

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2007—08 budget estimates

Melbourne—3 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
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Witnesses

Mr S. Bracks, Premier;
Mr T. Moran, secretary;
Mr C. Barrett, deputy secretary, policy and cabinet;
Mr C. O'Farrell, director, organisational development, Department of Premier and Cabinet;
Mr B. Hartnett, chair, State Services Authority; and
Dr R. Ben-David, deputy secretary, Office of Climate Change.

The CHAIR—I declare open the Public Accounts and Estimates Committee hearings on budget estimates for 2007-08. On behalf of the committee I welcome the Hon. Steve Bracks, Premier of Victoria, Minister for Multicultural Affairs and Minister for Veterans Affairs; Mr Terry Moran, secretary, Department of Premier and Cabinet; Mr Chris Barrett, the deputy secretary, policy and cabinet group; Mr Chris O'Farrell, director, organisational development; Mr Bruce Hartnett, chair, State Services Authority; and Mr Ron Ben-David, deputy secretary, Office of Climate Change. Departmental officers, members of the public and media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers as requested by the minister—in this case, the Premier—or his or her Chief of Staff can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. I wish to advise the committee and gallery that due to the anticipated conscience vote this afternoon in the council on the Infertility Treatment Amendment Bill 2007 it may be necessary for me to call a break in committee proceedings to enable members to attend the chamber to vote. In that event, broadcast of committee proceedings will need to stop in accordance with the broadcasting of proceedings rules under the standing orders in the Speaker's guidelines. When I announce the resumption of proceedings after a suspension, the broadcastings of proceedings can continue.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee's website. Following the presentation by the Premier, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off and I now call on the Premier to give a presentation of no more than 10 minutes on the more complex financial and performance information that is the responsibility of the Premier.

Mr BRACKS—Thank you, Chair, and thank you for the opportunity to present before the Public Accounts and Estimates Committee. We have a presentation and I think it has been circulated. I will follow that as the template for the introductory comments.

Overheads shown.

Mr BRACKS—It goes without saying that I am pleased to be here to present again on my portfolio. I believe, and it is, I think, no surprise to this committee, that PAEC is an important accountability mechanism to scrutinise the executive, to assess the estimates and to make recommendations to the parliament about those matters which are ultimately, on numerous occasions, taken up by the government.

In recognition of this, I can make an announcement. Our government has allocated an addition \$360,000 per annum towards the Public Accounts and Estimates Committee in recognition of its centrality as a scrutineer of the executive. I know the Deputy Chair would remember some of the claims we used to make about recognising and acknowledging PAEC's work and trying to find the resources to back that up and I am very pleased to say that, as part of the Parliamentary Appropriation Bill which is going through the parliament and so long as that is passed, we will be providing the capacity for an extra \$360,000 to be allocated to this committee for its work, its staffing and undertaking the investigations that it pursues. I am very pleased about that.

The opportunity to present in front of PAEC is one I take seriously. That is measured by the fact that it is my eighth appearance before PAEC on budget estimates. I will make the note that I am obviously the first Premier in a long time who has presented at PAEC. It was not always the case and it certainly was not the case for the seven years preceding our government coming to office.

Committee members may be aware that the government funded the establishment also of the State Services

Authority in the intervening period—between the last time I presented at estimates and this time—to ensure high performance of the Victorian public sector. I will limit my comments as much as I can and ask the chair Mr Bruce Hartnett to make some quick comments about the State Services Authority, in a similar spirit to the previous occasions in which the chief information officer and the state architect have also made comments when there are new functions that have been undertaken in my department.

The role of the Department of Premier and Cabinet is to provide leadership and innovation in the development of policy and deliverer of services, in some instances, to ensure quality outcomes for all Victorians. It achieves this through support for myself as Premier, as the head of government and also as the head of cabinet, by providing strategic policy leadership across the public sector in Victoria, developing and coordinating whole-of-government initiatives and delivering whole-of-government services and programs. The department also manages the implementation of the Growing Victoria Together framework, identifying emerging policy challenges and leading the coordination of responses across government.

The Department of Premier and Cabinet's portfolio also includes several independent agencies. Those agencies, as you know, all have acts of parliament which govern them and they report to the parliament in most instances. The Office of the Governor, the chief parliamentary counsel, the State Services Authority and the Office of the Ombudsman are four agencies within the department's purview. These are independent services and aim to ensure the effective management, governance and support of the public sector. Our department's role is to ensure that these agencies are appropriately supported so that they can perform their function. In some instances, in this estimates period, we have increased the support for some of those agencies.

We also encompass several functions related to arts activity in this state and we are the principal deliverer of arts services. I know that the Arts Minister will be presenting to this committee, so I will not go into that but you can see the list of functions which the department performs in service delivery. I note that there is one new one—that is, the Public Records Office of Victoria which has moved its function into our department. I should note, Chair, that Film Victoria and the Major Events Company which in the previous financial year were in the Department of Premier and Cabinet have now been shifted in the machinery of government changes to the Department of Innovation, Industry and Regional Development. We think that is more strategic for the functions that they pursue.

In 2007-08, the department has a number of key priorities, including strengthening the key relationships with the federal government and states and territories through new intergovernmental institutions, which is an increasing focus of our work as a central agency; supporting the government in taking a leadership role on national issues of importance, such as health reforms, skills, human capital and infrastructure—they are matters which each state and territory is dealing with on a national level—whole-of-government leadership and strategy for climate change across departments nationally and internationally; modernising legislation, which obviously has an impact on the workload of the chief parliamentary counsel—and also new legislation on the Ombudsman's function—continued provision of services, as I mentioned; and the development of Growing Victoria Together and the framework.

In relation to the themes of the budget for our department, the Expenditure Review Committee approved the following priorities from the 2007-08 budget: implementing our election policies contained in Labor's financial statement 2006, state-Commonwealth agreements and implementing the machinery of government changes. I mentioned those as well, Chair.

In relation to the output groups for 2007-08, if I can concentrate on the first two output groups, you will note that there has been a slight increase—4.7 per cent—in the Premier's portfolio budget from 2006-07, and I will mention something about that shortly. The third output group will be dealt with in relation to the presentation of the Minister for the Arts.

Overall, there has been an increase of around four per cent across all outputs, including 2.5 per cent escalation costs and 1.5 per cent in additional funding for additional functions—the Office of Climate Change, extra funding for some of the independent statutory offices, the chief parliamentary counsel and the Ombudsman—which are referred to there.

Efficiency initiatives are also included in the budget, and each department will apply those in accordance with the government's policy. They have been applied across all three output groups, totalling approximately \$2.2 million in 2007-08, which I am sure will be of interest to the Public Accounts and Estimates Committee.

In relation to the strategic policy advice and projects output group, that has had an increase due to Victoria's contribution to intergovernmental reform and funding for the department for the whole-of-government leadership in relation to, particularly, climate change and the Office of Climate Change. Victoria's support for new intergovernmental institutions—the Council for the Australian Federation, the new body which represents states and territories, and also the COAG Reform Council, a new body out of COAG—will strengthen cooperation between Australian governments and does have a resource implication back within our department, which is accounted for in this budget. Resources will be used to develop a long-term strategy that spans across all departments, and we have responsibility for coordinating that.

In relation to the public sector management and governance output group, new funding has been granted to strengthen the service of the Office of the Chief Parliamentary Counsel and to provide the Ombudsman for Victoria with additional resources to respond to increased jurisdictions. The Office of the Chief Parliamentary Counsel is very busy. We have had several legislation reviews go through this House, those who were there in the previous term would remember, including the education legislative review and the children's services legislative review. They are onerous tasks which take a lot of work and require a lot of effort from the chief parliamentary counsel. Alongside that, we have had more legislation because of the complexity of government and particularly some of the intergovernment agreements, which require template and common legislation across the states. Terrorism is a good example of that. So we have included an increased amount for the chief parliamentary counsel, which is included in the forward estimates, rising to about \$500,000.

We have also reallocated money to provide more to the Ombudsman, largely due to legislative changes. The new Animal Welfare Act 2003 is causing more requests of the Ombudsman for his services. The Children, Youth and Families Act is causing more requests of the Ombudsman, as are the Terrorism (Community Protection) Act 2006 and the Charter of Human Rights and Responsibilities Act. That has really increased the workload, and we have now recognised that with the amounts there. I will not go into that—I will just highlight it—because it will be dealt with by the arts minister. Of course, they are the funding initiatives in relation to arts.

In relation to Commonwealth-state relations, we have played a leading role in developing new ways for the Commonwealth, the states and the territories to work together. That is the Council for the Australian Federation, which has some resourcing implications. As you can see, COAG is taking a bigger and more significant role than ever before and the national reform agenda, which Victoria initiated, will also take some more resources. As previously mentioned, specific ERC funding has been allocated for intergovernmental reform that makes up support for those two bodies.

Lastly, I would like to mention that the Council for the Australian Federation has a forward work program which includes: development of draft national principles for urban water planning and other initiatives in water management; improving federal arrangements, working towards a constitutional convention to be held next year, in 2008; specific-purpose payments and collaboration for an approach in achieving the best outcomes for specific-purpose grants and common issues across jurisdictions, and we also have an agenda to remove anomalies and to look at interstate jurisdictions achieving that.

I thank the committee for allowing me to present an introduction. I will now hand over to the chair of the State Services Authority to give a brief overview of the new function of the department, its funding and its operation. Bruce Hartnett.

The CHAIR—Thank you, Premier. That was exactly 10 minutes!

Mr HARTNETT—Thanks for this opportunity to give a brief overview of the role of the State Services Authority and the activities that we have been engaged in in the last couple of years. There are five roles, which are coming up on the next slide. The first is to improve the delivery and integration of government services and to report on service delivery outcomes, and those reports are carried out at the request of either the Premier or ministers; the second is to promote high standards of integrity and conduct in

the public sector; the third is to strengthen the professionalism and the adaptability of the public sector; the fourth is to promote high standards of governance, accountability and performance; and the fifth is to provide relief for certain public sector employees to apply for relief if they believe they have been unjustly terminated.

Turning to the first of those roles—improving service delivery, which is on the next slide—we completed a review of governance on the effectiveness of Rural Ambulance Victoria, a report that was received by the minister and tabled in parliament. We are in the process of conducting a review of major cemetery trusts, arising from the work of the Auditor-General and the issues he identified. We are in the process of a review of not-for-profit regulations, which is being conducted by Ms Susan Pascoe, a commissioner appointed for that purpose. Finally, we are conducting a review of regional management forums. Those are the principal reviews.

The next is promoting high standards of integrity. This is on our website, but the Public Sector Standards Commissioner has a process for the development of ethical behaviour in the public sector and the public service. He has issued a code of conduct that applies to directors of public sector entities and will shortly be issuing codes of conduct that apply to public sector employees, which of course includes the public service. The idea here is to develop an ethical skills base within the public service and also to specify codes of conduct which public servants and public sector employees are obliged to observe.

The next major role is planning and developing a capable workforce. Here we have a number of actions that we have undertaken in relation to those headings. Firstly, there is attraction and recruitment, and we have developed a new recruitment system. We are also running a major workforce planning conference at the end of June which is aimed at the public sector. The second is increasing labour supply and, amongst other initiatives, we have established a graduate recruitment and development program. This year we had some 2,000 applicants for 130 places, so we are getting very high quality coming through. The third is in relation to staff development, and we are just now issuing a report within the public service about strengthening leadership in the Victorian public service. The fourth is about agility in employment practices, and there we are looking at redeployment within the public service and across the public sector. The next is workforce participation and retention of high-risk work categories, and that applies to specific skills across the public sector and in rural and regional Victoria. Finally, there is workforce planning governance and capability, and we are about to launch a major capability review of HR practices and skills in the public service.

Promoting high standards of governance is one that has attracted a lot of attention. We have three resources which we provide to directors of public sector entities. The first is a web based guide is on the SSA's website and it provides a self-paced learning program for people who are appointed as directors. The next is a 17-page publication, *Welcome to the board*, which outlines the responsibilities of directors, the role of chair and the role of the boards themselves and sets out the relationship. We have the *Directors' code of conduct* which is an obligation on directors employed with public sector entities. So the responsibility of the authority is about helping the public service and the public sector today, but it is also the position of the public service for the future. One of the things that we have done is produce a report on the future of the public sector in 2025, which grew out of consultations that we conducted.

The aim here was to provide people with a look to the longer future and, again, there has been a lot of interest in that report from the public sector, the public service and universities, and indeed from comparable bodies interstate. So we are addressing the workforce planning issues and the challenges that confront the public sector. We are reviewing the delivery of government services on an as-required basis and our objective is to promote the highest standards of governance amongst government employees, public sector employees and the directors of public sector entities. Thank you very much for that opportunity.

The CHAIR—Thank you very much, Mr Hartnett, for that presentation and bringing us up to date on that. We will now move on to questions and I would like to start off, Premier, if I may, with a very topical issue: looking at strategic policy projects, which you will find in the Budget Paper No. 3 on page 174. This is very much in terms of projects in regard to water. What are you looking to undertake in terms of projects with regard to water infrastructure?

Mr BRACKS—Thank you, chair. I am very happy to outline some of our plans. Our plans have been threefold from the very start in relation to water sustainability in Victoria. One is water conservation, and I

think Victoria is really leading the country in relation to conservation, water efficiency and water use. Water augmentation, with the emphasis on recycling and re-use; and, thirdly, water piping and obviously, within that, the water market and the establishment of the water market over time. To achieve that we have actually spent about \$1.7 billion on water related projects since we came to office some seven and a half years ago, with an additional \$3 billion from water authorities.

Our conservation campaign, and I mention conservation as one of the planks in our efforts in water sustainability, means we are using about 100 billion litres less water each year—in particular, in Melbourne—which makes Melbourne the best water saving city in Australia. It wasn't achieved by accident; it was achieved with a long sustained campaign. It is a credit, really, to the people of Victoria—in this case, the people of Melbourne—for that achievement.

We are recycling over 14 per cent of Melbourne's waste water currently, which is up from about two per cent in 1999. We are reconnecting the Tarago Reservoir and we are seeking to advance that project to provide about 20 billion litres of new water to Melbourne by 2010. That is a significant amount of augmentation. We are building, as you know, to our provincial centres and the goldfields, Ballarat and Bendigo, the goldfields superpipe to urgently secure the water future of Ballarat and Bendigo. We expect that in Bendigo's case the piping will be finished by the end of this year and in Ballarat's case the piping will be finished by the end of next year. We have full funding, federal and state, for Bendigo; and we are waiting on some further announcements from the Commonwealth on the Ballarat pipeline but we are continuing, nevertheless, and we fully anticipate they will meet their commitments.

We have, obviously, rebates for tanks and for augmentation within homes of people choosing to purchase water tanks and we are the only state to have a \$1,000 tank rebate, as the biggest in Australia. We have recycling projects in our major regional centres. Ballarat, Bendigo, Gippsland and Geelong all have recycling projects that are saving something like about 10 billion litres of water currently. We are undertaking, and I think the water minister from Victoria and the water minister federally were today advancing some of the project work on the Wimmera Valley pipeline. They had a joint announcement today. It is actually going ahead of time, which is good news in relation to security of water for the west of our state. That project will save 100 billion litres of water, which is probably the single biggest project in country Australia currently.

Our farmers are the most productive users of the water in the Murray-Darling Basin, generating twice as much value for each megalitre used, and that has been good stewardship over a long period of time by several governments, hence our reluctance to simply hand over our heads of power unilaterally to the Commonwealth for both water and land management, which is proposed in the current legislation, and we want to ensure that we have both water for the environment and water for our irrigators as part of what we pursue in Victoria in the future. We lead the nation in protecting our rivers by establishing the \$225 million environmental contribution, giving rivers for the first time a legal right to water and putting billions of litres back into the struggling rivers: of course, the Murray; but also the Snowy and other rivers as well.

So we are committed to not only the augmentation, the recycling, the re-use, the piping of water which we are currently undertaking. Also, in the coming months and before the end of the year, we will have further advice to our government on significant large project augmentation projects around the state and we will make commitments to those. The budget, importantly, has the capacity to deliver on those. As you know, traditionally water projects have been delivered by water authorities. That is the case in all water projects. Governments can choose, from time to time, to supplement that and to supplement any ongoing user-pays principle in relation to water authorities' payment of infrastructure projects by defraying costs. We have done that in Ballarat, we have done that in Bendigo, we are doing that in the Wimmera Valley pipeline. We reserve the right, and the budget has the capacity because of good financial management, to undertake that in the future through the capacity of unallocated capital and all of the water levy and the Water Trust arrangements.

So those major project investigations will indicate to the government what is required and we will make those announcements obviously in the coming months before the end of the year. So thank you for your question and obviously it is one of the most important ones currently facing our state.

The CHAIR—Thanks very much, Premier. We look forward to those announcements in the coming months. Deputy Chair.

Mr WELLS—Thank you, Chairman. Premier, I need you to explain to the PAEC this issue of major water infrastructure. Yesterday there was a misunderstanding, as I see it.

Mr BRACKS—You are referring to the budget, are you?

Mr WELLS—I will get to that in a sec.

Mr BRACKS—Okay.

Mr WELLS—Your treasurer outlined an option of a desalination plant, a north-south pipeline, Latrobe Valley project and stormwater projects connected to the Yarra, so there were four projects. He said very clearly that one of those options would be considered and later on you contradicted him by saying that there could be a number of those options. So before I ask the issue in the forward estimates, which I will come to, can you just explain that point so I can then phrase my question in regards to forward estimates and the unallocated provision of future allocations?

Mr BRACKS—I am happy to answer the total questions and to go on and answer that.

Mr WELLS—Okay, so the first part of the question: I need you to clarify the contradiction between you and the Treasurer. On page 45, Budget Paper No. 2, it says 'The unallocated provision for future allocations'—and that will total \$1.611 billion—how much of that funding will be used towards one, two, three or four of those projects?

Mr BRACKS—That is a matter to be decided. I will answer the second part first and the first part second, if that is suitable. That is a matter to be decided based on the investigation we receive on the projects. We would be irresponsible in the extreme to commit to a sum before we have the final costings, the final details and the final proposals which we will select. In relation to the first part of your question, we have already committed to a project in the Eastern Treatment Plant. Three hundred million dollars has been committed to recycling water in the Eastern Treatment Plant to A-grade water level. We are going further and saying, 'Well, we need to look at the use of that water, including an investigation of whether that is used to replace water which is currently used for cooling towers on the coal-fired power generation plants in Latrobe Valley. So whatever the projects we pick, that obviously has to be—

Mr WELLS—So it will be projects?

Mr BRACKS—Whatever project or projects we pick, that has to be—

Mr WELLS—That is the point I am trying to make.

Mr BRACKS—Yes, I am happy with that.

Mr WELLS—Is it one, two, three or four projects?

Mr BRACKS—Let me answer it, and it was answered by the Treasurer exactly the same way, and that is—

Mr WELLS—No, he did not. He said there was one—

Mr BRACKS—No, that is not true. The reality is we have already committed to a significant project in the Eastern Treatment Plant.

Mr WELLS—Yes.

Mr BRACKS—The water from that will be used. On top of that, there are other projects or project which we will be considering in the future, and that will be determined by the investigations we undertake. Our guarantee is to pick the best possible project or projects for Victoria, noting that we have already

committed to the Eastern Treatment Plant. We are already on the road to the project work, to treating that water, so whatever other projects or single project is picked, that is a project in itself.

Mr WELLS—The unallocated capital, the \$1.6 billion, if you are saying that there is an increase in that for water infrastructure then obviously there will be a reduction in the unallocated, unfunded proportion for education and health.

Mr BRACKS—These are always decisions that government has made. That is what government is about. Government is about setting priorities and allocating resources in association with those priorities, and you do that in any one budget. Unallocated capital is one portion of it, but in any one budget you frame up your revenue and expenses basing it on what your priorities are, and we can do that in future budgets as well, effectively. That is what good management is about; it is what government sets priorities for. Unallocated capital, as I mentioned, is one portion of potential for funding projects, alongside several.

The CHAIR—Ms Munt.

Ms MUNT—In Budget Paper No. 3, page 172, there is reference made to changes to the output structure. Can you please provide information on the machinery of government changes that have occurred since the government's re-election.

Mr BRACKS—Thank you for your question. Obviously, in each term, in each government, or when a new government is coming in, there are certain priorities which are set. We had certain priorities, which needed to be reflected in the structure of government, that we were undertaking for this term of office. We saw, for example, priorities that we wanted to set in relation to technical based skills and education more broadly, but in particular in relation to the skills shortage which is apparent right around Australia, including Victoria. We wanted to have a focus and attention on that.

In relation to public transport and meeting our transport challenges, there is the need to keep the liveability of Victoria whilst our population increases and to account for that in a systematic way over the coming years; in climate change, which we nominated for our third term as a very high priority, making sure we have the best policy thrusts and the best programs coming out of that for the future; and also in mental health, in nominating that as a focus in attention in addition to what the government is undertaking.

Therefore, going to your question, the changes occurring in relation to those priorities we set included creating a new minister for mental health to focus on addressing mental health issues in our community in the broadest possible sense, and so the structure of government has followed that new ministerial portfolio. We have also established an Office of Climate Change within my department, within the Department of Premier and Cabinet, but servicing the Deputy Premier and the water minister in the work that he is undertaking as the minister responsible for climate change. But it is work, understandably, which is across the whole of government, so I think it is appropriate to have the Office of Climate Change located within our department; that is a machinery of government change.

We have split the transport folios, as you know, in the structure of government. We now have a public transport minister and a roads and ports minister. Previously, we had a transport minister over the whole of the transport portfolio, and the structure of government reflects that within those ministerial portfolios.

We have revamped the education portfolio. Previously, the Department of Education had schools education, technical based education and responsibility for the TAFE and technical training system in the state, and also the oversight of the governance of tertiary education, which is a federal responsibility. Because of the emphasis the government is placing on technical based education and skills, we have now transferred that function—TAFE, skills, technical based education—to the Department of Innovation, Industry and Regional Development. That is a significant change and really highlights government's intention to base our future policies in relation to, eventually, where the skills shortages are and to tailor those policies to where industry needs it most. I think that is an important and significant change.

Administrative officers and staff were transferred between departments to support these machinery of government changes. That was done seamlessly and well and effectively, and I want to congratulate my

department for overseeing that and overseeing the implementation of the government's policy in relation to those machinery of government changes. I thank you for your comment.

The CHAIR—Thanks, Premier. Dr Sykes.

Dr SYKES—Thank you, Chair. Premier, my question relates to drought assistance. In the budget briefing this morning, it was indicated that the impact of the drought on the economic growth of Victoria is in the order of a 0.5 to 0.7 percentage point.

Mr BRACKS—Yes.

Dr SYKES—Given that the economic growth is about three per cent, effectively we are looking at around a 20 per cent reduction in economic growth as a result of the drought. Given that significant impact, can you explain to me the basis of the government policy, which has at this stage resulted in the allocation of \$157 million towards drought assistance in a budget of around \$34 billion.

Mr BRACKS—Thank you very much for your question. In relation to drought, our government has spent more than any other government in Victoria's history, and I fully concede that this is the worst drought that we have experienced in 100 years. We have had continual inflows from our streams and rivers into our reservoirs, and we have had continual dry conditions, both in dryland farming and also in our irrigation sector. For the first time ever in Victoria's history we have every region of the state, apart from Melbourne, now designated as drought affected and as able and capable of receiving Exceptional Circumstances funding. So you are right: it is a severe and protracted drought.

In relation to the funding, we have allocated \$160 million already, which is still flowing through into drought-affected communities, and we did that, if you like, outside the budget. One of the things that governments should do, and what we have done—and other governments have done it, too—is had a capacity in a reserve to deal with droughts and bushfires and those matters which are emergencies and which cannot be always adequately predicted in the forward estimates—that is, there is an unpredictability about those matters. So the Treasurer's advance has the capacity at any one point in time to allocate significant resources to drought-affected communities, and we have done that. As we have in the future, in this budget we have a Treasurer's advance, which is primarily responsible for emergency activity—bushfires, drought, floods, other activities—and we equip for that subsequently rather than having an identified particular amount, because you may have to go to a significant amount, as we have currently; much more that you would have expected.

In relation to drought, I was sitting across the table from the Prime Minister last year when discussions were held about the Murray Goulburn system, and the Prime Minister and the federal government praised Victoria's drought response as the only state in Australia to have a system in which we match the Exceptional Circumstances, the half-rate relief, to assist councils so that their revenue base is not in difficulty and so that they can keep services provided through their existing revenue bases, and we provide that directly for those Exceptional Circumstances occurrences. The Prime Minister urged other states and territories to follow our lead. That is an example of something that we did.

Water allocations as well: as you know, we moved on a proposal, paid for out of the Treasurer's advance and also from a levy that we put on other government departments, as we are able to do from time to time, for those that receive less than 50 per cent of their allocation of water to receive relief. I think it was up to about \$5,000 relief in relation to their water bills and water entitlements. We were the only state in Australia to undertake such an effort.

As well, of course, we have assisted communities. We have an employment scheme which was recommended to us by drought-affected communities to kick-start communities and to assist and support farmers, in particular our primary producers, to move from their farms, their primary activity, into these jobs so that they could have income and support and they could undertake necessary important works—for example, in some of our catchment management areas—in this period. I believe that we have stood by our farming community as much as we can, to the capacity we have within our state, in cooperation, I have to say, with other authorities, and we give praise for that cooperation. We stand ready to do more.

In relation to the estimates, you mentioned that our estimates have been reduced because of the drought. That is true. The estimate for the current financial year is 2.75 per cent, which would be around three per cent except for the drought, but we expect that we will move to 3¼ per cent, ongoing in the out years to about three per cent growth in the future. That shows a pretty resilient economy. We have accounted for drought. We have supported our communities. We know that certainly the worst is not over. We know we will stand ready to do it again.

Our estimation is conservative, and I think that is what you were getting at. We have estimated on a very conservative basis on drought recovery in the future. Access Economics are predicting growth in excess of four per cent for Victoria. We have not predicted that. Our treasury and finance estimates are in the order of 2.75 per cent, rising to 3.25 per cent, so a conservative body like Access Economics have estimated it higher. That is probably an indication of the conservative nature by which we have predicted the growth rates in the future.

The CHAIR—Thank you, Premier.

Dr SYKES—Can I follow up, Mr Chairman?

The CHAIR—I think we will come back to it. Mr Pakula?

Dr SYKES—Sorry, but my question—

The CHAIR—No, we are adopting the same process as in the assembly. I want to keep moving along.

Dr SYKES—A precedent was set with—

Mr BRACKS—Chair, I thought I had answered the question thoroughly, but there might be a part I did not. I am not sure.

Dr SYKES—Premier, you indicated in a qualitative sense the nature of the answer, but I was raising the issue of the quantitative—the amount—and I am suggesting to you that \$157 million is a very small contribution out of a budget of \$34 billion. I will explain it to you.

Mr BRACKS—Yes, sure.

Dr SYKES—For example, there was an allocation made towards community development officers in the order of, I think, \$80,000 for each of a number of shires in my area. That was welcome, but that amount of money—\$80,000—is the sort of money that some farmers are spending in one month to feed their animals and lots of smaller farmers will be that much out of pocket over the six months plus of the duration of that. So what I am suggesting to you is that the quantum of what you are putting in is extremely modest in relation to the economic impact of drought-affected farmers and in relation to the substantial amount of money in the budget overall.

Mr BRACKS—Mr Sykes, I know that that is your view, and you have submitted that to us in correspondence, but it is not a view I subscribe to. It is the biggest amount in drought assistance and funding that this state has state ever undertaken. Separate from that, we have geared up all our departments—the Department of Sustainability and Environment, the Department of Primary Industries, the Department of Human Services—on drought relief and support, which is uncosted but in kind and quite significant. Of course, we do that in order to support communities right across Victoria, and we stand ready to put in even more in the future, as we will do if required and necessary.

Let me make this point: the government cannot step in, of course—and would not be expected to step in—and simply take over the full operation of a primary producer at the same level as they had before the drought. No-one expects that to happen. They expect state governments to contribute and assist, where they can, to make a difference. There has been a principle in drought funding—that is, you go for productivity and efficiency—and you know this. What you want at the end of the drought is the potential, through your funding

and support, for more productive, more sustainable and more effective farming in the future, and that has happened in Victoria through good stewardship over a long period of time.

If you talk to the farming community, as I have and as you have, no doubt, they will say to you, 'We don't just want immediate funding for particular projects and to assist those who may be in difficulty whether there's a drought or not, we want to have a sustainable position long term because we want to know that farming and primary production is an important career and opportunity for Victorians for a long time to come.' That is the principle on which we operate. That is how we have operated with all our support.

I remember the half-grant contribution actually came out of discussions in lounge rooms, sitting down with farmers, sitting down with councillors who were there as well, and asking what could assist them best. We know what exceptional circumstances do as part of the federal contribution. Of course, we contribute to that as well. We also put a portion into that. But what could assist us directly? Keep councils going with their enterprise so they can employ and undertake and do things; get the state to do relief; have the state assisting in counselling, support and job creation on the ground; rebuild some of the facilities in communities which might have taken 10, 20, 30 years and advance those now, which I think has happened. I think you are saying you would like more, but I think you acknowledge that there has been a significant contribution. I think what we have done has responded effectively, but we stand ready to do more.

The CHAIR—Thanks, Premier. That was just to clarify. We are adopting the procedure, and we do not really have supplementary questions. Where the Premier or the minister has not fully answered a question, we are happy to seek to get that clarification. Mr Pakula?

Mr PAKULA—Thanks, Chair. Premier, on page 178 of BP3, in the second half of that page, the budget details funding for strengthening services of the Office of the Chief Parliamentary Counsel, and I would like you to provide the committee with some further information on that initiative.

Mr BRACKS—Thank you very much for your question. To be frank with you, the Office of the Chief Parliamentary Counsel was creaking, and we had difficulty in our second term—particularly at the end of our second term—with the volume of work. I want to pay acknowledgment to the chief parliamentary counsel and his office for the work they did in dealing with probably the most onerous workload ever in Victoria's history. We undertook two significant and profound legislative reviews in the last term of office, one to revamp all the education acts in Victoria and to consolidate those. We removed those that were redundant and we updated those that did not match the update of the education policy in this state and consolidated them into the one act.

As you know, acts supersede acts, supersede acts, and the interpretation of that can sometimes be difficult without consolidation. We did that with children's services, and that caused an enormous workload. An enormous workload that has been caused by intergovernmental arrangements, particularly the new and emerging difficulty we have with terrorism legislation, which we signed onto in association with the Commonwealth, in the transfer of power and responsibilities and the concurrent legislation in accepting some responsibilities for terrorism related funding and support. That is another area.

We also have a strong reform agenda in relation to the justice system in reviewing every act of parliament to remove discrimination from those acts. On 50 occasions we have removed discrimination from acts of parliament in Victoria, and we are probably the most advanced of any state in Australia. That causes an enormous workload for the chief parliamentary counsel.

As a result of that, we have provided some additional resources to enhance the capacity of the Office of the Chief Parliamentary Counsel to recruit and train new drafters and to support the career development of drafters in the future. This is a highly specialised and skilled area, and governments that do not properly resource this area will have problems later. You will cause a significant resource problem later as you try and correct and improve acts of parliament. I am sure that you will advise me regularly and often if we make mistakes on legislation. I guess that will be the case, and I am sure you will bring it to our attention. We will make fewer mistakes if we provide the proper resources for the chief parliamentary counsel, and that is what we are doing in this budget. I think the extra allocation is rising to about \$900,000 in the out years but starting at about \$480,000, so it will escalate as we move through.

The CHAIR—Thanks Premier. Mr Barber?

Mr BARBER—Premier, my question is also about the Office of the Chief Parliamentary Counsel. I think their mission statement, according to your documentation, is 'a vibrant democracy'. I wrote to you a few weeks ago asking for assistance from the parliamentary counsel with drafting a private member's bill. What is your policy going to be in terms of making OPC available to members who want to draft private members' bills?

Mr BRACKS—I will certainly address the correspondence. It has not been brought to my attention yet, but we will turn it around as quickly as we can. As you would expect and as would be expected by the public of Victoria who have their democratic right to elect a government for a term of office, government business takes precedence. It must take precedence because that is the will of the people; the will that people express in a platform and in a program by which they decide in a free and fair vote on who they want to represent them for future years. It does take precedence. The government legislative priority will take precedence. If there is a capacity to deal with drafting for a private member's bill, we will consider that in relation to the government legislative agenda. I am happy to reply to you once I receive your letter.

Mr BARBER—I am not asking in the sense of case by case; I am asking what will be your policy.

Mr BRACKS—Our policy is just that; that government legislation takes precedence, in accord with the will of the people. We will consider private members' bills on their merits on a case by case basis.

The CHAIR—Mr Scott?

Mr SCOTT—Premier, the budget provides funding for additional resources for the Office of the Ombudsman on page 177 of Budget Paper No. 3. Can you advise this committee on the investigative work program of the Office of the Ombudsman.

Mr BRACKS—As legislators, we have caused more activity for the Ombudsman. Every time you have a new act of parliament, that act can be appealed against. Representations can be made to the Ombudsman about decisions resulting from that legislation by the executive, and those matters can be investigated. About 300 complaints have been received by the Office of the Ombudsman that he currently has open—that is, he currently has 300 live cases under foot and under way. I am advised that, of those 300, about 41 are major cases, including 26 cases over the Whistleblowers Protection Act 2001 which is another reform and change that we undertook. That causes more workload as well. The Ombudsman's office expects that four of these investigations will result in public reports which the Ombudsman will present to the parliament and they are large reports. They have a significant resource implication as part of that.

The Ombudsman's jurisdiction has recently been expanded also, under various pieces of legislation. As we put a piece of legislation to the House and it is adopted, we indicate whether it is subject to review and examination and the implementation of that by the Ombudsman. We have done that on several occasions. We have done that in relation to the Charter of Human Rights and Responsibilities Act 2006. That is an initiative that I am very proud of with our government; that we do have a framework in which to consider legislation for our cabinet and then through the parliament and submitting on a charter of human rights and responsibilities. We have not quite led the nation on that—the ACT implemented a charter—but we are the first major state to undertake it, and I am very pleased that we have done that. You notice that, as legislation comes in, there is a certification process to assess whether it meets the principles, aims and aspirations of the charter; also the Children, Youth and Families Act 2005, which is a new act.

In accord with the usual budget practice, the Ombudsman has had a bid for additional resources, which is dealt with independently, assessed by my department and recommendations then made to the expense review committee. We have reprioritised within the Department of Premier and Cabinet and have offered some more resources to the Ombudsman, which is about \$800,000, if you look, Mr Scott, at the forward estimates period.

Mr RICH-PHILLIP—Thank you, Mr Chairman. Premier, I would like to ask you about the funding through water authorities for some of the projects you mentioned earlier. I refer you to Budget Paper No. 2,

page 56, the line item Public non-financial corporations net debt, which provides estimates out to 2011. Can you tell the committee, please, whether those estimates include an allowance for debt funding of water projects by the water authorities or will any decision to pursue a particular project through a water authority be in addition to those estimates?

Mr BRACKS—As you know, these are historic and the estimates for the current financial year, so that is what they are. The augmentations I was referring to, which would be decided on by government in the coming months and before the end of the year, would be over and above that of course because they are not in the forward estimates of water authorities; but they will be in the future if we commit to those projects.

Mr RICH-PHILLIP—So it will be in addition to the figures that are shown on page 56?

Mr BRACKS—It will be, yes.

Mr WELLS—So that means debt will increase?

Mr BRACKS—There are a range of ways you can fund projects. It does not have to be by debt. Traditionally the way that water authorities have funded projects has been to pass on those costs as user charges. The government can also supplement that, so the quantum of that is not known. The government reserves a right for a vote for priorities that we set to supplement that. We have done that. The Wimmera Mallee Pipeline, for example, would have never got up if it were just a water authority proposal. It requires significant and profound government expenditure from all of us, so governments always reserve the right to undertake that.

Ms GRALEY—In relation to the strategic policy advice on page 174 of Budget Paper No. 3, and the Central Regional Sustainable Water Strategy, can you please advise the committee more specifics about drought assistance to Victoria's Central region?

Mr BRACKS—Yes, I can, and it backs up the question of Mr Sykes as well. I can drill into that more and talk about some of the initiatives which I think have been quite successful. As I mentioned before, we are facing the worst drought that we have had in 100 years in Victoria. By the way, that is not any different to the drought which is being faced right across the nation, particularly the eastern seaboard of Australia. Every sector of Victoria except for Melbourne is now declared under exceptional circumstances. We are acutely aware of the impact on the ongoing drought conditions for communities, families and businesses in rural and regional Victoria. That is why we have developed a \$160 million drought assistance package to help cope with the social, economic and environmental costs of drought. That package includes funding for counselling services in rural communities, which has now been boosted further with additional funding of \$3.1 million, which is in the current budget, the 2007-08 budget. If you are wondering why it has moved from \$157 million to \$160 million, it is because of that dedicated and ongoing funding base which we have put in the budget.

Assistance for irrigators and emergency bore water and water supply networks for farmers: we are putting down more bores into the groundwater and have a comprehensive program in consultation with councils and water authorities that are undertaking that around the state. Local works and environmental projects undertaken by catchment management authorities as I mentioned are largely job-creation projects: assisting people to get work, get incomes, sustain their families and also do works which would otherwise have taken decades and decades to do, so we lifted the priority forward under those projects.

We have an apprenticeship retention bonus for businesses in exceptional circumstances in these areas. One of the things that is a concern in a drought period is that you lose some of your skill base in communities. Retaining apprentices and trainees through a bonus system until the drought is alleviated is very important. You do not want to lose that skill base. It is very hard to get it back. That is one of the problems, I know. I think Mr Sykes submitted that to us at one stage and I know that many people in the community have as well.

We have helped to keep open community pools and sporting facilities. In some cases, that has been a bit controversial. People say, 'Why would you keep open a community pool when there's a drought on?' The reason is that it is part of the social fabric of that community. That is the reason. You do not want to have a position where young people—families—do not have access to recreation facilities and the capacity to meet

together to enjoy things together, and it is a sensible way of keeping those facilities going. Recycling projects associated with pools, recycling projects associated with ovals, putting in new water tanks, putting in new re-use arrangements and collection of stormwater have all been a part of what we have done in those recreation facilities. I think they are very important in keeping the fabric of those communities going as well as an industry investment program, an infrastructure development fund for drought affected regional Victoria and kick-starting private sector projects which can assist in the employment generation of those communities.

The 2007-08 state budget also includes \$136 million for vital water projects as part of an instalment, a government plan to help secure our water supplies; and a large amount of that of course, as we know, in Shepparton and other regional centres in Gippsland, is to do with assisting drought-affected communities get sources of water. That is over and above the drought funding projects, so it goes back to a former question. There are other areas of government which are funding and supporting drought communities and the augmentation of the recycle and re-use projects in our water projects are doing that as well in regional and country Victoria. Thank you very much for your question.

Mr DALLA-RIVA—Premier, I refer you to Budget Paper No. 3, page 22 on the third paragraph; and if I can also refer you to your presentation, Premier's Portfolio New Funding Initiative that you provided on the screen.

Mr BRACKS—It is on the tackling climate change on page 22, is it?

Mr DALLA-RIVA—The one above. Firstly, I make the point that given that we are at the current state of crisis in our water storage system in Melbourne at 29.9 per cent, I must congratulate you on your presentation to say that by 30 June 2009 we are not going to have any problems with climate change because apparently there is no more money allocated for that. But I bring it up to the point that I may be again referring to a calculator; but the figures that are provided there show a total of \$4.596 million and yet in the budget paper which I have referred to, it shows that \$5.5 million has been allocated. So what has happened to the \$1 million? Or is it that you just do not understand the concerns about climate change and this is just a figure that you have plucked up?

Mr BRACKS—No, I am happy to answer that. No. 1, we reserve the right to assess our priorities in the future where we may increase the funding for the Office of Climate Change in future budgets. That is always the capacity and right of the government. In relation to the extra money that is mentioned there, we took that out of the current budget.

Mr DALLA-RIVA—It does not balance, Premier.

Mr BRACKS—No. We took it out of the current budget. That is, the current year in spending of the existing budget. We brought that forward to assist in the establishment of the Office of Climate Change. What is there is the forward estimates over and above that. So you have a capacity within your current budget, if you have a good surplus—and we have because we have managed the finances very well—we have an amount of \$0.9 million from the current budget, 2006-07. You would remember how this is done, deputy chair.

Mr WELLS—I am waiting, just watching very carefully. You have got two figures up there and you have got a \$5.5 million commitment.

Mr BRACKS—If you have got a surplus in one year you can always spend that for your commitments, and we have done that: \$0.9 million in 2006-07, \$2.3 million in 2007-08, \$2.3 million in 2008-09; a total of \$5.5 million. So we have taken it out of the current financial year.

Mr DALLA-RIVA—Even though you say 2007-08 budget, so that is right?

Mr BRACKS—Yes, but you use the surplus period.

Mr DALLA-RIVA—Don't let the facts get in the way.

Mr BRACKS—You get the TA and you use the surplus. It is just how you do the accounts.

Mr DALLA-RIVA—Yes, I understand that, but it is not the way it is written in the budget paper and that is indicative of the way things are done in this budget process.

Mr BRACKS—Gee, I tell you what—

Mr DALLA-RIVA—You should have said 2006-07 and then into 2007-08.

Mr BRACKS—You have not been around enough to see what it used to be like.

The CHAIR—We should see appendix A to Budget Paper No. 3 because it provides lots of details.

Mr BRACKS—It does provide the details.

Mr DALLA-RIVA—That is all right. I am responding to—

Mr BRACKS—A few of us have been around a bit in presentation of budget papers. I tell you what, they are 600 per cent on what they used to be when I was shadow Treasurer. I can tell you that much.

The CHAIR—Thank you. Premier, I just want to move on to the subject of productivity, which is a special passion of mine. What is going to be the impact on productivity of the budget, and particularly the portfolio spend of yours?

Mr BRACKS—This will occur across each government department as we pursue further productivity improvements. In relation to the Department of Premier and Cabinet, we also have a target to achieve in further productivity improvements. We are required to achieve a productivity and efficiency saving of about \$2.2 million in 2007-08, totalling—if you look at the forward estimates for the four years—about \$13.3 million. The productivity efficiency will be in the areas of buying smarter, group purchasing, whole-of-government efforts to purchase and getting a better rate because of that. We have pursued that through several departments and we know that Treasury and Premiers, for example, those two central agencies, have pursued common corporate services for some time. We think we could take it further to look at effective purchasing, reducing the on-costs and making a saving which we can put back into programs.

Buying less: that is, assessing waste within departments and making sure that we are only buying what is required. Shared services, as I mentioned: it does not need to be that every department is replicating the corporate service functions of every other department. Combined and shared services is a great way of providing efficiencies and effectiveness. Common human resource management, common payroll systems: these are important efficiencies which can be gained through use of new technology and we are pursuing that as part of those savings.

Grant administration: all governments have numerous grants. All of them have administration within each of those grants. By bringing together categories of grants and having common administration arrangements you can actually save a heck of a lot. It is something that I have been pursuing for some time and I was very pleased that I was able to get that up as part of our budget this year. That is, some of the duplication that goes on with sometimes small grant programs, in having the whole administration within that one grant program but, rather, looking at social, economic and environmental grants and looking at common administration arrangements and groupings and there are a lot of savings in that, by the way. We are going to drive that from the Department of Premier and Cabinet as well, aren't we, Secretary!

Also reductions, as we committed to in the election campaign, and proportionate reduction in advertising consultancies, which will be proportional to our department; and integrated information and communication technology; smarter, better integrated systems. The Government Services Group will be working with our department to identify and implement the efficiencies and innovations relating to procurement and shared services. There is a lot of savings to be made by e-procurement and we have some advancement, but we have a lot more to go still, to do even better.

In other areas efficiencies will include less expenditure, such as I mentioned, in consultancies. Future growth and staff has also been limited. We have limited, in this budget, head office staff growth across departments to a one per cent growth target. It is growing at about two per cent. We want most of the impact in our budget to go in service delivery and improving services for the majority of Victorians. Yes, we do have to have that backed up by important policy and program development support from head offices, but we think it is reasonable to have a limit of one per cent growth—it is growth still—in head office development. We think that is achievable and if you look at the pattern in the past years, at around two per cent, there is a saving and it is a saving that could be accrued right across the public sector. I am very popular with all the head office staff about that!

We are serious about achieving the productivity targets that we have met. We have a productivity improvement process there in our savings of more than \$600 million. It is over a longer period of time but we believe with these better and smarter processes we can achieve it.

The CHAIR—Thank you very much for that.

Mr DALLA-RIVA—Chairman, can I also follow up on that, on the application?

The CHAIR—Yes.

Mr DALLA-RIVA—Do the same savings apply across all of government or are they specifically DPC? The same rates, to be precise: one per cent, for example?

Mr BRACKS—Pretty well. Some departments are much more advanced on joint procurement, shared services and e-purchasing, so that will be counted for in the targets that are set, but there will be some capacity across each department, yes. I imagine it will be a line of questioning that you will have for each department.

The CHAIR—We have some information, which I should thank you for also—

Mr BRACKS—We have submitted some more detail to you, which you requested.

The CHAIR—in the estimates questionnaire. You gave us some information there.

Mr BRACKS—Yes, indeed.

The CHAIR—Mr Wells.

Mr WELLS—Thank you. Premier, last year before the Public Accounts and Estimates Committee, you said that the \$600 million in unfunded capital spending on Victorian schools would be met by the Snowy Hydro dividends.

Mr BRACKS—Yes.

Mr WELLS—The dividends have been cut by half.

Mr BRACKS—Yes, that is right.

Mr WELLS—I notice on page 268, on Budget Paper No. 3, that we have \$1.2 billion of unfunded capital works for education. Considering your answer previously that some funds from the unallocated provision for future allocations would go towards major water infrastructure, where are you going to get the funding to fund the unfunded proportion of the capital works program in education?

Mr BRACKS—As you have seen from the budget, we have a growing economy. Our revenue base is growing significantly. It is growing significantly because we are expanding our economy. I have no doubt you will ask me, 'Why has this revenue gone up?' and, 'Why has that revenue gone up?' The reason is because we have got a greater participation in the workforce, more people who are employed and therefore greater payroll

tax; because we have got growth in property and transfer payments, particularly in stamp duty, because of a growing economy and a growing property market. Because our general revenue base is increasing, we have the capacity to allocate that at any one point in time.

We allocated, in our commitments during the last election, in Labor's financial statement 3, details on how we would fund our school rebuilding program in modernising, improving and increasing all schools in the state. We have now brought that to book with 25 per cent of all those funded with a \$555 million contribution. That includes those contributions that could have been made or can be made in the current financial arrangements as well. So we believe we have got a capacity to do it; a capacity to do it while maintaining debt at one of the lowest rates it has ever been as a proportion of the economy. We are praised in the financial markets for doing it and we believe we will be able to achieve that quite easily.

Mr WELLS—Okay, but you have not actually answered the question. It is: how are you going to finance the unfunded proportion of the education budget, the \$1.2 billion, considering that you have \$1.6 billion of unallocated provision for future allocation over the next four years?

Mr BRACKS—As I said, by a growing economy. The reality is—

Mr WELLS—So it is on the never-never?

Mr BRACKS—No.

Mr WELLS—You have already got unfunded capital which you already mentioned; part of it will be for major water infrastructure.

Mr BRACKS—Yes, I know. You really know the answer.

Mr WELLS—So it cannot be—

Mr BRACKS—I know deep down you know the answer to this because you understand the accounts. The reality is the economy will grow and governments will make priority on those allocations in the future, as it does, and you reserve the right on each budget to make those allocations and we will do it within the parameters we have set in the forward estimates. That is what governments do—

Mr WELLS—That is not very convincing, I am afraid. No, that is not very convincing. If you have got future forward estimates of your capital program and you have got \$1.2 billion unfunded to this point, and you are talking about major water infrastructure, the figures are not stacking up.

Mr BRACKS—The figures are adequate, completely adequate, to deal with all those matters in relation to the priorities that we will set in the future. That is what governments do. That is what future budgets are about. What you are asking me to do is to set a budget for 2008-09 and 2009-10. That is a ridiculous proposition, by the way. When we put those budgets down, you will see exactly how we have done good stewardship of the finances again.

The CHAIR—Thank you, Premier. Ms Munt.

Ms MUNT—Premier, in relation to strategic policy advice output—also on page 174 of Budget Paper No. 3—the government has been a strong advocate for human rights. Can you please tell the committee how the human rights charter is being implemented.

Mr BRACKS—Indeed. Obviously the Attorney-General went about, under the auspices of the government and the cabinet, to prepare a human rights and responsibilities charter for our state. He did just that I want to congratulate the Attorney-General for the work he did, the extensive consultation, the work of the independent committee who advised our government on that matter. Since the Victorian human rights charter came into force on 1 January 2007, that landmark piece of legislation, we have been working to ensure that all new legislation introduced into parliament is compatible with the charter. We have a certification process in going to cabinet. We have a certification process where all matters go into cabinet at an approval in

principle and going onto a bill of cabinet. In the cabinet process, there has to be certification that it complies with the Victorian human rights charter. That is submitted by a minister, presenting it to cabinet; scrutinised by the cabinet before it goes into consideration of the parliament. In each case, we have had proper and appropriate discussion and debate about those matters to ensure that that happens. Where there are amendments required on proposals brought by ministers, those amendments are made to make sure that it meets the responsibilities of the human rights charter. And that is what it was intended to do: to have the abiding principle of human rights there, filtering all legislation which comes into this state.

Guidelines have also been developed and training conducted across all departments to ensure that all departmental legislation and policy officers give proper consideration to human rights in the development of any new policies and legislation, so that is across the public sector. We heard from the head of the State Services Authority charged with the responsibility of looking at a high-quality independent public service with great integrity. Part of the roles and responsibilities there is to ensure that there is proper and appropriate training—that is what we undertake—to ensure that happens. We are adequately prepared, we believe, to meet our obligations when the rest of the charter comes into force on 1 January 2008 when we have the full implementation of the charter. I am very proud of it and, interestingly, I noted that my own federal party has adopted this as a policy for the nation, and I am pleased with that as well.

The CHAIR—Dr Sykes.

Dr SYKES—Premier, I would like to get your feedback on the apparent anomalies and inequities in assistance measures and the methods you have in place to address them.

Mr BRACKS—In relation to what?

Dr SYKES—In relation to drought, primarily. I will focus on water aspects, seeing that is part of the drought issue. First of all, we have had the situation with water tank rebates, where there is a \$1,000 per household rebate, if you are on a reticulated supply.

Mr BRACKS—Yes, that is right.

Dr SYKES—If you are not on a reticulated supply, you get zilch.

Mr BRACKS—Yes.

Dr SYKES—Equally, if a person is not on a reticulated supply but needs to put down a bore or some other form of accessing water, the bore costs; in my case the cost of a bore was \$8,000. You have mentioned before the issue of irrigation water and the rebate of up to \$5,000. But it is important for city based people to appreciate that that is a rebate which in some cases is a reasonable proportion of the cost but often can be a very low proportion of the total cost of the water right, and it still means that people are paying a lot of money for water that they are not receiving.

Mr BRACKS—Depending on their size of course.

Dr SYKES—Yes, but a lot of people have water rights way in excess of that amount of money.

Mr BRACKS—Yes.

Dr SYKES—That is one example. A second example is that grants were publicised for the watering of recreation reserves, provision of water for recreation reserves, in communities that were on stage 4 restrictions. I wrote to your office on 21 February, raising a concern that had been put to me from the Tatong community that had a recreation reserve with no water but, because the community was not on a reticulated water supply, they were not on stage 4 restrictions; therefore, they appeared not to meet the criteria of that grant. Neither of those issues has been addressed in the apparent anomaly on water tank rebate nor the issue of a community such as Tatong not qualifying for an assistance measure which I believe you would intend them to qualify for.

The CHAIR—Premier, if you can look at that in terms of the forward estimates.

Mr BRACKS—Yes. If I miss anything, let me know, because I think that I noted down the major matters. It is true that our rebates for water tanks are only for reticulated water supplies because they are about water savings—that is, if you are on a town water supply and you augment or replace with a water tank, you have a net water saving. If you are an existing farm or rural community and your only source of water is a water tank, obviously there is no water saving from providing a water tank to that farm or that person.

Dr SYKES—If you give that farmer an extra tank and it rains, then he does not have to come into Benalla or a community which is on a reticulated supply to get his house water, for which they pay \$200 to \$400 for a truck load.

Mr BRACKS—Yes. We have actually provided for large tanks, as you know, where it is not a reticulated system, for in particular the Wimmera and in some parts of the Mallee. I think it is \$2,500 subsidy per tank for a large tank, up to two tanks, so that if there was water carting that could be stored in a tank to stop evaporation and seepage. Of course, when the Wimmera Mallee Pipeline comes into place, those tanks will be needed for storage, coming off the pipeline into the tanks. So there is a great long-term benefit in that. That is one of the reasons we did it—it was good long-term policy—rather than taking it from a pipe system into an open dam with seepage and evaporation and loss of water; taking it into a tank system which saves water. We did provide money for that in a separate part of our drought assistance.

In relation to anomalies in stage 4, each catchment has its own water restriction, we understand that. So a stage 4 water restriction in a particular area has with it its own particular requirements. If there is an issue around Tatong, I will have to check if there is a problem, because there is a lot of detail. You will not mind if I examine that detail? I am on top of most of it, but in relation to that particular matter of Tatong: the assistance to water a recreation reserve which is triggered if you are on stage 4, it is not on stage 4, and therefore they do not get it. Is that what you are saying?

Dr SYKES—That is the issue.

Mr BRACKS—Let me have a look at that. I will need to examine the detail around that.

Dr SYKES—For your information, Premier, your office got back to me one week ago, 10 weeks after I raised the issue, to say that, 'It's not our baby. We're handballing it onto someone else.'

Mr BRACKS—Well, let me with your superb intervention, examine that in detail.

Dr SYKES—Thank you, Premier.

The CHAIR—Thank you for that. We will try to concentrate on the budget and the estimates process. Mr Pakula.

Mr PAKULA—Premier, I want to go to Budget Paper No. 3, page 174, also looking at the output for strategic policy advice. I would appreciate it if you could provide an update on the High Court decision on Work Choices.

Mr BRACKS—That is a bit of an interest of yours, isn't it?

Mr PAKULA—It certainly is; not as much now as it once was.

Mr BRACKS—I understand that—former secretary of the National Union of Workers.

Mr PAKULA—And proud of it.

Mr BRACKS—Yes. I thank you for your question. Obviously, we are very concerned with the implications of the High Court decision on the Work Choices case. It was not a unanimous decision, of course. We had several High Court judges who differed in relation to the constitutional matters—that which

was vested with the state and that which was vested with the Commonwealth. They did hang off the matter of the corporations law. I can remember—and I think that I was in opposition at the time—when we gave support in opposition to the state government then—and I think it was a different federal government at that time—that wanted to see nationally uniform corporations law and the state to cede their powers over the corporations law to the Commonwealth. We agreed to it. We supported it. In opposition, we supported it, and most states and territories did support it because it was a nonsense to have a position of companies and corporations having different regulations when they operate across state boundaries. It is an historic anomaly.

Little did we envisage, of course, that that referral of responsibilities and powers would be misused in the way that it has—that is, misused to seek to have ambitions realised on reform unilaterally and to have change to the industrial relations system, contrary to the elected state governments, who had their own positions on those industrial relations matters; and, by the way, if you are talking about direct democracy, each of the state and territory governments were elected on the basis of certain industrial relations policies and they were pursuing those.

The federal government was elected on the basis of their industrial relations policy, which did not include Work Choices, and yet they sought not to go to the people but to the courts to change that. They went to the courts to change it, to use an instrument of a transfer of power and responsibilities of corporations laws intended for a different purpose. So I do not think it was a mandate question at all; it was a convenience question, based on what they could achieve and win through the courts that they would not put to the people of Australia. Nevertheless, it has happened. We are concerned about those matters. I have work undertaken across government to ensure that the constitutional authority of the state is secured in a range of other areas, and obviously that was inherent in the work of the Department of Premier and Cabinet.

I am going to your question, Mr Dalla-Riva. It is in Budget Paper No. 3, 'Strategic policy', in which I present—from the Department of Premier and Cabinet, which we have sole responsibility for—extra capacity to deal with these intergovernmental matters. I mentioned, on intergovernmental matters, that we have extra resources in the budget to deal with them, to deal with matters such as the High Court case and advice given to the government, and that is why we are doing it.

We have a current issue afoot, of course, in relation to the Commonwealth's further ambitions over water resources north of the Dividing Range, in which land management and water is enshrined in the Victorian Constitution as a state responsibility, and obviously I will be receiving advice on that matter, and I have received some advice already. You are right: the High Court decision is important; it is a precedent. It goes to matters of jurisdiction in relation to corporations overall and what could otherwise prevent trade between states or across state boundaries, but we believe, in relation to fixed assets and land and water, that our position is very strong.

The CHAIR—Mr Barber.

Mr BARBER—Premier, it is my understanding—but I have no way of checking this, so I have to ask you—that a number of the positions that are in your line item 'Number of staff positions' are actually positions attached to the Liberal and National parties.

Mr BRACKS—Yes, that is right. Liberal and National parties, former premiers and so on.

Mr BARBER—Okay. How many positions is that, how many dollars is that, for the Liberal and National parties, and what is the rationale by which those two parties get this big bonus but other parties, like the Greens, get zip?

Mr BRACKS—Could I indicate to Mr Barber that help is on its way! We have committed in the budget, in the parliamentary appropriation bill which is now being debated, to a further electoral officer, which I think was a matter that you and other parties raised with me previously.

Mr BARBER—Everybody gets that?

Mr BRACKS—No, they do not currently. We have moved on that because we think, with the new

arrangements in the upper house, that extra resources are required.

Mr BARBER—That is through the appropriation, but I am asking about the positions on your—

Mr BRACKS—They are dealt with on the basis of historical precedent. That is what all governments have done to resource the government and the opposition parties. I think your concern is probably, 'The Liberal Party, the National Party—why not the Greens?' But there has been a position in this state, enshrined in legislation, that the official opposition does get resourced and the third party does get resourced, and there were some amendments that we put through the House.

Mr BARBER—That is your legislation now. You rewrote that legislation.

Mr BRACKS—We adapted it to take account of the changed circumstances between the lower and upper houses, but it has been enduring legislation in relation to the third party. But, to accommodate the other parties who have entered this parliament—the Greens; the DLP; the independent already gets an extra staff member—we will account for that in the parliamentary appropriation.

Mr BARBER—How many positions and how many dollars?

Mr BRACKS—I will get details to you. I just do not have all that detail on me.

Mr BARBER—On notice. Thanks.

The CHAIR—Thank you very much. Mr Scott.

Mr SCOTT—Premier, in relation to the State Services Authority output on page 176 of Budget Paper No. 3, in addition to the PowerPoint presentation we have received, can you explain to the committee what the SSA is doing to promote high standards of governance in the Victorian Public Service.

Mr BRACKS—It is one of the fundamental roles of the State Services Authority. This authority, of course, came into being because of the Public Administration Act, which replaced the Public Sector Management Act which was in place under the previous government. This does provide for more independence for the public sector, higher quality and integrity for the public sector more broadly, and that is the State Services Authority's role: to promote high standards of governance, performance and accountability in Victorian public sector entities.

The State Services Authority has in fact written the *Good practice guide on governance for Victorian public sector entities*, which is a web resource and appears on the authority's website. A hard version of the guide is also available. The guide provides public sector board members with information about becoming a board member. There are a large number of public sector authorities and the boards which administer those, and we want to make sure that the governance of those is in keeping with the mandates set under legislation for those boards. It goes to: information about becoming a board member; the roles, duties, responsibilities and behaviour of a board member; the code of conduct for public sector board members, including roles, duties, responsibilities and behaviour; the role of the minister and the departments vis-a-vis public sector boards; good processes for boards to follow; good governance processes in decision making and implementation of those decisions. It complies with the accountability requirements of a board.

I had the opportunity on 1 October last year to formally launch the *Good practice guide* to key stakeholders, and since that time 30,000 copies have been distributed to over 3,000 public entities. There has been an overwhelmingly positive response. There had been a real gap in this area. It is what we set up the State Services Authority to do: to not only look at the central public sector but also the statutory authorities and the boards of those authorities and other government entities to make sure that those governance arrangements were sound, robust and accountable.

The CHAIR—Thank you, Premier. Mr Rich-Phillips.

Mr RICH-PHILLIPS—Thank you, Chairman. Premier, I would like to take up the issue of the

investment in water infrastructure. You have touched on some of the projects, and the budget speech refers to:

...we have invested \$1.7 billion in water and catchment projects, along with more than \$3 billion committed by water authorities.

Mr BRACKS—Yes.

Mr RICH-PHILLIPS—You have mentioned Tarago and the superpipe.

Mr BRACKS—Tarago is in the future, but anyway, go on.

Mr RICH-PHILLIPS—That goes to my question. Can you provide the committee with a breakdown of those figures—that is, what year the expenditure was incurred, how much, on what project and by whom, whether it was the government or a water authority, so that we know how those figures are constituted. You may have to take it on notice.

Mr BRACKS—I might have to take that one on notice, not off the top of my head. I will do my best to get that breakdown to the committee as soon as we can.

Mr RICH-PHILLIPS—I do not know if there are any that you would be aware of. Presumably you are.

Mr BRACKS—I will get the proper response to you. It is a considered question; I will get a proper response.

The CHAIR—The general procedure in terms of questions on notice is that we are looking for the response within a maximum of 30 days and we will publish the responses to that. Ms Graley.

Ms GRALEY—I have a further question on the State Services Authority. It is a most impressive initiative. In relation to the State Services Authority output on page 176 of Budget Paper No. 3, can you please explain what is being done by the SSA to improve workforce planning throughout the public sector.

Mr BRACKS—Yes, indeed. We as a government are committed to strengthening the professionalism and adaptability of the public sector, consistent with the Public Administration Act, which was a very important reform of our government in the last term. This has involved significant recruitment and development of front-line staff such as police, teachers, nurses, and workforce planning strategies being implemented in these areas include the Victorian nurse recruitment and retention campaign.

Retention is as important as recruitment, and incentives and supports, to get the best possible nurses in our hospitals. For example, the Department of Education and Training teaching scholarships we are also providing, to target the specific regional needs of regional communities in relation to teachers and any workforce shortages that might occur. The development of the police allocation model, to better forecast areas of need which the State Services Authority will take advice from the chief commissioner on, but we obviously seek have the work done on that.

In addition a number of successful initiatives have been rolled out through the Victorian public sector to improve workforce planning outcomes, including improving graduate recruitment. Graduate recruitment is a big source of our firepower in all government departments. We get a lot of our skills, a lot of our capacity from that area and of course we would like to retain those graduates for as long as possible, but they often go out from significant work in the public sector to achieve great things outside the public sector as well. Improved graduate recruitment I think is a very important focus of the State Services Authority.

Intensive recruitment campaigns in critical parts of the public sector. Ongoing commitment to management training through the Australian and New Zealand School of Government. I reported to previous Public Accounts and Estimates Committees on that initiative of our government; having the Australian and New Zealand School of Government. We obviously put key public sector personnel through that agency and they

came back better equipped and able to deal with some of the challenges ahead.

The development of a specialised leadership program for potential leaders, in conjunction with the Cranlana Foundation. Given that the labour market is tight—it is competitive—we are competing for the best and brightest of all areas of the private sector as well. I have asked the State Services Authority therefore to report to me on the workforce planning risks facing the Victorian public sector over the medium to long term so that we are in a better position to deal with those risks and to not be caught short in relation to what is a very competitive environment and where skills shortages occur in some areas, particularly currently in engineering, for example.

As a result of this report I have endorsed a number of workforce planning goals to assist agencies shape their responses to these trends and to provide reporting to government on the impact of these risks where appropriate and the authority will offer ongoing support and assistance to departments and agencies to meet those challenges. So we are aware of the risks ahead. We have commissioned some work and we are implementing that work currently.

The CHAIR—Thanks, Premier. Mr Dalla-Riva?

Mr DALLA-RIVA—Thanks, Chair. Again, I refer the premier this time to Budget Paper No. 2, page 45, 'Net investment in fixed assets', and in particular the unallocated provision for future allocation. It shows a combined figure from the period 2008 to 2011 of \$1.611 billion. I note yesterday the Treasurer had made comments a number of times that there is in fact \$3 billion in unallocated capital in the budget. So can you confirm which figure again is correct? Is it the Treasurer that's wrong or the budget paper is wrong? If so, can you show the committee exactly where it is accounted for in the budget paper?

Mr BRACKS—I think you would need to submit to me the details and the context in which the Treasurer has made those comments. I do not take on face value those comments until I have seen that context and those details.

Mr DALLA-RIVA—So if we get a transcript of the comments—

Mr BRACKS—No, what I am saying is—

Mr DALLA-RIVA—So you do not agree with the transcript?

Mr BRACKS—No. I am not going to be verbally. I want to give my answer. But I would see the context of the Treasurer's arrangements—and he would be talking about several matters and several areas—the budget papers are accurate, robust and strong and I will ensure that the Treasurer is alerted to your question and I am sure he will answer that in due course.

The CHAIR—Premier, under your strategic policy advice, which is of course the output mentioned in Budget Paper No. 3 on page 174, 'Emergency and security management'—obviously important tasks in that regard right across the board, but particularly in terms of emergency services during bushfires. How does this work?

Mr BRACKS—I think we are the best placed of any jurisdiction, not only in Australia but in the world. We are the most bushfire-prone place in the world—that is, Victoria and southern New South Wales—but we are the best placed. That is recognised and acknowledged, not only in Australia but internationally. The last bushfire season was extraordinary as we all know, with nearly double the average number of fires. The number of the fires was probably the highest we have had in a long time. The area burnt was more than 10 times the area burnt during an average season. We know with climate change that the regularity of bushfires is going to increase. We know that.

We commissioned work for the CSIRO which showed that we are more likely to get more above-35 degree days, with hot northerly winds—that is, there are more total fire ban days and that is to do with the climate change. We are accounting for that in our resources, in our response and in our emergency services response more broadly. While the fire burned between December and February in the north-eastern Gippsland was the

largest fire, there have been over 1,000 fires this season. Now, just think of 1,000 fires being tackled by our emergency services across Victoria.

There has also been an intensive focus on fuel reduction burning, with over 200 burns undertaken. The continuing dryness has, however, hampered safely achieving fuel reduction targets. The window of opportunity is small during the year and it is maximised when you can. You will notice that in this autumn period we had significant fuel reduction burns occurring because of the dryness and the opportunity it afforded us.

During the 2006-07 fire season our government focused on ensuring that emergency services have the resources and equipment needed to manage an intensive season. We announced funding during the season which included \$138 million in a bushfire package—which we announced on 28 and 29 March—including \$30.3 million to boost equipment and resources for the state emergency services and \$34 million for the CFA and volunteer groups, including equipment grants, new CFA stations, training and equipment upgrades and expanding of the Valuing Volunteers program. That was in addition to the \$27.1 million which we announced on 11 December last year which was aimed at ensuring that firefighters had sufficient resources to deal with the Gippsland fires and the expected severe fire season.

That \$27.1 million included the employment of temporary and overseas firefighters and fire management personnel, additional recruitment of firefighters, support vehicles and contracting of water-bombing helicopters. As you know, we had an additional air crane to that which we had the previous season. We have what is known as 'Elvis' as our major air crane. We have a shared one with New South Wales and we had another dedicated one which I think was called 'Matilda' which we had—we don't name them by the way. They are named internationally. So we had three effective air cranes working as part of the response this year and last year as well.

In the 2007-08 budget we have announced an \$80 million boost to Victoria's emergency services, including \$36.8 million for the SES. By the way, that is the biggest single investment in the SES since the establishment of that volunteer service. I think it will help enormously in the professionalism of that service in the future. Funding for the CFA as well is \$17.2 million. There are key related initiatives, including \$11 million for grants for emergency services volunteer groups to buy safety and rescue equipment, and new and improved SES units and SES trucks and trailers and four-wheel drives. Eighteen new CFA stations and two MFB stations will be upgraded or replaced. The CFA will receive more than 20,000 sets of personal protective clothing to protect firefighters against radiant heat and flames.

What has been reported to us more broadly is also the need—and you learn from each fire season—for more flexibility as well. Not just large appliances getting into fire-affected areas but smaller vehicles that can have strap-on water equipment which are much more flexible and have the capacity to get in quickly and to deal some of these spot fires. The number of these fires is a concern and that is what we had to deal with across the state. Flexibility is going to be important in the future as well, so we are taking that into account. We will have a report from our Emergency Services Commissioner, as we did after the 2002-03 fires. We implemented that report; those extra resources are in place. We have got some extra resources already but no doubt those recommendations will deal with some of those issues about the number of the fires as well, and the regularity of them. We cannot assume that we are going to get relief next year or the year after because we have had a fire season. Those days are over and that is what the last two or three years have shown.

The CHAIR—Thanks very much for that.

Mr WELLS—Premier, I refer you to the handout that we were shown promoting high standards of integrity.

Mr BRACKS—Hang on, I will just grab that.

Mr WELLS—At the top of the list there it has 'ethical leadership'.

Mr BRACKS—Yes.

Mr WELLS—Melbourne Water produced a document prior to the election regarding the dire straits of the water situation in Melbourne. You pride yourself on being an open and transparent government with, looking at this, 'ethical leadership'. Will you direct your minister for water to make sure that that document is released so we have a clear understanding of where we are with the water situation in Melbourne?

Mr BRACKS—Let me respond to that comprehensively. I think you have an understanding, and I think most members of this committee would have an understanding, of what happens during a caretaker period. I have been involved in three as leader of my party; one as opposition leader and two as a government seeking to get returned. I cannot remember ever getting a brief. We do not get briefs. If you do get a brief, it is forwarded to both parties. That is how caretaker rules work. That is how the public sector operates. The public sector handles government in a caretaker period. In a caretaker period, government is prorogued, parliament is prorogued, and you deal with issues based on your party's policies and principles.

It is in that context that Melbourne Water during that caretaker period had more deliberations, in which they were considering for an incoming government of whatever flavour—or an incoming minister, whatever person that might be—what they would advise that incoming government. That is their responsibility. I would hope that government agencies do that, and provide briefs for incoming governments. That is exactly what happened. In the case that has been borne out—but we did not know anything about it—Melbourne Water has issued a statement saying:

The Melbourne Water report referred to in the *Age* today was an internal working document prepared in November 2006 during the caretaker period. The report canvassed a range of water options for Melbourne and gave no consideration to the issue of water restrictions. It was not forwarded to the minister for water, nor the government, and the minister was not briefed on the report prior to the election. The report was developed as part of internal deliberations of the options for additional supply forming the basis of a briefing to the minister for water in December.

So the incoming minister:

This brief was then considered by cabinet—

The incoming cabinet, which happened to be us—

which resulted in the announcements made by the government in January 2007.

We announced 40 billion litres of augmentation and other water measures. We are not in the habit of directing agencies on FOI, and you have studiously asked us not to do that. When it is convenient for you, you want to change your mind. That is pretty average, by the way.

Mr WELLS—No, the question hasn't been answered! The question was: do you direct the minister for water—

Mr BRACKS—Absolutely not.

Mr WELLS—to release the document? That is all we are asking.

Mr BRACKS—It is not the minister for water's document, as I have shown.

Mr WELLS—It was a pretty straightforward question.

Mr BRACKS—And I am answering it directly; absolutely directly.

Mr WELLS—We just want the document released. Let us be open and transparent.

Mr BRACKS—You want your political ambitions realised. I am answering the question directly. We do not interfere in the FOI process of an agency.

Mr WELLS—No, this is not an FOI issue; this is just releasing the document.

Mr BRACKS—We do not instruct agencies. They have operational independence in deciding that

matter themselves. They have submitted their view on this matter. It is in accord exactly with the government's view, and of course any understanding of the caretaker period will bear this out.

The CHAIR—Thank you, Premier, for your indulgence. I remind members that we are meant to be dealing with the budget estimates. Ms Munt?

Ms MUNT—Thank you, Chair. Premier, bushfires have been mentioned in other questions. Emergency and security management are funded within the strategic policy advice output on page 174 of Budget Paper No. 3.

Mr BRACKS—Yes.

Ms MUNT—Can you please provide us with details of the measures that will be undertaken towards bushfire recovery.

Mr BRACKS—Yes, very important and crucial. We cannot assume, because the bushfires are finished, that recovery has occurred. It takes some time. As we know with the Grampians fire, for example, and the 2002-03 fires, recovery occurred over a period of years, and is still occurring in some cases, for farming communities, for towns, for tourism facilities, for businesses. We take that very seriously and, very importantly, we want to work with communities on that very package of support. We did have a process where I asked the Treasurer, the minister for regional development, to chair a cabinet committee across the whole of government on bushfire recovery. It received submissions widely across Victoria, including submissions from other political parties—I think the National Party, and we were grateful for that contribution—and we are implementing those reports currently.

As we know, the fires that occurred in areas in which significant support is required occurred across large land masses—across Gippsland, the north-east of Victoria, the south-west of Victoria—and therefore would have had a significant effect. The Great Dividing fires lasted 69 days, starting on 1 December. I can remember getting the call on 1 December to say that the fires had occurred in remote areas. I said, 'No, it's 1 December,' but they had, and of course it went on for another 69 days. They were incredible fires in very difficult, hard to reach areas. They burnt 1.2 million hectares.

On 29 March 2007 the Minister for Regional and Rural Development, as I mentioned—John Brumby—and I announced a \$138 million recovery and response package that we believe will help restore fire affected communities and better prepare them for fires in the future. The package includes over \$24 million for essential infrastructure development, including roads and essential tourism infrastructure—re-establishment of roads and in some cases new roads which were not on the drawing board for some time—and re-establishing some of the important product in our tourism offer in Victoria so that we can get tourists back as quickly as possible; \$16 million to assist farmers and restore our natural assets; about \$65 million in funding for emergency services and volunteer groups, and I referred to some of that previously and some of those resources are now being rolled out; up to \$22 million to support the state forest timber salvage program. We had to do this in 2002-03—that is, you have to move quickly. You have to secure contractors, you have to—and I am not sure if the Greens are keen on this one—harvest forests which were identified for harvesting that had been burnt out. Obviously, by leaving those areas, there would be little capacity to do that in the future, so we have progressed that with a funding capacity to advance those contracting works with \$22 million to salvage that timber for use in our community.

There is \$10.8 million to support businesses and communities through the recovery process, and we announced in the 2007-08 budget that we will spend a further \$16 million on top of that to ensure that the emergency services authorities are equipped to respond quickly and effectively to bushfires, floods—we have not seen those for a while—and storms. This will include about \$9 million to replace or upgrade 18 country fire authority stations and \$7.5 million to construct or upgrade Victoria's SES units and training facilities. So we have tried to be as comprehensive as possible. We have put ads on already encouraging people to go back into areas across Gippsland and the North-East, and people are. I am not sure if you are experiencing that, but people are coming back, which is quite good. People want to see the recovery process. I was in the Grampians myself over the Easter period, and the recovery is magnificent. It is a spectacular thing to witness, and we are trying to encourage that across this great dividing complex area.

The CHAIR—Thank you very much. Mr Sykes?

Dr SYKES—I will ask my question slowly, Premier. My question relates to the quantum of road funding for country roads. The background to it is that it is my understanding that, if you go back to the year 2000, deaths on country roads made up 37 per cent of the deaths on all Victorian roads. Since that time, the deaths on Melbourne and city roads have reduced substantially but the deaths on country roads have increased. So we are now in a position where country road deaths account for 57 per cent of the deaths on roads in Victoria.

The budget allocation for the upgrading of roads, I understand, is in the order of \$246 million, give or take a few. But when you dissect that, the large proportion of that money is being spent on, I think, the Geelong bypass and other non-local government managed roads, whereas an RACV report had suggested there needed to be an extra couple of hundred million dollars a years for the next 10 years to upgrade country roads to a safe standard, and local government were not in a position to fund that. My question is, what is the basis for not picking up on the RACV report recommendations and injecting more money into country roads to save country lives?

Mr BRACKS—Thank you for your question. First point: country roads, local roads, are a federal government and local responsibility. That is undisputed. I know you would like us to change it, but that is the case. We are responsible for state and arterial roads and have a partnership with the Australian government in relation to some of the national roads as well, under AusLink. Local roads, under the Roads to the Future program or under direct funding that is given to councils, are the responsibility of the federal government. Nevertheless, we have contributed a significant amount to roads. Inherent in your question was an absolute connection between country roads and the road toll. There is a connection but it is not as absolute as you mention. There are a number of factors involved in the road toll or road injuries.

Driver behaviour, speeding and alcohol are probably bigger factors in relation to road deaths, and can be proved as such, than is the condition of roads. We can prove that and I can submit to you detail after detail to show that speed and alcohol account for more road deaths than the road conditions ever account for. I just wanted to make that point; there is a connection with some roads but the question you raised would indicate that it was totally to do with roads. That is not the case and we do not want to be under a misapprehension or a poor policy base of saying, 'Let's put a significant amount of money to improve every country road in Victoria,' and we still have road deaths and we say, 'What's happened?' What has happened is that we have not improved driver behaviour, compliance education and a range of measures required.

The overall road toll has come down. We have had the three lowest road tolls in Victoria's history over the last three years. The current road toll is slightly higher than last year. That is regrettable and any road death is a tragedy. Road injuries hang behind that as well, as a significant problem for our community. But when you consider that our population has been increasing at a faster rate than the nation's—Melbourne is now the city which has had more people come to it than any other city in Australia; country Victoria is growing at the fastest rate that it has grown for 40 years; and we know that Ballarat, Bendigo, Geelong and Mildura are the fastest growing regional centres in Australia; our population in Victoria is now over five million and in Melbourne over 3.7 million—we have had more people and therefore more cars on the road.

We have had more people in jobs and our unemployment rate at the lowest rate it has been for about 20 years. Because there are more people in jobs, there are more people commuting and using cars; so we have more people on the road: more people, more people on the road, more cars per head of population and yet we have had our road toll reduce significantly. That has been a combined effort on enforcement, on education and on improvements for our black spot road funding. I might remind you, Mr Sykes, when we came to government we found the cupboard was bare. The National Party in coalition with the Liberals did not have a black spots road funding program; did not.

I was criticised, coming to opposition—remember this criticism?—for allocating money for the black spots roads funding out of the Transport Accident Commission. I can remember the then Treasurer Alan Stockdale saying, 'This is ridiculous and should not occur.' We won the election, we did bring this in and we have had successive black spot road funding projects ever since. We now have grey spot roads funding for roads which

may not have the accident rate and therefore may not be as high a priority but have potential for a high accident rate, by an independent assessment; and therefore we are funding those as well. We have spent a significant amount of money, more than any other government, on roads including country roads and will continue to do that in the future. We understand our responsibilities and will continue to meet them in the future.

Dr SYKES—Could I clarify through you, Mr Chair, a couple of statements or facts there. I agree with the Premier that there are a number of factors that predispose to deaths on country roads, including those mentioned. In spite of that, the RACV still made a recommendation that another \$200 million needed to be spent on upgrading. So we agree?

Mr BRACKS—Yes, I am sure we do agree. We agree about that.

Dr SYKES—No. 2 clarification of fact: we agree that the total deaths on roads in Victoria are down, but the deaths on country roads are up.

Mr BRACKS—Yes.

Dr SYKES—From 187 in about 2000 up to 193 last year.

Mr BRACKS—I agree with that, but my submission here to the Public Accounts and Estimates Committee on the evidence that I have seen is that the majority contribution to that is from speeding and alcohol—that is, predominantly young people and speeding and alcohol.

The bells having rung.

The CHAIR—We will take a break and resume when we have a quorum.

Hearing suspended.

The CHAIR—Can we reconvene, please. I now formally resume our hearing and ask Mr Pakula to resume the questions, please.

Mr PAKULA—Thanks, Chair. Premier, I am back on page 174 of Budget Paper No. 3, under the strategic policy advice. I put a key policy of that area as being A Fairer Victoria. Could you outline the progress of the implementation of A Fairer Victoria policy statement and how it is meeting its objectives.

The CHAIR—Into the future as well, please.

Mr BRACKS—Thank you for your question. We are very proud of the initiative we took some three years ago to implement a whole-of-government approach to fairness across the budget and across all government agencies. A Fairer Victoria is doing just that, including the current budget considerations for A Fairer Victoria which will be released separately by the Minister for Victorian Communities and the Deputy Premier, I think, as early as tomorrow. That will be the third instalment that we have had in having A Fairer Victoria package across all of our government activity. It is our long-term action plan to tackle disadvantage and create opportunity. Those two things—creating opportunities across all government sectors and services and addressing disadvantage directly—are what it is about. Over the last two budgets we have invested more than \$1.64 billion in practical new initiative reforms. This year, as part of the 2007-08 state budget, A Fairer Victoria: building on the commitment will deliver a further \$1.435 billion over four years. This includes a record investment of \$500 million in social and public housing to ensure that Victorians have access to affordable accommodation.

I believe that this budget is probably the most equitable of all the budgets that we have submitted since we came to government. If you look at the total cross-section of direct assistance and support to families across public housing, across removing fees effectively from low-income families sending their children to kindergarten, in children's centres, in aids, equipment and support for those with a disability, you are seeing a most significant contribution to addressing disadvantage in this state. I am very proud of that and I am proud of the fact that, after seven years in government, we are able to have a strong budget which enables us to address disadvantage in a comprehensive way.

Implementation of initiatives in A Fairer Victoria 2005 and A Fairer Victoria: progress and next steps in 2006, is well under way. For example, the government has funded long-term projects in 23 of the 40 most disadvantaged areas in Victoria and moving to place based funding has been a principle that we have had across A Fairer Victoria, moving outside programmatic funding, seeing what is required in areas of disadvantage, and tailoring and supporting that for those areas is a principle that we have moved to. I think we are leading the nation in that area. This includes neighbourhood and community renewal projects and, if members of this committee have not seen the effects of neighbourhood and community renewal, I would suggest—and we can facilitate—that you have an opportunity to do that; whether that is the Wendouree West community, the single biggest regional housing commission estate which is now owned by the community, has new important facilities, has new job creation as part of it. This really is a significant reform and development, and includes those projects across the state.

The first round of evaluation of neighbourhood renewable has demonstrated that the projects are increasing community pride and participation; ownership is very important, and that is what we have tried to do for A Fairer Victoria: improving employment learning and local economic activity, enhancing housing and the environment, improving safety and reducing crime—we have seen a direct reduction in crime where neighbourhood renewal has occurred, direct and almost immediate—and increasing access to services. I am very proud of not only what we have achieved over the last two years but this large package, intersecting with the social housing and public housing package, I think, will make a real difference for generations of families in Victoria.

The CHAIR—Thanks very much. Mr Barber.

Mr BARBER—My question is in relation to the Office of Climate Change. How many people are in that? What are their areas of specialisation relating to climate change and, given that they are now working for you, what are you expecting from them in the next 12 months separate to SEAV, DSE's climate unit etcetera.

Mr BRACKS—You will find the resourcing allocation in the details. I will come to the other matters later. What I am expecting is very high quality advice and policy output so that we can lead the nation on climate change. That is my expectation—that we can lead the nation on climate change reform and change. We already have a position where the states and territories independently, from the work that we have done already through the Department of Premier and Cabinet in our leadership position, have adopted an emissions trading scheme with a significant greenhouse gas reduction from the 2000 figures, which we will implement from the end of May, with legislation going to all parliaments in the Commonwealth and territories, if the Commonwealth does not have a scheme which is sufficient and robust to achieve significant greenhouse gas emissions. That was largely due to the work we had across the Department of Premier and Cabinet, and I should acknowledge and accept that the work of the New South Wales Department of Premier and Cabinet was also supportive of that, and it was Victoria and New South Wales together that drove that. It was myself as Premier and also the former Premier of New South Wales Bob Carr who were, essentially, in the cart early, driving those changes and improvements, and that has continued.

In relation to the number of staff—this is just the central policy unit within my department, of course; we have significant capacity outside of that, within the Department of Premier and Cabinet, and also the Department of Sustainability and Environment—there is one manager, one admin officer, four policy officers; experts in environment, public policy and economics. The announcement formalises our leadership role. Expenditure, as we mentioned, will be \$5.5 million over three years. We are also giving support in Victoria to the economic base case and examination for climate change to be undertaken by Professor Garnaut, and the work and the resourcing of that will also be undertaken from Victoria, to assist with that for the nation through the other states and territories and the Commonwealth. I am happy to provide a separate briefing, if that is suitable, on other details and the personnel.

Mr BARBER—No, just while we are here, what tangible outcomes do you expect out of it in the next 12 months. You mentioned the ETS bill and input to Garnaut.

Mr BRACKS—With your permission, could I ask the secretary, whose responsibility it is, to outline that?

Mr BARBER—Sure.

Mr MORAN—We, along with other states, are involved in the states' proposal for an emissions trading scheme, and that has reached the point where the level of technical detail is quite considerable. There is a report expected from the group operating within a few months and then either we will not have to take that any further because the Commonwealth will have decided to go ahead with an emissions trading scheme and if they have that will trigger an immense amount of work through the Office of Climate Change in Victoria to safeguard the state's interests in respect to the Commonwealth scheme. Conversely, if the Commonwealth decides that it does not want to go ahead with a credible scheme, the states will go ahead with a credible scheme and that will probably mean an equivalent amount of work from the state's perspective to make sure that our state's interests are guarded, as all the states together set up an emissions trading scheme. There is also a lot of work on the impact of climate change on the Victorian economy which has to be done, but that has been put a little bit into the background because of the amount of work that will be done through the Office of Climate Change and other parts of the public service to support, as the Premier said, Professor Garnaut's study.

Mr BARBER—So in terms of some of your other election commitments—I think a target for energy efficiency—those either will not be delivered this year or they will be delivered by another part of government?

Mr BRACKS—They will be delivered. The minister responsible for that is the minister for climate change and the agency responsible is the Department of Sustainability and Environment. This is a separate policy thrust over and above and sitting above that. That is the outcome of previous policy developments without the Office of Climate Change. Now that we have that office, we are taking it to a new level. So, yes, all of those will be implemented, Mr Barber.

Mr BARBER—And the bill for a reduction goal?

Mr BRACKS—Yes. We are committed to that bill and we will be introducing that—do I have advice on when we will be introducing that?

Dr BEN-DAVID—September or October. Minister Thwaites is preparing that with DSE.

Mr BARBER—And the complementary legislation to the feds on carbon capture and storage regulatory regime?

Mr BRACKS—Geosequestration. I am trying to think of the timetable for that. We will get you some advice on that. I do not have the timetable in my head on that.

Mr BARBER—Thank you.

The CHAIR—Thank you very much. Mr Scott.

Mr SCOTT—Premier, in relation to strategic policy advice output on page 174 of Budget Paper No. 3, I understand that 12 months ago Mr John Denton, the Victorian government architect, spoke to a committee about his newly established office.

Mr BRACKS—Yes.

Mr SCOTT—Twelve months on, can you provide an update on the work program in the context of the current budget and how it builds on the achievements of the Victorian government architect?

Mr BRACKS—Yes. We did have a report directly from the Victorian government architect in public housing estimates. The office was established at the beginning of 2006. It has added significantly to the implementation of government policy through assisting the government to deliver a range of policies and initiatives and projects at the very early development stage of those projects. The office is currently preparing educational materials for practitioners, state and local government officials, to increase awareness of the importance of high-quality design throughout Victoria's urban environments. It is providing advice on specific projects. The system we have is that, where I nominate or a minister nominates that the government architect be involved in a project, direct advice would obviously be provided by the state government architect or his office and would assist the project client agency, the department or the agency that is undertaking that work.

The Victorian government architect's office is assisting the Department of Sustainability and Environment in relation to the Melbourne Convention Centre, one of the newest projects in the state. You will probably see it going up in Docklands, and he is having input into that project currently to achieve appropriate public realm objectives across the site. It is a great site, a strategic site, and has a good frontage—as most convention centres need to do—onto the waterfront, and most of the successful ones in the world do have that frontage. It is associated with the exhibition space, and getting the right site lines and aspect is a very important part, and the state government architect is assisting and supporting that. He is also assisting currently—you asked about the current projects—in the Department of Education and Training in relation to the new schools.

The big school rebuilding projects that we are undertaking and the modernisation projects—the state government architect is on the ground level of those, advising on good sustainable design, giving advice in relation to any decision we need to make in the future on a new police headquarters—and we know it is coming to a point where there will need to be a new facility—the Department of Human Resources in relation to the Royal Children's Hospital development and also, with the large housing projects that we are envisaging, the Office of Housing will also, at the front end, receive advice and support from the government architect. So the government architect is at the front end of projects. The convention centre is probably the exception there, because it was announced before the architect was in place but, nevertheless, was able to receive support and assistance because of the progress on it.

The CHAIR—Thanks very much. Mr Rich-Phillips?

Mr RICH-PHILLIPS—Thank you, Mr Chairman. Premier, I would like to ask you about the

efficiency measures you spoke about earlier. I refer you to page 344 of BP3. Firstly, in relation to the line item 'other efficiencies', you spoke about the individual initiatives—shared services, branch administration et cetera. That other line for 'other efficiencies' makes up roughly 28 per cent of the total, so it is a material amount. Does that refer to the restriction on head office—

Mr BRACKS—Yes. A large amount of that, apart from any administrative savings, is on the one per cent. That saves quite a bit.

Mr RICH-PHILLIPS—Are there any other aspects to that?

Mr BRACKS—Nothing of any significance. If there is, I will commit to giving details to the committee, but my understanding is that the one per cent is the significant matter in relation to that.

Mr RICH-PHILLIPS—The footnote refers to that table showing, effectively, gross savings—that is, not including the cost of implementation. Are you able to provide the committee with details of the whole-of-government annual cost for implementing those savings?

Mr BRACKS—Yes, sure. I will give you some details on that. I will have to consult with Treasury who have the carriage of that overall.

Mr MORAN—I think that is a reference to the shared services initiative, Mr Rich-Phillips, and what has happened is that there is a small amount—and I have forgotten the exact figure; it is between \$11 million and \$16 million—which has been added to the savings target itself in order to provide the new government services group within Treasury with the resources to set up the new shared services arrangements beyond those which exist at the moment.

Mr RICH-PHILLIPS—Will that be a one-off cost?

Mr MORAN—I believe so.

Mr BRACKS—It is spread over two years. We will get details of that.

Mr MORAN—I think Treasury is now making progress on that. They have advertised externally for the head of the new government services group.

Mr BRACKS—Savings are always good!

The CHAIR—Ms Graley?

Ms GRALEY—Premier, I refer you to page 174 of Budget Paper No. 3, strategic policy advice. An important initiative of the government under this output is community cabinet. Can you provide the committee with some further information about community cabinet; how it has been received by the various communities involved and how you will carry it forward.

Mr BRACKS—We committed at the last election to completing the cycle of community cabinets to those municipalities and to those regions in which we are unable to take the cabinet over the first two terms, and the first of those occurred in the City of Moonee Valley recently. If you look at the map—the metropolitan area and the country—we have covered a significant amount of Victoria. That does not mean you will not have community cabinets again in those regions—of course you will—but we want to complete some of those areas as well.

We are committed to taking cabinet out into the community. It is an innovation reform that we undertook when we first came to government. It allows the community to have access to ministers, submissions and proposals in a meeting hall type atmosphere in which ministers can present and submissions can be made, with key delivery agencies from the government able to take up those matters directly, and that is part of why we have not only ministers but key department heads and agency heads as part of that as well. It is an integral part of the core functions of the Department of Premier and Cabinet. The cabinet office now has as one of its

regular functions the organisation and the conduct of community cabinets, with associated costs absorbed within the existing policy programs and budgets and delivered through the area I mentioned before, strategic advice and project output.

We have visited 68 regional and metropolitan municipalities since the community cabinet program commenced in November 99. The first one, I remember, was in Wangaratta, and we have covered most areas since. Recognising the success of the program, we have made a pre-election commitment, as I mentioned, to visit the remaining municipalities. We have scheduled that by the end of 2007 cabinet will have undertaken 80 community cabinet visits in total over an eight-year period. To facilitate engagement with communities for upcoming visits, my department arranges an appropriate level of announcements in the local media. These announcements consist of either local advertisements or fliers that are inserted into local newspapers featuring details of the event and how the public can make a submission for those visits.

A consistent request from most communities and participating organisations is that the government formally reports back to the committee. In fact, that was an innovation we dealt with in the last term—that we have a report-back on what we have achieved, what has been taken up and what we have committed to do—and we will do that in the future. It is very successful. It is a way of getting feedback directly on government programs and activities and advice on future programs.

The CHAIR—Thank you, Premier. I will ask Mr Dalla-Riva to ask the penultimate question in this regard.

Mr DALLA-RIVA—Thank you very much, Chair. Premier, I refer you back to Budget Paper No. 2, to page 45, which I referred to in my last question—again the issue of unallocated provision for future allocation, and I again refer to the fact that \$1.611 billion is in there. I also indicated in my previous question that the Treasurer had said that there was—and I used these words—'\$3 billion'. You indicated that you were not prepared to make a comment because you could not verify it. The *Herald Sun* on Wednesday the 2nd said:

Mr Brumby said the government had \$2.9 billion available through 'unallocated capital capacity'.

I present that document if you doubt me. Where is the discrepancy from the \$1.6 billion to \$2.9 billion that the Treasurer has indicated?

Mr BRACKS—There is budget capacity to deliver on the remaining commitments with available unallocated capital over the forward estimates, translating to a total expense—a TEI—of \$2.9 billion. There is a capacity there, so what the Treasurer is referring to is the TEI.

Mr DALLA-RIVA—Thank you. To clarify, where is that in the budget paper? We are relying on the budget paper, Premier, to get the figures.

Mr BRACKS—Sure, but the TEI is always a total figure. As you know, the capital projects are reported on in the September period and audited by the Auditor-General.

Mr DALLA-RIVA—Are you going to tell the Treasurer not to go out there giving numbers that do not exist?

Mr BRACKS—No.

Mr DALLA-RIVA—It would be a nice idea!

Mr BRACKS—It is time honoured. It has been there forever. The total cost of that capital has always been reported on, as treasurers and governments like to talk about the state-building that we do.

The CHAIR—Thank you, Premier. A final question, Premier, in regard to your portfolio. What resources and staffing costs does the department anticipate applying to servicing PAEC hearings?

Mr BRACKS—This is not a vested interest question, is it?

The CHAIR—It is, indeed, and every minister will be asked it, based on experience over the past few years. We are quite happy to take it in writing, if you wish.

Mr BRACKS—As I mentioned in the preamble, we are providing a further \$360,000 to the work of PAEC, for very good reason. I was of the view when I was on PAEC—and I think it has been a consistent view for some time—that PAEC has a different role and function to other joint parliamentary committees. It is a different function. It ranges over the whole of government. It has an estimates hearing in which ministers make submissions, and it can call in government departments for those submissions as well. It reports to the parliament on the overall estimates, and those recommendations are very important for government activity.

Because of that and because of its primacy as a scrutiny on the executive and its operation, I am very happy that within the parliamentary appropriation there is \$360,000 extra provided. If there is any doubt with the presiding officers or clerks, you can show them the transcript of this hearing and subsequent correspondence that you will receive from the Treasurer about these matters. It is provided by the parliament through the output of parliamentary reports and services. We will specify in much more detail, but what I will undertake to do if it is suitable to the chair and the committee, is to have formal correspondence submitted by the Treasurer to the PAC outlining the money resources and the allocation of that and the principles on which it was allocated.

The CHAIR—Thank you very much. That concludes our hearing in regard to the Premier's portfolio. I want to thank Mr Moran and the departmental officers for their attendance. I think rather than have a long break, we will move pretty much directly. So if we could ask Mr Yehudi Blacher and his officers to move in quickly that would be really good.

Witnesses withdrew.