

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

### **Transcript of Evidence**

#### **6.9 Industrial Relations portfolio**

# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

#### Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

#### Staff

Business Support Officer: Ms J. Nathan

#### Witnesses

Mr R. Hulls, Minister for Industrial Relations;  
Mr W. Hodgson, acting secretary; and  
Mr T. Lee, deputy secretary, industrial relations, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I now welcome Mr Warren Hodgson, Acting Secretary, Department of Innovation, Industry and Regional Development, and Mr Tim Lee, deputy secretary, industrial relations. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of industrial relations.

**Overheads shown.**

**Mr HULLS** — The first slide simply shows the output group for Industrial Relations Victoria, which advocates IR frameworks that encourage high-performance workplaces in public and private sectors and minimise industrial disputes.

The next slide shows the budget of Industrial Relations. The innovative and high performing workplaces output budget of \$14.5 million for 07–08 is about 0.65 per cent of the total DIIRD budget, so it is a fairly small part of the budget.

Key achievements in 06–07 saw the implementation of a number of legislative initiatives which are set out there, including restoring unfair dismissal rights for public sector employees and smaller workplaces and protecting award conditions of public sector employees that were in operation pre-WorkChoices. Also we have developed an ethical purchasing policy in conjunction with DTF. We have worked with DOJ to enable Victorians to quickly and easily access dispute resolution mechanisms via the Dispute Settlement Centre of Victoria.

The next slide shows that we are committed to pay equity. We continue to implement the recommendations of the *Advancing Pay Equity — Their Future Depends on It* report. In 2006 we looked at the specific work and family issues facing regional Victorians to promote best practice in partnership with regional businesses.

The next slide deals with further key achievements, including outworkers legislation. We are developing in conjunction with employers and unions a mandatory code of practice for outworkers to ensure award compliance within the clothing industry. We are also assisting outworkers to upgrade their skills. We have organised training programs in partnership with industry for this particular purpose.

There is the owner-driver legislation. The transport industry and forestry industry councils have produced and distributed various publications to assist their members. We have also amended the Long Service Leave Act to preserve the long service leave entitlements contained in federal awards.

The workplace rights advocate continues to investigate illegal, unfair or otherwise inappropriate IR practices. It provides free, independent information and advice to Victorian workers and employers. The educative capacity of the advocate has enabled more than 3600 Victorians to obtain information via its dedicated telephone advice line. There are almost 5000 complaints and queries that have been raised.

The next slide, just very quickly, shows some of the further key initiatives, including our Victorian workplace pay and conditions standard and amending the equal opportunity act to protect employees from discrimination.

The next slide talks about establishing the working families council to champion the issues of working families, and sets out the fact that we are committed to protecting employees from unscrupulous employers making unauthorised deductions from employees pay. Legislation is being worked up at the moment in relation to that.

The next slide talks about strengthening the registration system for labour hire and temporary employment businesses, and also obviously negotiations are under way or will be under way in relation to public sector agreements.

The final slide is a summation. Basically the priorities of IRV continue to be advocating better and fairer IR frameworks; promoting innovative and sustainable modern workplaces; protecting working conditions of Victorians; providing information through the workplace rights advocate; promoting cooperative public sector industrial relations regime; and also assisting working with families.

**The CHAIR** — Thank you, Minister. Industrial relations is obviously very much a topic of the day. We are actually dealing with it in the context of the budget and the forward estimates in the state of Victoria.

**Mr WELLS** — Minister, I refer you to budget paper 3, page 140, and the so-called innovative and high performing workplace output, which includes the workplace rights advocate which you have mentioned. I also refer you to your second-reading speech for the Workplace Rights Advocate Bill 2005 where you said:

The workplace rights advocate will also examine instances of unfair or illegal practices, with the potential for employers who engage in such practices to feature in reports to this Parliament.

And I also refer you to recent media reports alleging that WorkDirections Australia illegally stripped its Victorian workers of key award conditions including removing penalty rates, overtime and allowances for an extra 45 cents an hour. WorkDirections workers are required to work half an hour's unpaid overtime each day, leaving them \$1200 worse off each year; 58 workers, more than a quarter of its Victorian workforce, were underpaid total of \$70 000; WorkDirections staff in Victoria were paid less than New South Wales employees, and a Victorian worker was sacked after standing up to a bully boss over disgusting and inhumane treatment.

I ask: if these allegations are true, they would fall into the definition of unfair and illegal practices under the Workplace Rights Advocate Act 2005, and will you exercise your power under section 5(2) of the Workplace Rights Advocate Act to require that these allegations be investigated, or does the fact that these companies are owned by the wife of the federal opposition leader, Kevin Rudd, mean that they qualify for a Labor's 'mate exemption'?

**The CHAIR** — Thank you, Deputy Chair, for that question. Minister, I would like you to only take that into consideration insofar as it relates to the estimates and as it relates to the budget, and insofar as it relates to the protocols of the organisation rather than the particular events in the past.

**Mr WELLS** — On a point of order, this investigation will probably be ongoing over the estimates period, so I would argue that the question put forward is relevant to the estimates and that the minister should answer accordingly.

**The CHAIR** — I have given my ruling on this, Minister.

**Mr HULLS** — I am pleased that you have read the legislation because you will know that the workplace rights advocate is an independent body, and from memory you opposed it, interestingly. So on the one hand you are saying that you oppose the workplace rights advocate, yet on the other hand you are saying that I, as minister, should direct the workplace rights advocate, that you oppose, to do certain things; so I am a bit perplexed by that.

**Mr WELLS** — Maybe if you answer the question, we can get to the bottom of this.

**The CHAIR** — Deputy Chair, let me chair this meeting, thank you.

**Mr HULLS** — Perhaps you have done a backflip and you are now deciding to support the workplace rights advocate, which is probably worth a media release.

The fact is that from the media reports that I have seen, the company you refer to employed workers on common-law contracts of employment, as opposed to AWAs, and I know that you support AWAs. I remind you that, unlike AWAs, employees on common-law contracts are entitled to award provisions like overtime, like penalty rates, like public holiday pay. If workers on common-law contracts are underpaid against an award, they are entitled to back pay.

Media reports that you have referred to indicate that once an underpayment was discovered, the employer sought to correct that error and to back pay all affected employees. The workplace rights advocate that you refer to and that you oppose is an independent statutory office that is not swayed by political considerations. I understand from the reports I have read that the matter you refer to is currently being investigated by the federal Office of Workplace Services, and that there has not been a complaint received by the Workplace Rights Advocate in relation to this matter.

I have to say that the position of these workers that are referred to in media reports is in stark contrast to workers employed under AWAs, which you support. Since WorkChoices — if we are allowed to call it that; formerly known as WorkChoices — was introduced, employees on AWAs can have award entitlements scrapped and not receive any compensation at all. Even the Prime Minister has finally admitted what we have been saying all along, that AWAs undermine working conditions, and no matter how many changes to name are made by Howard and

Hockey to WorkChoices, they cannot erase the truth that WorkChoices, AWAs, have led to the exploitation of workers. I think that answers your question. There is a difference between the reported conditions of employment that you refer to as common-law contracts, and AWAs that you support.

**Mr WELLS** — Let me clarify a point.

**The CHAIR** — Very quickly, please.

**Mr WELLS** — You have mentioned a couple of times that it is an independent statutory body.

**Mr HULLS** — Yes.

**Mr WELLS** — But I draw your attention to section 5(2), where it says:

The WRA may carry out his or her functions and exercise his or her powers at the request of the Minister ...

— that is, you, Minister. Have you or have you not directed or asked for the WRA to investigate what is happening at WorkDirections, or is there an exemption because they are Labor mates?

**The CHAIR** — In regard to the — —

**Mr WELLS** — I am just asking. You have said it is a statutory independent body, and quite clearly you do have the power to investigate.

**The CHAIR** — I think that is a question which is more for the Parliament than for this committee. Ms Graley, please.

**Mr WELLS** — Hang on. Why don't you answer that part of it?

**Mr HULLS** — I am happy to answer any question you ask.

**Mr WELLS** — You kept on saying it is an independent statutory body.

**Mr HULLS** — Indeed.

**Mr WELLS** — But you do have the power.

**Mr HULLS** — I have been consistent in my approach to the workplace rights advocate in relation to every matter that has been dealt with by the WRA — that is, I have not attempted to impinge upon the independence of the WRA in any way, shape or form. Individuals can make complaints to the WRA; the WRA will then decide, using his independent statutory powers, whether or not to investigate. I have not directed the WRA in relation to any matter. I have been consistent since the WRA was set up.

**Mr WELLS** — But if it was John Howard's brother, you would investigate.

**Mr HULLS** — I repeat, I have been consistent.

**Mr WELLS** — No, if it was John Howard's brother, you would investigate.

**Mr HULLS** — I have been consistent.

**Mr WELLS** — You would use your power under section 5(2)?

**Mr HULLS** — Kim, you are in la-la land if you think that is the case.

**Mr WELLS** — That is what the legislation says.

**Mr HULLS** — I have been consistent.

**Mr WELLS** — Don't you mean what it says in subsection (2)?

**Mr HULLS** — I will continue to be consistent.

**The CHAIR** — This discussion is irrelevant to the estimates hearing as it has been proceeding. Ms Graley, please.

**Ms GRALEY** — Minister, I would like to talk about an issue that is very important to all Victorians, especially in my electorate of Narre Warren South, where people are very busy trying to balance family and work, working very hard and trying to bring up happy families. I refer the minister to budget paper 3, page 140, that outlines IRV's outputs and deliverables, and I also refer to page 4 of DIIRD's response to PAEC's questionnaire that summarises initiatives funded in this year's budget. I would like to ask you, Minister, how will the Victorian government's IR election commitments funded in this year's budget assist Victorian workers and employers in balancing work and family responsibilities — including country Victorians — and how they will provide additional protection for vulnerable and traditionally low-paid workers?

**Mr HULLS** — Thanks very much for that. We are committed in Victoria to a fair industrial relations system that does get the balance right. Our commitment means getting the balance right by looking after the needs of Victorian workers and their families, providing fair and decent conditions of employment, supporting cooperative workplaces and obviously considering the views of businesses, workers and their representatives. Work is already under way in a significant number of areas in our legislative program. Our IR agenda includes expanding the Equal Opportunity Act to protect employees from discrimination if they question their wages and conditions of employment. This is necessary to provide protection for those many Victorian workers who have lost any redress for unfair dismissal under the Howard government's 'don't call me WorkChoices' but WorkChoices regime. A bill giving effect to that has already passed in the Parliament.

We are expanding and strengthening the Equal Opportunity Act — and this gets to the nub of your question about work-family balance — so that working parents will not be discriminated against at work for trying to find a decent balance between their work and family responsibilities. We do not believe that the federal government has been proactive enough in this particular area.

Also, in relation to the work-family balance aspect, we had an election policy with an emphasis on protecting family time, and we have allocated \$730 000 over four years to establish and operate a Working Families Council. That council will work with stakeholders to champion the issues of working families by helping employers improve working conditions and allowing employees to better balance work and family, and this gets back to the first question I was asked when I came here. That is all about ensuring more productive workplaces. If you can have more flexible workplaces by offering work-family balance initiatives, obviously those workplaces become more productive.

In particular, research that was undertaken recently in regional Victoria shows that it is not just work and family balance that employees are seeking, it is work, family and community balance, because in many regional parts of Victoria employees want to have time off to volunteer for the CFA, coach the local footy club or whatever. So IRV is working with stakeholders — and that report has now been published; I launched it a couple of months ago — to ensure that employers understand the need to balance work, family and community activities in regional Victoria. It is about getting that balance right. It is about promoting those champions who can offer better work and family balance, but particularly those champions in regional Victoria who are indeed getting that balance right.

**Mr PAKULA** — The fairness test, Minister, has had a bit of publicity recently.

**Mr BARBER** — Does it relate to the estimates?

**Mr PAKULA** — It will.

**Mr BARBER** — Bring it on.

**Mr PAKULA** — My view of it has been that it is like putting on lipstick on a pig, but that is just my view.

**The CHAIR** — Onto the estimates, please.

**Mr PAKULA** — Budget paper 3, page 140, outlines IRV's activities in advocating for high-performing cooperative workplaces. As I said, I have my own views on the fairness test, but I wonder whether as part of that output the minister's department will examine the detail and the potential impact of the fairness test, as it's

Orwellian title describes it, whether the fairness test falls short of providing fairness for Victorian workers and will the department advise the minister on whether there is need for a workplace relations ministers council?

**The CHAIR** — Minister, your answer should relate to the estimates in the budget and ongoing work by your portfolio.

**Mr HULLS** — Sure. In relation to page 140 of budget paper 3 that you have referred to, that does outline IRV's activities in advocating for and facilitating innovative, high-performance cooperative workplaces. Obviously, being the biggest user of the federal IR system, anything that happens federally is absolutely crucial to what happens and what we do here in Victoria. The two are interlinked. Other states have their state systems; we do not, so I think it is a pretty important question.

The Howard government announced changes to WorkChoices in early May. Legislation incorporating the so-called fairness test was introduced into the federal Parliament on 28 May, just a couple of days ago. I have asked IRV to provide me with a comprehensive briefing dealing with this legislation. But preliminary assessments of the so-called fairness test showed that it is limited and highly subjective — for example, the Prime Minister has been unwilling to guarantee that no employee will be made worse off than under the relevant award as a result of this test. Further, the test, it appears, only applies at a time when an employee enters into an AWA. This means of course that if circumstances change — for example, more weekend work is demanded by the employer than was agreed at the time the agreement was made — the employee has no right under the legislation to get fair compensation.

I guess my opinion is probably the same as yours; I think it is a Clayton's test, and it has confirmed that non-monetary compensation can be used to offset loss of award entitlements such as penalty rates, overtime payments and shift allowances. We do not know what that means, but we have heard reports that that can mean the offering of a car parking space. It could mean the offering of the employment itself. It appears that under the current regime that is being promoted, the mere offering of employment will constitute compensation for loss of award entitlements. I think that these changes fail to deal with the general unfairness found in the WorkChoices package. This point — and it gets to the second part of your question — does need to be brought home loud and clear to the minister, Joe Hockey.

Normally we have two workplace relations ministers council meetings a year. They are held biannually. They allow for a fair exchange of ideas and material between state, territory and commonwealth ministers. They are probably more important for Victoria than the other states because of our interlinking with the federal system. In the 12 months since last year's PAEC we have met just once — that was in September 2006, when Kevin Andrews was the minister, and it was the day before the Grand Final. Why? Because obviously he did not want any media attention, I suspect, on that meeting.

I have written to Joe Hockey about urgently convening a meeting. I have written to him on a number of occasions. It appears that he is in hiding because he knows that his Office of the Employment Advocate has stopped publishing data in relation to AWAs. They have not stopped collecting the data, and we know that data that they have collected and stopped publishing has just been leaked to the media. These are the issues that need to be raised with Hockey.

The data shows that 76 per cent of AWAs removed shift loadings, 70 per cent of AWAs removed incentive payments or bonuses, 68 per cent abolished penalty rates, 67 per cent abolished substitute days for public holidays, 53 per cent abolished public holiday payments, 59 per cent removed annual leave loading and 52 per cent of AWAs abolished overtime payments.

**Mr WELLS** — This is what is happening at WorkDirections.

**The CHAIR** — As it relates to the — —

**Mr WELLS** — This seems to be the same as what is happening at WorkDirections, what you have just read out.

**Mr HULLS** — The bottom line is — if I can use this forum to tell Hockey to come out of hiding and get down to Melbourne; we are happy to host the meeting here in Melbourne.

**Mr WELLS** — I wonder what he is going to say about WorkDirections and what your role is in regard to trying to sort that out.

**Mr PAKULA** — What about the behaviour with you people supporting every workplace in the country?

**Mr WELLS** — I wonder what would happen if he actually came out — —

**The CHAIR** — Minister?

**Mr HULLS** — I am happy to have the discussion, and if Kim Wells is known to Joe Hockey, I would urge him and other conservative members of this committee — that is, conservative party members of this committee — to get on the blower to Hockey and to tell him to come out of hiding.

**Mr WELLS** — But you will not do it to the Workplace Rights Advocate office.

**Mr HULLS** — And tell him ‘Come down and meet Hullsy in Melbourne’.

**Mr WELLS** — You have got the right to do it.

**Mr PAKULA** — Keep talking about IR, Minister.

**Mr WELLS** — You have got the right to do it, to ring them up and get them down to WorkDirections.

**Mr HULLS** — Hockey and Hullsy in Melbourne together: we want to have a discussion about WorkChoices.

**Mr WELLS** — You need to get down to Frankston.

**The CHAIR** — Thank you, Minister.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about budget paper 3 page 140 and the workplace rights advocate. In Parliament you said in relation to an investigation by the WRA into Bruck Textiles:

The fact that we have a workplace rights advocate receiving a complaint in relation to whether a collective agreement is better or worse than the award conditions is one of the reasons why we set up the Office of the Workplace Rights Advocate, and it is absolutely appropriate for the workplace rights advocate to investigate it.

You then went on and said that the WRA has a duty to conduct such inquiries.

In relation to Mr Wells’s question on WorkDirections Australia you drew a distinction between a common-law agreement and an AWA. But the legislation that sets up the WRA refers to practices that are illegal, unfair or otherwise inappropriate industrial relations practices. Greg Combet has come out today and said that what happened at WorkDirections Australia is unfair.

**Mr PAKULA** — You are quoting Greg Combet? You are in a parallel universe, Gordon!

**Mr RICH-PHILLIPS** — If the WRA will not investigate WorkDirections Australia for unfairness in accordance with the WRA act, does that not demonstrate that it is not genuinely interested in the welfare and fairness for workers in Victoria and is simply a tool to attack AWAs?

**Mr HULLS** — That is a silly question.

**The CHAIR** — That question is pretty much a hypothetical, but insofar as it relates — —

**Mr WELLS** — We have related it to his comments in Parliament.

**The CHAIR** — Insofar as it relates to the budget and the estimates and the protocols regarding that office, Minister.

**Mr HULLS** — It is a silly question because — I am not saying you are silly, but I think the question is silly — the fact is that on the one hand you oppose the workplace rights advocate, but now you are suggesting that I direct the workplace rights advocate to do something, or if I do not — —



**Mr WELLS** — Your legislation allows it.

**The CHAIR** — Let the minister answer, please.

**Mr HULLS** — Or, if I do not direct the workplace rights advocate, isn't the workplace rights advocate being a naughty boy for not investigating something that you believe should be investigated?

**Mr WELLS** — No, it is only if it is a Labor mate — you won't investigate it.

**Mr HULLS** — You referred to the issue of Bruck. The reason you have referred to the issue of Bruck is because ridiculous and false allegations were made in the Parliament in relation to what occurred concerning Bruck. I did not direct the workplace rights advocate in relation to Bruck. I have said that I remain consistent, you either have independent statutory authorities or you do not. My view is once you have the minister interfering with those authorities — —

**Mr WELLS** — But your legislation allows that. It says here, in subsection (2) — — .

**The CHAIR** — The minister is answering the question.

**Mr HULLS** — There will be questions about, 'You directed on this occasion but not that occasion'. I have full faith in Tony Lawrence in conducting the Office of the Workplace Rights Advocate.

In relation to the functions of the WRA, it is true that those functions are not confined to legality of industrial relations practices but do extend to considerations of fairness. The WRA was asked to investigate the terms of a proposed non-union agreement offered by Bruck Textiles in April 2007 to its employees.

**Mr RICH-PHILLIPS** — Asked by who?

**Mr HULLS** — The interim report set out the concerns held by the WRA and the proposed agreement and information provided to employees by Bruck. The interim report, as I understand it, compared the proposed agreement to the existing terms and conditions of employees and set out a number of reductions in existing conditions. A ballot then took place at Bruck on a proposed agreement. That took place in April of 2007. That proposed agreement was rejected by a significant majority of employees. As a result, the CEO of Bruck, a gentleman by the name of Alan Williamson, then went on to the media and made some extraordinary comments.

**The CHAIR** — Just confine it to the processes, please.

**Mr HULLS** — I do not back down from the position of this government, that employees have the right to receive information which enables them to make fair and informed decisions when faced with proposed agreements that may reduce their existing entitlements under WorkChoices. In relation to the company you have referred to, I have not directed the WRA in relation to that matter. If a complaint is received, the WRA will make a decision as to whether or not he decides to investigate.

**Mr RICH-PHILLIPS** — In relation to Bruck, you said it was investigated in response to a request. Who was the request from, was it an employee-initiated request?

**Mr HULLS** — My understanding is complaints were received from TCFUA and a Bruck Textiles employee.

**The CHAIR** — Yes, that is well recorded.

**Mr SCOTT** — I refer the minister to budget paper 3, page 140, that outlines activities in advocating for 'cooperative workplaces that contribute to Victoria's economic development'. What has been done in recent times and what will be done during the budget estimates period for owner-drivers, a group of workers who have traditionally worked under extreme pressure for relatively low pay?

**Mr HULLS** — Thanks for the question. I am pleased to say that the Owner Drivers and Forestry Contractors Act commenced full operation from 1 December last year. This legislation is based on a small business model of light touch regulation, designed to address the information imbalance that exists in the transport and

forestry industries. It is the first legislation in Australia, I am pleased to say, to actually take this approach in the transport and forestry industries.

Under the legislation, significant achievements have been made, including the publication of the Owner Drivers and Forestry Contractors Code of Practice, an information booklet for owner-drivers, various rates and costs schedules for both the transport and forestry industries, and a model contract for owners-drivers.

I am pleased to say that all this work has actually been undertaken with the unanimous support of industry council members. In January this year another significant milestone in the work of the councils was completed with a massive distribution of these and other publications to the industry and the public. This included 17 000 rates and cost schedules and 12 000 information booklets and various other documents.

I think this outcome is a win for all stakeholders — fairer practices resulting in more sustainable businesses helping to modernise this crucial sector of Victoria's economy, as well as protecting and educating owner-drivers. What is being achieved with owner-drivers and forestry contractors in the transport and forestry industries is entirely consistent with our industrial relations policy, and that is trusting those in the industry, unions and employers, to work together to demonstrate maturity, goodwill, cooperation, collaboration and to aim for outcomes that benefit the entire industry.

I am pleased that these reforms have been supported. I note that the opposition basically indicated that these owner-driver laws are typical Labor socialist policy — more regulation and more red tape. I have to say that is not the view of the industry. The industry is unanimous in its support for what we have done.

**The CHAIR** — Thank you, Minister.

**Mr BARBER** — I am interested in getting some information about which arms of the government — government-owned entities and so forth — represent constitutional corporations under the meaning of the WorkChoices act. There is a big list of them on page 50 of budget paper 4, but then there are all the others, like Melbourne Water, that are not part of that sector. Firstly, has your department looked at that?

Secondly, are you considering in this coming year doing what was done in New South Wales, which was effectively to create a labour hire firm which was owned by the government that was not a constitutional corporation and to put the workers who are working for Sydney Water and TAFEs and so forth into that to avoid WorkChoices for some more government employees?

**The CHAIR** — Minister, insofar as it relates to your portfolio?

**Mr HULLS** — It is a very good question, and I am happy to get Greg further information in relation to the first part of his question. I guess his question really relates to the High Court result and the impact of the High Court decision that was handed down on 14 November.

It is true that the commonwealth chose to reject cooperative federalism and instead used the corporations power to impose what I believe is its radical IR agenda on the states and on the Australian people. I think the High Court decision has the potential to reshape the federation for years to come, and that was noted by two of the High Court justices who vigorously rejected the radical expansion of commonwealth power. We support a unitary system of industrial relations; we have made no secret of that, but we believe in one that is fair for both employers and employees.

The government has not considered going down the path that you have raised. However — —

**Mr BARBER** — Meaning you have not formally considered it as a government or at cabinet level?

**Mr HULLS** — No, we have not. Having said that, the government has, as you know, now introduced, I think, 12 pieces of legislation to ameliorate the worst aspects of WorkChoices, and we will continue to look at ways to do that. Some people have said to us, for instance, that the best way to really ameliorate WorkChoices is to withdraw your referral of power and re-establish a state system.

**Mr BARBER** — Trades Hall Council has said that?

**Mr HULLS** — They have, some members of Trades Hall Council have said that, but I made the point to them time and time again that they only need to read the High Court decision. Doing so will have no impact at all, in effect, because the High Court decision basically means that the federal government can legislate to overtake state IR systems. So our policy is one of cooperation and collaboration.

We have introduced a wide range of measures to protect public sector employees from the effect of WorkChoices. We have passed legislation, as you know, to restore unfair dismissal rights. We have policies that promote collective bargaining with public sector unions rather than individual bargaining AWAs. We renegotiated the VPS agreement with the CPSU prior to the commencement of WorkChoices to protect public servants from the worst aspects of that legislation, and we will continue to look at ways that we can, as I said, ameliorate the worst aspects of WorkChoices.

There has been no formal investigation by the government in relation to the issue that you raised, but that is not to say that we will not continue to look at ways to lessen the effects of WorkChoices on Victorians, and in particular public sector workers in this state.

**Mr BARBER** — Thank you, Chair, so if the first part can just go on notice — about the list — —

**Mr HULLS** — Yes.

**Mr BARBER** — And if there is a way to actually work out the number of employees under each of those rather than my having to look up all their annual reports, that would be great as well.

**The CHAIR** — Okay, I am not so sure about the second one, but certainly the first one. We do have, in our estimates questionnaire, questions about staff.

**Mr HULLS** — The distinction here is a bit different to New South Wales because we have actually referred the power, but I am happy to get the material to you.

**Ms MUNT** — I cannot believe I am sitting here listening to the opposition talk about workers' conditions and protections — —

**Mr WELLS** — Get on with it!

**Ms MUNT** — After sitting in the last Parliament and listening to the debate on the outworkers legislation — —

**Mr WELLS** — Is there a question on it?

**Ms MUNT** — Given that Industrial Relations Victoria advocates on behalf of a innovative, high-performing and cooperative workplace, could you, Minister, please outline how the outworkers are protected from the unfair hardships of WorkChoices?

**Mr HULLS** — It is an important question, because, as we know, outworkers are an extremely vulnerable workplace group. They are largely an invisible workforce. They are predominantly migrant women, often working alone in their homes. The Victorian government has introduced a range of measures to protect outworkers from exploitation and also to provide them with sustainable alternative employment opportunities in the face of downturn in the TCF industry.

To help us with this task we set up the Ethical Clothing Trades Council of Victoria. We did that some three years ago. In 2003 we introduced the Outworkers (Improved Protection) Act to ensure outworkers in the Victorian clothing industry received their lawful entitlements, and in 2005 we made amendments to that act to strengthen those protections.

WorkChoices, I have got to say, threw that very important protection into question by creating a loophole where contractors do not have access to award conditions. That is because WorkChoices moved many outworker entitlements from federal awards to the Australian Fair Pay and Conditions Standard, which only protects outworkers who are described as 'employees' and not 'contractors'. I guess that distinction adds yet another layer of complexity to the workplace laws in this country. Worse, it actually allows unscrupulous operators to create sham contracts to avoid their obligations.

**Mr WELLS** — And we have seen them.

**Mr HULLS** — That is the reality.

**Mr WELLS** — We have seen them; I think we may have mentioned them when we started — —

**Mr HULLS** — Once again, we stepped in to clean up this unholy mess.

**Mr WELLS** — No, you haven't, not in all cases.

**Ms MUNT** — You opposed the outworkers legislation.

**Mr PAKULA** — You never supported one piece of legislation to protect workers' rights — never once; not one piece of legislation.

**Mr WELLS** — You pick and choose the ones you want; you work out whether they are a mate or not.

**The CHAIR** — Order! The minister to answer the question, please.

**Mr PAKULA** — You hypocrite!

**Mr WELLS** — If it's a mate, you won't!

**Mr HULLS** — Legislation we have introduced will ensure that outworkers continue to receive the same wages and conditions as federal award employees, because new laws, which were introduced into state Parliament on 22 May — which I hope will be supported by the opposition with their new-found interest in outworkers and vulnerable workers; I hope they support this piece of legislation — will safeguard the terms and conditions of all outworkers, whether they are labelled independent contractors or employees.

As well as ensuring that outworkers receive decent wages and conditions, as a government we are assisting outworkers to upgrade their skills and to overcome language, qualification and social barriers that face them so that they can have opportunities to get better jobs or indeed start their own businesses. IRV, in partnership with industry reps, community organisations, registered training organisations, the TCFUA, local councils and the Department for Victorian Communities has actually developed a series of education and training courses with a focus on areas of skill shortage in vocations of interest to outworkers. Training includes things like child care, family day-care training, pattern making and design, aged-care training, dry-cleaning through RMIT and hospitality courses as well.

I have got to say that I was pleased to see — and some of you may have seen it occur in Parliament House two weeks ago, I think — a graduation ceremony for outworkers. The former outworkers were celebrating the completion of retraining at the William Angliss Institute of TAFE in the hospitality industry. The passion with which these people qualified and received their certificates was something to behold. We will continue to support the most vulnerable workers in our community, and outworkers are amongst the most vulnerable.

I just hope, finally, that the opposition gets on board with this type of legislation, because we have introduced, I think, 12 pieces of legislation to assist workers against the onslaught of WorkChoices, and every one of them has been opposed by Kim Wells and people in his party.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 140 again — the estimates of the innovative and high-performing workplaces — and in particular the total output cost of \$14.5 million into the forward estimates. I note that in a press release on 25 March this year you launched a television advertisement, and as part of that press release you said:

The new WRA campaign will feature television, radio and press advertisements, which will run over the coming months.

This was in response to the federal government's industrial relations reforms. So we have \$14.5 million of money in that area, in the output costs. My questions really relate to the anticipated commencement of the media program attacking the federal government. When do you propose that you are going to start using Victorian taxpayers money? When will you expect it to conclude in the forward estimates?

Will the \$14.5 million of taxpayers money be spent on the blatant political advertising campaign on behalf of the ALP? In response to the question I ask you to consider the recent Auditor-General's report *Government advertising* of September 2006, in which he made it very clear in terms of publicly funding publicity activities. He said:

Material should not intentionally promote ... politically partisan or biased manner, which places party advantage above the public interest.

Material should not be designed to influence public support for a political party ...

Material should not attack or scorn, for its own sake, the views, policies or actions of others, such as the policies and opinions of — other — parties or groups.

Given that there are clear guidelines laid down by the Auditor-General, that there is \$14.5 million of money available to the government, that you are also ready to launch an attack on the federal government through your on admission in a press release — —

**The CHAIR** — Come to a conclusion; you have repeated yourself.

**Mr DALLA-RIVA** — I will come to the point. Will the government seek reimbursement from the ALP for the money it is spending on the ALP's behalf?

**The CHAIR** — Minister, insofar as the question relates to your portfolio, the last bit was irrelevant. I also refer the minister to the answer of the department to question 9 of our estimates questionnaire.

**Mr HULLS** — Can I just say, Richard, it is a gutsy question. It really is. It is gutsy because it shows that you do not know how to read budget papers for a start. It is gutsy because what you have tried to do is link the entire IRV budget of \$14 million to an advertising campaign. For goodness sake!

**Mr DALLA-RIVA** — I want to know how much it is.

**Mr WELLS** — How much?

**Mr HULLS** — I will tell you, and you will start weeping. The fact is that the entire budget of IRV is \$14.5 million. That was an increase of \$1.4 million over the 06–07 budget. The workplace rights advocate budget is \$3.2 million, and that is included in the \$14.5 million. I have already said during the display what IRV does and how that \$14.5 million is spent, so it is absolutely farcical to be suggesting that \$14.5 million has been set aside for an advertising campaign.

**Mr DALLA-RIVA** — I did not say that.

**The CHAIR** — The minister has the floor to answer the question.

**Mr HULLS** — It is true that there have been three tranches of advertising to date, with a fourth to commence shortly, to promote the services of the workplace rights advocate. In assisting Victorian employees and employers obtain information about the employment entitlements and obligations under WorkChoices, the workplace rights advocate has conducted an advertising campaign. The launch campaign — and I launched it at the beginning of April 2006 — involved the expenditure of \$910 000. It included regional television commercials, radio and press advertising, as well as signage on Melbourne trams. By the way, this figure has been out there; it is not new, just in case you thought it was.

The advertisements ensured that the most vulnerable groups of Victorian employees under WorkChoices knew where to get help if they were faced with, for example, unfair AWAs, termination of employment or reduced entitlements. The launch campaign was later extended in June 06, with two weeks of advertising on metropolitan TV. The cost was \$250 000.

The third tranche of advertising was conducted in October 06 with radio and press advertising in regional and metropolitan centres for two weeks. This involved expenditure of \$104 000. A new advertising campaign will begin shortly, with TV, radio and press advertising in regional and metropolitan centres. Up to \$400 000 has been budgeted for this campaign.

Can I say that the WRA's expenditure can be favourably contrasted with the \$55 million spent to date by the federal government in promoting its WorkChoices legislation. The federal government spent close to \$5 million in one week advertising its Clayton's fairness test.

Let's get real about this. We are about promoting the role of the workplace rights advocate and ensuring that employees — particularly vulnerable young people in regional Victoria — who have questions and concerns about any agreement they are being asked to sign, know where to go. I have given you the estimate of the cost of that advertising campaign, which pales into insignificance when you consider the campaigning and the cost of the campaigning conducted by the federal government.

**Ms GRALEY** — I would like to talk about the public sector EBA wages. It is of interest to all PAEC members that one of the pressures facing Victorians is surely the major public centre enterprise round about to get under way. I was wondering if the minister could explain the forward estimates in the budget relating to wages policy and outline the government's public sector wages policy?

**Mr HULLS** — Thanks for that question. It is an important one because we are going to an EBA round. Our public sector wages policy reflects, I think, a commitment to fiscal responsibility. It encourages service delivery improvements and real productivity gains to ensure budgetary sustainable outcomes. The policy in the budget funded sector took full effect on 1 July 04 and is based on the following principles: firstly, departments and agencies have the responsibility of managing wage costs as part of their overall budget; secondly, overall department budgets are indexed appropriately to ensure the maintenance of real wages; and thirdly, outcomes above the maintenance of real wages will be sourced from real and sustainable productivity improvements.

Our wages policy provides that wages can be increased by 2.5 per cent for inflation and 0.75 per cent for service delivery improvements. Any additional increases above that must be proved through demonstrated and sustainable productivity improvements.

Our policy covering agreement making in the public sector applies to budget funded departments and agencies and non-budget funded utilities, statutory authorities and government-owned businesses in the water, finance, sport, recreation, tourism and art sectors, as well as a number of regulatory bodies. The policy — and this is the important part of it — is underpinned by a requirement to produce service delivery improvements and real productivity gains to ensure sustainable outcomes.

We are going to an EBA round now. Negotiations have already started with the police; they are about to commence I think with the ANF, with the nurses; and I think all parties are aware what our policy is. We had a policy last time and that led to sustainable outcomes, and we hope that the current round will also lead to sustainable outcomes as well.

**The CHAIR** — Thank you, Minister. That concludes the consideration of budget estimates for the portfolios of Attorney-General, Racing and Industrial Relations. I thank the Attorney-General and departmental officers for their attendance today. It has been a very comprehensive session. There are a number of issues which need to be followed up with you and there may be some other questions which the committee will forward to you at a later date. The committee requests that written responses to those matters be provided within 30 days and they will form the basis of the consideration for a future report of this committee.

**Witnesses withdrew.**

## **Transcript of Evidence**

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

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

## **Transcript of Evidence**

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



# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 31 May 2007

#### Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

#### Staff

Business Support Officer: Ms J. Nathan

#### Witnesses

Mr T. Holding, Minister for Information and Communication Technology;  
Mr W. Hodgson, secretary, Department of Innovation, Industry and Regional Development; and  
Mr A. Skewes, acting executive director, Multimedia Victoria, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I welcome Mr Andrew Skewes, acting executive director, Multimedia Victoria. I call the minister to give a brief presentation of not more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the portfolio of information and communication technology.

**Overheads shown.**

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

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

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

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

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

**The CHAIR** — Thank you, Minister.

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

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

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

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

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

**The CHAIR** — Under ICT.

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

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

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

**Mr WELLS** — New initiatives.

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

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

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

**Mr WELLS** — Which page is that?

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

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

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

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

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

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

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

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

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

**Mr HOLDING** — It was \$700 000.

**Mr WELLS** — Seven hundred thousand?

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

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

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

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

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

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

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

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

**Mr HOLDING** — No, no — —

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

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

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

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

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

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

**Mr WELLS** — A typo?

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

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

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

**The CHAIR** — Yes; make it short.

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

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

**The CHAIR** — Thank you, Minister.

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

**Mr SKEWES** — I believe not.

**Mr HOLDING** — No.

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

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

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

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

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

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

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

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

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

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

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

**Mr HOLDING** — Yes.

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

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

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

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

**The CHAIR** — We are a team here.

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

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

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

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

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

**The CHAIR** — Thank you, Minister.

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

**The CHAIR** — Education, isn't it.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Committee adjourned.**



## **Transcript of Evidence**

### **6.12 Innovation portfolio**

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

## **Transcript of Evidence**

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

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

## **Transcript of Evidence**

### **6.14 Skills portfolio**

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

## **Transcript of Evidence**

### **6.15 Small Business portfolio**

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

## **Transcript of Evidence**

### **6.16 Tourism portfolio**

# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 31 May 2007

#### Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

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

#### Staff

Business Support Officer: Ms J. Nathan

#### Witnesses

Mr. T. Holding, Minister for Tourism;  
Mr W. Hodgson, secretary; and  
Mr G. Hywood, chief executive officer, Tourism Victoria, Department of Innovation, Industry and Regional Development.

**The CHAIR** — I welcome Mr Warren Hodgson, Secretary of the Department of Innovation, Industry and Regional Development and Mr Greg Hywood, chief executive officer of Tourism Victoria.

A total of 30 minutes has been allocated to the portfolio of tourism, and I call on the minister to give a brief presentation of not more than 5 minutes, or even less, on the more complex financial and performance information that relates to the estimates for the portfolio.

**Mr HOLDING** — Never let it be said I can't take a hint, Chair — I will go as quickly as I can. I should say by way of introduction that I am joined by Warren Hodgson, the Secretary of the Department of Innovation, Industry and Regional Development and also Greg Hywood, the CEO of Tourism Victoria. I would like to acknowledge and welcome them both.

**Overheads shown.**

**Mr HOLDING** — The first slide simply underscores the importance of tourism to the Victorian economy. It drives a lot of economic activity. It employs a lot of people. It is very important in regional Victoria. It contributes a lot in state tax revenue. I also just note that every international tourist who visits Australia and who visits Victoria and every dollar they spend has an impact on the national accounts as if it were an export. In a sense any strategy that is built around promoting exports, which is unambiguously the focus of the Victorian government, must include a strong tourism element to it and an international tourism element to it also.

We can see here some of the key achievements in 2006–07. There has been a launch by the previous minister of our 10-year Tourism and Events Industry Strategy. You can see that we have had some success in recent months on aviation access. I am happy to talk more about that; that is a very important issue to Victoria. You can see also a significant increase in international visitors. I talked about international visitors being important from an export perspective; it is good to see some strong numbers there. Our Tourism Excellence program is important. Also there has been the success of the Victorian tourism operators at the Australian tourism awards. We won eight awards, which is a record. That was more than any other state or territory.

**The CHAIR** — Excellent.

**Mr HOLDING** — Don't think we are not competitive! We have key priorities going forward. There is an ongoing focus on aviation capacity and the development of a nature-based tourism strategy which we will be releasing later this year. Obviously we had very significant bushfires earlier this year. Assisting communities recover from that from a tourism perspective has been very important. Our ongoing efforts to increase visitation to regional Victoria are significant. I know if Dr Sykes had been here, he would have asked me about that.

**The CHAIR** — I'm sure.

**Mr HOLDING** — Maintaining Victoria's position as the events capital of Australia is also very important. I am happy to take questions on that. There are some key budget initiatives. You can see there was a significant investment in the budget. Some of that is around major events, but also there is a very significant investment in regional tourism as well as our ongoing efforts to promote our brand offshore. That is it.

**Ms MUNT** — You have outlined the importance of tourism to the state's economy; it is a billion-dollar contributor to the state's economy. It is of course very important to keep those tourists coming. I actually noticed a lot of buses out the front here every day — international tourists who have come to Melbourne.

**Mr HOLDING** — Or protesters; one or the other!

**The CHAIR** — No, they're tourists.

**Mr BARBER** — Some are both.

**Mr HOLDING** — True — they are!

**Ms MUNT** — I know that they are interested in not only looking around the state but in the excellent facilities we have to offer. I noticed a line item on budget paper 3 page 266, under 'Excellence in service standards'. There has been money allocated for this program 'Excellence in service standards'. I was wondering if you could explain what that is. Does that support the provision of excellent tourist services?

**Mr HOLDING** — It is recognised that as much as we work to promote Victoria interstate and offshore and bring tourists and visitors here, it is important that when people come they have a positive tourism experience. It is no good attracting them in huge numbers if people come and have a lousy experience. That is reflected in the work that the Victorian government is doing to attract new investment in our tourism industry — that is, to attract new hotels, to attract new investment in infrastructure, to improve the nature-based tourism experience, to improve walking tracks in national parks or interpretive centres at different assets. But it is also reflected in the support that we can provide for tourism operators who are seeking to improve their standards. There is a range of things that the government is doing in this area. I just wanted to draw attention to a couple of them.

The first is our Tourism Excellence program. We launched a Tourism Excellence strategy in April 2006. We were the first jurisdiction anywhere in Australia to do this. An important part of this strategy is a set of modules which are gradually being released across Victoria which provide tools for tourism operators to use to improve their standards, to work on the sorts of things they do to improve and encourage excellence in the industry, to encourage best practice, to encourage tourism operators to look at what others are doing and to incorporate those innovations into their own businesses. We put aside \$1 million in the most recent budget to support this initiative, and that is an important part of the resources that we are providing to tourism operators.

Other things that we do to promote tourism excellence include the strong support that we provide tourism operators who seek to compete in statewide or national awards. I mentioned before the eight awards that Victoria won at the Australian Tourism Awards earlier this year in Sydney. I know it is easy to scoff at these things. Sometimes from time to time people say the tourism industry is littered with different award schemes in place, but these national awards are the nationally recognised Australian awards for tourism. They carry with them significant prestige, and the companies and the tourism operators — some of them are government agencies, but most of them are private sector organisations — that are recognised by them achieve significant status from that. Their employees certainly take great pride in having their product recognised in that way, and the process of going through the awards evaluation has an impact on the product that these tourism operators provide. In order to be successful at the national awards you must have won the state-based award for that sector, so all of these organisations and operators have won their relevant state-based award before they go onto the national awards. All of them have gone through a very, very rigorous process of having their tourism product tested and considered by their peers, effectively, in identifying the excellence of the product.

We think there are a lot of things the Victorian government can do. We have been doing some things in terms of supporting greater skills acquisitions, working with OTTE and others to improve skills in our tourism industry. We have been working on the Tourism Excellence strategy — the rollout of those modules across Victoria. We have been working with tourism operators to improve their performance in terms of tourism awards, tourism excellence in Victoria and interstate, and we are very, very pleased with the quality of the product that we are seeing and the results that our tourism operators have achieved across Australia.

**Mr BARBER** — Hopefully I am addressing the minister for the grand prix?

**Mr HOLDING** — Yes.

**Mr BARBER** — Obviously the losses from that event have been rising, and I am interested in what the government's stop-loss position. But maybe you could just tell us in relation to this proposal for a night race who have you talked to about this proposal, what estimate is there for the cost of running a night race, and who is expected to pay for that?

**Mr HOLDING** — Firstly, we have not received a proposal for a night race.

**Mr BARBER** — That was not the question I asked. I said: who have you spoken to about it?

**Mr HOLDING** — Not having received a proposal, it is not surprising therefore that we have not had extensive discussions

**Mr BARBER** — But there have been some.

**Mr HOLDING** — We have not received a proposition which says this is what we would like to do. Obviously I have had some informal discussions with the grand prix corporation itself, with the Australian Grand Prix Corporation. We have not received any proposition internationally from the international organisers of the



grand prix, but there has been media speculation around it, and the government has said throughout that process two things. One is that we are yet to receive a proposition so it is very hard for us to ascertain a cost or to reflect on the infrastructure that would be required to support a proposition like that.

The second thing that we have always said in relation to a night grand prix is that we will make a decision on whether or not to have a night event in Victoria based on what is in the best interests of Victorians. That is the test that we will use. Whilst we will listen carefully to whatever representations and presentations are made to us, you would expect us to make a judgement based on the best interests of Victorians, and that is what the government will do.

**Mr BARBER** — So there are no estimates on costs that have been developed?

**Mr HOLDING** — We have not received a proposition, so we are not in a position to know what would be proposed, and therefore what it might potentially cost. It is very hard to cost what you have not received.

**The CHAIR** — We understand that, Minister.

**Mr PAKULA** — Minister, on page 146 of budget paper 3 I note that the target for international visitors has risen over the forward estimates period, I think, since the 2006–07 target. I would imagine that a key factor in growing national visitor numbers is increasing the direct flights into Melbourne, so I am interested in what initiatives are being undertaken to open up our skies, particularly in regard to the key target markets that we might have.

**Mr HOLDING** — That is a very good question, and it is a question which has occupied the mind and the attention of not only the Victorian government in recent years but also the Victorian tourism industry more generally. We know there is a point at which we cannot grow our industry any further if we do not get access to more direct flights. There is a point at which the benefit that flows from things like the significant investment that the government is making in the new convention facilities at Southbank will not be realised if we are not able to significantly increase Victoria's aviation access arrangements in relation to direct international flights.

We know in recent years there were some very challenging developments. We saw a reduction in direct-flight services to Melbourne by Qantas, and we have seen other operators either reduce or remove services that had been provided. Austrian Airlines has been a more recent case in point, but there were other airlines as well. So the Victorian government has embarked on a strategy of endeavouring to attract more direct flights to Melbourne, and we have seen in recent years some very considerable success in that area.

The first is the announcement by Qatar Airways, which we are very pleased about. It has recently been granted air rights allowing it to fly daily to Melbourne, whilst Emirates has been granted an additional 35 services per week from Dubai to Australia, allowing it to build upon its existing double-daily Melbourne services.

We saw the announcement that I made with the Premier on Tuesday — that Qantas would be providing two additional direct flights from Melbourne to Shanghai each week — and we welcome that. It is an important reinstatement of a service which existed previously.

We have also seen an announcement by Indian Airlines, who will be flying from Delhi via Singapore to Melbourne later this year, initially with services coming in from four other Indian cities to support that flight through Singapore. It is a very important development in a rapidly growing market for us. In fact looking at India as a market alone, we have seen huge increases in recent years. It is a market that is estimated to grow 17 per cent per annum over the next 7 to 10 years. It is our fastest-growing market. It is predicted to grow faster than China, so having those direct services coming into Melbourne from India is very important if we are to capture the benefit of that and see as many of those visitors as possible coming to Victoria as part of their Australian tourism experience.

We are going to continue to work in this area. We were obviously pleased to see the announcement by Tiger Airways to establish a presence in Victoria. Although this relates more to domestic services than it does to international services, there is significant scope and potential there. We are continuing to work with Qantas on opportunities to increase their direct services, and we see this as an area where we need to do more work on the federal government.

Essentially the federal government has the key to unlocking international air service agreements. To date there have been some routes that it has protected, we think, quite significantly to the detriment of Victorians, and we will continue to put pressure on the federal government to open up those air routes to Victoria, to make it easier for people to come and visit our state and, frankly, also to provide greater choice for Victorians who wish to travel overseas.

They ought not have to travel through Sydney to access other locations. It adds cost, time and inconvenience to them, and opening up these services is important, not only from our tourism industry's perspective but also in terms of our international competitiveness, investment, promoting trade and promoting our international student activities, which are considerable.

This is an area that the Victorian government will continue to prioritise. We have achieved some success in recent months, and we will continue to put pressure on the federal government to open up Australia's skies and to provide more direct services into Victoria. We have got carriers that want to fly here; they should be allowed to do so.

**The CHAIR** — Thank you, Minister. We share your concern about the Sydney-centric nature.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, page 146, under the heading 'Marketing Victoria'. Under 'Tourism' it shows the total output expenditure for 05-06 to be \$53.7 million, which is a blow-out of \$14.6 million on top of the original target of \$39.1 million as referenced in the 06-07 budget paper 3 at page 157.

Minister, last year's budget paper said the target for 2006-07 was \$46.2 million. In this year's budget paper this target is shown as \$48.5 million, with an expected outcome of \$72.1 million — a blow-out in excess of \$25.9 million or 56 per cent. Is the dramatic increase in the budget — this follows on from Mr Barber's comments — the result of the government's anticipating the cost of a night grand prix?

In particular I refer back to the question — you did not answer it — does the government support a night grand prix? We did not get a definitive answer, yes or no. You said you had had 'not extensive discussions' in relation to the night grand prix. Specifically, who have you or the Premier spoken to regarding the night grand prix or the future of the grand prix in Victoria; has any investigation taken place, preliminary or otherwise into the safety of holding this grand prix at night; and do you think it is worth the money meeting Mr Ecclestone's demands, given that the Auditor-General has found that the 05-06 grand prix produced a net loss to the state of \$6.7 million?

**The CHAIR** — I find the question a little confusing, I must admit. You started off talking about output costs and you ended up repeating a previous question. Minister, to answer insofar as it relates to the estimates and your previous answers.

**Mr HOLDING** — I will have a go, Chair. There has been a whole series of questions that Mr Dalla-Riva has asked in relation to this, and it is all premised on government having received a proposition for a night grand prix — what is it going to cost, what are the safety implications and who have we met with. I have made it clear that the government has not received a proposition for a night grand prix.

**Mr DALLA-RIVA** — But you said 'not extensive discussions', so there must have been some discussions, Minister.

**Mr HOLDING** — No, I did not say 'extensive discussions'.

**Mr DALLA-RIVA** — I wrote it down.

**The CHAIR** — I think you used the word 'informal' discussions.

**Mr HOLDING** — Precisely. Saying 'extensive discussions' is absolutely putting words in my mouth, because I never used those words; I said 'informal discussions'. You would be surprised, there having been speculation in the newspapers and in the media about a night grand prix, if I had not raised it with the chairman and said, 'What is the situation in relation to this?'. He made it clear that no proposition has been received by the international grand prix organisation, and on that basis it makes it very difficult for us to cost a proposition that we have not received, and it makes it very difficult for us to consider what safety implications, amenity implications or whatever there might be for a proposition which has not been received by government.

You are asking what discussions we have had. Those discussions which I have described are the discussions that I have had in relation to a night grand prix. They are the only discussions I have had in relation to a night grand prix.

**Mr DALLA-RIVA** — Those discussions you have had with the other people, have they been threatened by Mr — —

**The CHAIR** — He mentioned a particular discussion.

**Mr HOLDING** — I mentioned that I have had a discussion with the chair of the Australian Grand Prix Corporation.

**Mr DALLA-RIVA** — Right. So you do not support a night grand prix; is that fundamentally where you are at?

**Mr HOLDING** — Your having said that I have had extensive discussions, to which I said ‘No, that’s not right’, you now turn around and say, ‘So you don’t support a night grand prix’ — based on what?

**Mr DALLA-RIVA** — I am asking: do you support it or not?

**Mr HOLDING** — The government has said we have not received a proposition. Until we receive a proposition, it is very difficult for us to evaluate whether or not a night race is in the interests of Victorians. What I have talked about is the criteria we will use to make a judgement when and if we do receive a proposition, and it is possible that we may never receive a proposition. But when and if we do receive a proposition, the judgement we will use and the criteria we will use to make an assessment is whether or not it is in the best interests of Victorians.

**Mr DALLA-RIVA** — But you must be anticipating some loss, because the forward estimates in the budget are far in excess of previous years.

**Mr HOLDING** — This has got absolutely nothing to do with a night grand prix, and I am stunned, Richard, that do you not understand this.

**Mr DALLA-RIVA** — No, just the grand prix in general, given the — —

**Mr HOLDING** — We have re-signed the agreement for 2007, we have re-signed it until 2010, and the costs connected with that re-signing are embedded in the forward estimates, like you would expect them to be.

**Mr WELLS** — Can I ask, just to clarify very briefly — —

**Mr HOLDING** — And, I might add, they have nothing to do with a night race. We have re-signed until 2010, and I am amazed that everyone wants us to renegotiate our grand prix the year after us re-signing it, the very year we have just re-signed it for a further four years.

**Mr BARBER** — No, we want to make sure you are not doing that.

**Mr HOLDING** — There are a range of different views.

**Mr WELLS** — The only issue I want to clarify is this: do you as minister support a night grand prix?

**Mr HOLDING** — I have not received a proposition yet.

**Mr WELLS** — No, that is irrelevant. It is whether you support the concept of a night grand prix.

**Mr HOLDING** — I am not in the business of saying I support or do not support something, sight unseen. It would be an extraordinarily foolish person who said that. Let us wait for a proposition. We may get one; we may not. If we get one we will evaluate it and make a judgement based on whether or not it stacks up for the Victorian people. If it does not, then we will not be supporting it.

**The CHAIR** — Thank you, Minister, and we are into good governance as well.

**Mr SCOTT** — The question I have for you, Minister, is regarding the [visitvictoria.com](http://visitvictoria.com) website and online tourism marketing. Again in budget paper 3, at page 146, there is an anticipated increase in the hits to the

website, reflecting an increase in online marketing activities. What sorts of activities will be undertaken in online marketing, and how are they expected to benefit the Victorian tourism industry?

**Mr HOLDING** — Thank you very much for that question, Robin, and you identified visitvictoria.com. Quite appropriately it is a leading-edge destination website. We have seen it outperform all the other state tourism websites in terms of the share of the Australian internet audience over the last three years, so we are very pleased to see the success that the visitvictoria.com website has already achieved.

We see in 2007–08 an aggressive performance target in relation to this, and that is because we have seen its success and it highlights the confidence the government has, as well as the importance that online marketing activities have in terms of providing a marketing platform and a research tool for travellers. So we see this as a very important tool and that is the reason why it has been afforded such significant focus in terms of our performance measures going forward. But it also takes the investment of resources if that is to be achieved. That is why, in order to maintain our competitive advantage, we have allocated an additional \$1 million over four years as part of the 2007–08 budget to assist in that area. That funding is an important part of the recognition that was given to the importance of online activities in the 10-year strategy which my predecessor launched in October last year. It is an important set of tools and it is important therefore that it is appropriately resourced.

Tourism Victoria, through the board, has also developed an online strategy, which looks at visitvictoria.com, but also all the activities that are occurring from a marketing perspective to support our online and internet-based activities. We think the funding we are investing here will have a significant impact on regional tourism operators. We know there will be a benefit also from a training skills perspective, and this will ensure that our regional operators are keeping pace with the rest of the industry and their competitors interstate.

We know the e-marketing program, which is part of the \$6.5 million that we have allocated to support regional tourism, will be an important part of that initiative as well. We think we will see our regions providing better online campaign integration, more sophisticated e-marketing packages and a range of other opportunities that can be price-consolidated by campaign committees directly to tourism businesses, and we think these are an important way also of supporting regional tourism operators to access and utilise online activities in the work they do to promote their businesses.

**The CHAIR** — Thank you very much for that, Minister. I have a question on notice for you here regarding a breakdown of tourism output funding which I will provide to you.

**Mr HOLDING** — Okay.

**The CHAIR** — I thank the witnesses who have appeared in this segment of the hearings.

**Witnesses withdrew.**