That was the case before we came to government and we have continued that practice in the future under our government as well.

So in the case of Kraft, it would have had to achieve whatever was set aside as performance indicators for employment and investment and if it did not those payments would not have been made. That is the first point. The second point was?

Mr BAXTER — Had Kraft had any discussions with government before it made its announcement? Did you get any opportunity to head it off at the pass?

Mr BRACKS — No we did not have any clear indication of the final outcome. Kraft did indicate that it would be making an announcement but we were not aware of the detail of that, of course. That does have an impact on the stock exchange and also its work force and it usually holds those matters until its own board has decided those matters. But, as soon as we found out we made immediate contact and ensured that we offered every possible assistance, but of course it had made that decision on a worldwide basis.

The CHAIR — Thank you. The department's response to the committee's 2005–06 budget estimates questionnaire nominated insufficient preservation of knowledge information contained in the department as a key risk affecting its capacity to deliver on outputs and negative performance targets. Can you please tell us what the department is doing to ensure knowledge is retained within the department and information is readily available to new staff?

Mr BRACKS — Yes, it was identified by the public estimates committee in response to a matter which I raised in the presentation last year and expanded on in questions. Improved knowledge and management and information security are essential for the department's ongoing operational efficiency and effectiveness.

The Department of Premier and Cabinet has commenced implementation of state-of-the-art electronic document and record management systems for information security, storage, retrieval and also reuse. These systems will combine with new business processes and staff awareness and education programs to provide a foundation for improved knowledge management and information security in the department. The systems are being implemented over 2006–07 to provide progressive benefits back to the Department of Premier and Cabinet with the first stage due in August of this year.

A knowledge bank is being created to store and provide access to information about high priority and significant policy development projects. Our department's human resources processes are being updated to support knowledge retention. The orientation program continues to be developed to become an information resource of existing and for all new start. Staff exit processes have been revised to facilitate the capture of knowledge of staff leaving, and provide that as useful information for the future as well.

The Department of Premier and Cabinet is committed to leading the public service more broadly in knowledge management and information security. They are the core of the Department of Premier and Cabinet's day-to-day business. Thank you.

The CHAIR — Thank you.

Mr FORWOOD — Premier, this afternoon the government quietly put on its web site submissions to the review of gaming machines. I wonder if you could advise the committee why they were listed today, since they closed months and months and months ago? Secondly, could you advise the committee of the number of problem gamblers in Victoria? And finally, do you intend as a result of the review of gaming machines to decrease the number of poker machines in Victoria?

Mr BRACKS — Well, the commitment we gave to put the submissions to the gaming review on the web was met by a government — we said we would do that, and that was undertaken and it will stay there forever. So it will be there today and every day in the future — that is, every submission that has been submitted. We know that the licences expire in 2012. The report on the consultation period — that is, on all the submissions received — will be responded to later this year, around September this year, so we will have a consolidated report on those consultations and the submissions that have been received. And decisions, of course, will be made on future arrangements in 2007 by the government of the day at that time, which will have responsibility for those matters.

In relation to gaming, we have seen an effective reduction of gaming per head of population in Victoria. The 27 500 gaming machines which were in place when we came to government have not changed. Whilst there are something less than that, because there are always some unallocated electronic gaming machines, the 27 500 have remained. Whilst the population has significantly increased and while our economy has significantly increased, we have not increased the number of gaming machines. They have per capita, per head, reduced as a proportion in Victoria. And Victoria has a lower per head population of gaming machines than does Queensland or New South Wales, or any other state. The only other state that has lower is Western Australia, because they do not have any.

In relation to other parts of problem gaming, and gaming machine numbers, we have also ensured that we examine where there is a concentration of gaming machines and look at putting a ceiling on that, and therefore look at those gaming machines not remaining there but moving to other areas and being reallocated so that there is not an undue concentration in any particular areas in Victoria. That is another part of our policy. Did you have anything else to your question?

Mr FORWOOD — I am interested in the number of people on the problem gambling register.

Mr BRACKS — I do not know, honestly.

Mr FORWOOD — Can you get that for us?

Mr BRACKS — Yes, if I can. Is it something we have?

Mr MORAN — Yes, it is collected.

Mr BRACKS — Okay, if I can have that — I will find out about that.

Mr FORWOOD — Thank you.

Ms ROMANES — Premier, you recently released the progress report on Growing Victoria Together.

Mr BRACKS — Yes, we did.

Ms ROMANES — Growing Victoria Together has been a vision which has acted as a key driver of strategic policy and practice in Victoria.

Mr BRACKS — Yes.

Ms ROMANES — Can you tell us what the impact of this statement is on Victorians?

Mr BRACKS — Yes. Since Growing Victoria Together was first released in 2001, very soon after we came to government, it certainly provided an important framework within which the government works to achieve its vision for Victoria. In fact, that framework — I think I have reported it to the Public Accounts and Estimates Committee before — is the framework in which we determine budget priorities from time to time. So it has a direct relationship to the current budget we are considering, and the Public Accounts and Estimates Committee is considering, because it really does set the priorities and direction for the government and therefore is the instrument that is used to determine our allocation at any one particular time.

On 29 March last year I released the second edition, the refreshed edition, of Growing Victoria Together. Why did we do that a second time? Because a lot of the outputs had been achieved, and we therefore wanted to report on those but also to look at what our new objectives would be in the future, and that is why we produced Growing Victoria Together II. It contains 10 goals, each of which can be measured in concrete ways to report progress on social, economic and environmental issues.

The fourth progress report on Growing Victoria Together was released as part of the current 2006–07 budget papers. We committed to report on Growing Victoria Together as an appendix to the budget on each occasion, and that was the fourth occasion on which we have done it.

The 2006 report shows that good progress has been made against most of the Growing Victoria Together goals. For example, annual employment growth, one of the key goals we had in place, has averaged 2.1 per cent since 1999. The number of people who were under-employed — that is, people who want and are available for more hours of work than they currently have — has decreased for the first time since 1999, and that is a useful indicator of what the strength of the economy is.

Melbourne's water usage per person was another one. Per person it is at the lowest level since 1999, 22 per cent less than the 1990s average. This is well above the government's target of 15 per cent which was in Growing Victoria Together I, so we have obviously adjusted those output measures for the future.

However, we do face challenges in a number of key areas. For example, while Victorians' average life expectancy has increased steadily over the last six years, the impact of mental illness — and I know that this is an issue that has been really on the agenda right around Australia — on the population has become more pronounced, so it is a larger issue than we first framed in Growing Victoria Together I. It is the third-largest contributor to the total burden of disease and injury on Victorians after cancer and cardiovascular disease. It is quite remarkable to think that it is third in order to those significant diseases, and it is a leading cause of disability in the state.

While greenhouse gas emissions as a proportion of our economy have decreased since 1999, indicating that our economy is now more energy efficient, our total emissions have increased significantly since 1999. So the economy has grown and per person we are doing better but we still have a task ahead. Even though nearly 80 per cent of the respondents to the Victorian population health survey think that multiculturalism makes life in their area better, this has declined from nearly 86 per cent in 2004, which is interesting. This trend is more pronounced in rural areas, declining from 79.6 per cent in 2004 to 69.5 per cent in 2005, so we have a further challenge in undertaking to adhere to our objectives in that area.

These Growing Victoria Together progress reports demonstrate the commitment of this government to the development of improved performance information, management and reporting to achieve better outcomes for the

citizens of Victoria. It has been a very useful instrument in the development of the government's priorities and assigning resources to those priorities. It remains a useful instrument, and I recommend you have a look at the reporting measures in the budget.

The CHAIR — Thank you, Premier. We will go to Mr Forwood for the last question.

Mr FORWOOD — Just a point of clarification, Premier. In relation to Government Information Services and Support on page 195 of budget paper 3, you undertook to get us the break-up of how the \$40.4 million was spent in 2005–06. I am also keen to know how you anticipate spending the \$41.1 million estimated for 2006–07, because I wanted both.

Mr BRACKS — We will do our best on that.

Mr FORWOOD — Thank you. You are looking at me quizzically, Terry.

Mr MORAN — What does the second number relate to?

Mr FORWOOD — That is the budget for 2006–07. The other one was the expected figure for 2005–06.

Mr BRACKS — We will do our best.

Mr FORWOOD — Thank you.

The CHAIR — I thank everybody who has been part of this very successful budget estimates process. We now conclude the portfolios of Premier and Cabinet, Multicultural Affairs and Veterans Affairs.

Thank you to the Premier, to Mr Moran and to the extensive group of people who have put together those copious briefing notes for you, and I am sure for us. We do appreciate it. It has been extremely useful, and with those couple of issues that you have taken on notice, the secretariat will forward correspondence in relation to them. Thank you very much.

Mr BRACKS — Thank you, and could I thank the committee. I realise that you have a very big task in covering all the portfolios over the current period. I know that it will take a lot of person hours, and I thank the committee for working on this important task.

Committee adjourned.