

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 3 June 2008

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Munt	Mr B. Stensholt
Mr W. Noonan	Dr W. Sykes
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Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

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Executive Officer: Ms V. Cheong

Witnesses

Mr T. Holding, Minister for Finance, WorkCover and the Transport Accident Commission,
Mr G. Hehir, Secretary of the Department of Treasury and Finance,
Mr P. O'Connor, Chief Executive Officer, Transport Accident Commission, and
Mr G. Tweedly, Chief Executive, WorkSafe Victoria.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolios of finance, WorkCover and the Transport Accident Commission, water, and tourism and major events. On behalf of the committee I welcome the Honourable Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission, Minister for Water and Minister for Tourism and Major Events; Grant Hehir, Secretary of the Department of Treasury and Finance; Paul O'Connor, Chief Executive officer of the TAC; and Greg Tweedly, Chief Executive of WorkSafe Victoria.

Departmental officers and members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. That includes any sort of interjections or anything else, and if there are any such interjections, I will deal with them and deal with them promptly. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers who are requested by the minister or his chief of staff can approach the table during the hearing.

Members of the media are also reminded to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. We currently have two cameras, which I have allowed; the cameras should focus only on the person speaking, in accordance with the guidelines that we have for this room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. There is no need for evidence to be sworn. However, any comment made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice the transcripts, PowerPoint presentations and anything else tabled will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure followed is that relating to questions in the Legislative Assembly. In other words, we get a question, there are no supplementaries, and answers should normally be no more than 4 minutes. I ask that all mobile telephones be turned off, please.

I invite the minister to give a brief presentation for no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of finance, WorkCover and the Transport Accident Commission.

Mr HOLDING — Thanks very much, Chair. If I can, as you have already, welcome Grant, Greg and Paul, who will be providing some supportive information on some of the more technical questions that committees members may ask.

Just in terms of the finance, WorkCover and Transport Accident Commission portfolio, I would like to make a brief presentation on some of the key budget highlights and performance achievements and targets over the coming period, firstly, to give a sense of what my responsibilities entail. I know this question is often asked: what are the DTF responsibilities of the Treasurer and which of those are the responsibility of the Minister for Finance?

Overheads shown.

Mr HOLDING — You can see here my core responsibilities focus, firstly, in the commercial division on land infrastructure and investment management and GBE performance monitoring and financial risk management. In the economic and financial policy and budget and financial management divisions there are a series of responsibilities, some of them that are department-wide and some that are quite specific to financial reporting requirements. In the government services group my responsibilities include the implementation of the government's shared services agenda. My responsibilities extend also to a series of significant statutory authorities, including WorkCover, the TAC, the Emergency Services Superannuation Scheme and the VMIA. Finally, in the economic regulatory services area I am responsible for the work of the Essential Services Commission.

Some of the key priorities across those areas over recent years and into the forward estimates period include our work in consolidating government accommodation and improving the sustainability of that accommodation portfolio; the efficient technology and administrative services (ETAS) work, which are the shared services activities; the government services group, which is a newly formed area of activity within DTF and which focuses

on the delivery of some of our commitments to improving the efficiency of government service delivery; and ESC which I mentioned earlier. I would say there that, whilst its regulatory investigatory functions are quite extensive, some of the specific questions around some of its inquiries would be more properly directed towards the relevant portfolio ministers. More generally, I am responsible for the work of the ESC. Finally, there is asset and investment management, particularly in the area of the Gateway initiative, which I have reported on to previous estimates hearings.

Just to go to the business of two of the statutory authorities in particular, because I know that members of the committee will be interested in the work and achievements, firstly, of the WorkCover Authority. This graph shows on, firstly, the left-hand axis, the performance from insurance operations, the net result after tax and the actuarial release over recent years; and then, on the right-hand axis, the funding ratio. You can see there, without going into too much detail, that it is a scheme that is in a very healthy position. The Government has been working hard to make sure that the benefit of that healthy result is being returned in sustainable ways to initiatives which improve outcomes for injured workers and make Victorian workplaces safer.

Just in terms of acquitting that claim, you can see there, firstly, the total number of injury and illness claims reducing in recent years from a base of around 32 000 in 2003–04 to the 07–08 result, which is not a finalised result, obviously. We are not at the end of the financial year, but on a calendar year result you can see that we are, firstly, locking in that achievement of getting claims to below 30 000, which is a very considerable achievement, particularly when we reflect on the growth of employment in the workforce. The second part of that graph deals with claims frequency and you can see there that we have been locking in lower claims frequency rates per 1000 workers. Again, that shows the effort the Authority, WorkSafe, has been going to to improve outcomes for injured workers.

Just in terms of the premium rate itself, you have seen variations on this slide before, but just rolling through it you can see there the benefits of the four successive cuts and now the 5 per cent cut that is in this budget, making our WorkCover premiums extremely competitive on an interstate basis. That is something we are very proud of: to have been able to improve outcomes for injured workers, reduce the number of injuries as well as the injury rate, accelerate the return to work of injured workers, and at the same time manage the scheme in a sustainable way — very important.

In terms of the priorities for the Authority over the coming 12 months, we plan to continue our efforts in national harmonisation in terms of occupational health and safety laws. Victoria has led the charge in relation to those issues, and we are continuing our work, particularly with New South Wales, to see what more can be done in that space.

We have the Accident Compensation Act review, which is under way at the moment. It is being led by Mr Peter Hanks, QC. That discussion paper process is now closed, and we are awaiting now the preparation of his recommendations, which will be provided to the Government in the second half of 2008. You would recall our announcements around Work Health. This is a world-first initiative, and it is a reflection of the investment of the healthy surplus that the WorkCover Authority, WorkSafe, enjoys at the moment. This is a program that will go a long way to tackling preventive health issues in a workplace context. One of the important elements of this is, of course, the ability to improve productivity in the workplace by addressing some of these chronic conditions, particularly for the initial phase of Work Health to focus on adult onset diabetes. And then, finally, there is the focus on continued improvement, reduction in claims, return to work, and the responsible financial management of the Authority.

This slide just provides a comparison of our funding levels, the funding ratio of the Victorian WorkCover Authority compared with New South Wales and South Australia. You can see there that when we came to office the funding ratio of our scheme compared to New South Wales and South Australia was quite close. The South Australian scheme has experienced some difficulties over recent years, and you can see that reflected in their funding ratio. You can see it also reflected in some of the policy debates that are occurring in South Australia at the moment. New South Wales has gone through a difficult period and is working now to strengthen the viability of its scheme. The Victorian scheme is particularly healthy.

Just very briefly on the Transport Accident Commission, the same slide there, the funding ratio and the PFIO, the result from its insurance operations. It is very healthy and going forward, reflected also in the outcomes we have

been achieving in road trauma. You can see there the trend but also the ongoing efforts that need to lock that trend in into the future, both in terms of acute hospitalisations but also in terms of our road toll per 10 000 vehicles.

The focus of the TAC over the next 12 months: service delivery, particularly with the move to Geelong; building the scheme's viability, particularly with the implementation of the next round of Arrive Alive initiatives; and strengthening the dynamic workplace culture that exists at the TAC also.

I like to show this slide; I used to like to show this when I was police minister as well. This is a very important graph which tracks the success in Victoria of reducing our road toll over a long period of time. Really it shows that while the road toll itself may ebb and flow on an annual basis, the trend that we have locked in is unmistakable, particularly the trend in the last few years, stepping down from that 2001–02 result where the figures hovered around 440 to 390. We have really locked in what is a step down in relation to that. While there is a lot of commentary — and appropriately so — around what else we can do to drive the road toll down further, we do need to see any annual fluctuations in the toll in the context of the broader things that have been achieved over a long period of time. I do think that is a very important recognition. I might stop there, Chair.

The CHAIR — Thank you very much for that, Minister. We now have around about an hour and 5 minutes for questions on the finance, WorkCover and Transport Accident Commission portfolio. I thought I might start; if you could give us some further commentary — I know there is quite a significant part in the budget paper — regarding revenue forgone, subsidies, concessions. Whether you wish to talk to this at this stage across all of your portfolios, it is up to you, but we are interested very much in trying to get a complete picture here as a committee in regard to specific subsidies and even indeed implicit subsidies, concessions, revenue forgone within the budget and indeed what changes there have been this year that may well have been significant.

Mr HOLDING — Thanks, Chair. In terms of answering this question, we have obviously had a think about — I know it has been a feature of the questions you have asked other ministers — the things in the finance portfolio that might meet that criteria. Most of the things in the finance portfolio itself, in the DTF section of the department, do not readily lend themselves to things that you would describe as concessions or subsidies. There is one particularly in the TAC area that I would mention. Essentially you would be aware that the TAC provides a 50 per cent concession to eligible pensioners for one of their private-use vehicles. The total cost of this concession is in the order of about \$85 million, but it is not a concession that is funded by a line item out of the budget; it is funded by the TAC itself. It essentially comes out of their profit, so it is not absorbed in the premiums charged to other users; rather it is reflected in the TAC's final results.

The CHAIR — We just need to make sure that all phones are not just turned to silent but are actually turned off, because they do interfere with the Hansard recording. So if people could just check their phones again and make sure they are off. Thanks, Minister, in terms of your other portfolios, is there —

Mr HOLDING — I am happy to take those as they come. There are some concessions in the water portfolio I can go to that are contained in the transfer payments made by government. You will have seen that this year we announced an adjustment to the water concessions — a 14.8 per cent average concession adjustment — which was contained and embedded in the forward estimates period for the next 12-month period.

In the tourism and major events area it is possible to describe our support for regional events in Victoria as a subsidy, although I think that is probably overstating the sorts of things that you are looking for, and obviously they are in some of our major events across Victoria. But in terms of concessions the way I would traditionally understand them to be, the ones I would point to are the TAC one I have just described and the water concessions that we fund through the appropriation.

The CHAIR — I realise there are definitional issues in terms of both explicit and implicit subsidies and also a difference between a subsidy and a grant. I guess probably over time we will try to work through these definitional issues to try to get a clear picture in terms of those subsidies included in the budget process.

Mr HOLDING — There are certainly many grants that we provide to tourism organisations across the state and community organisations that run tourism-based activities, and there are, I am sure, occasions not just in the DTF portfolio but in other portfolios where government organisations may occasionally provide, particularly in a regional context, a small amount of office space that might be spare for an organisation that is co-located with them. But, again, they would be relatively small and one-off situations that would depend on the circumstances in that office.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Minister, I would like to ask you about TAC road safety operations. In particular I refer you to Operation Traver, which was undertaken by Victoria Police last month.

Mr HOLDING — Sorry, what was the name of the operation?

Mr RICH-PHILLIPS — Operation Traver — T-R-A-V-E-R — undertaken last month in Stud and Wellington roads primarily picking up people for speeding. A report of that operation quotes the officer in charge, Sergeant Brett Coloe, as saying that an extra 12 police shifts had been financed by the Transport Accident Commission for the operation. Is that an accurate reflection? Is it the practice of the TAC to fund Victoria Police shifts for road safety operations?

The CHAIR — You probably need to frame it in terms of the estimates, Mr Rich-Phillips, rather than the outcomes. Do you want to slightly rephrase that?

Mr RICH-PHILLIPS — If it is the case, what will be the impact on this year's budget?

Mr HOLDING — It is the case that the TAC funds a range of different programs where they have a demonstrated road safety outcome. That can include targeted operations with Victoria Police, and in the particular example given I think the answer is yes, that is an accurate description. Whether the exact figure is accurate or not I do not think is really pertinent to your question. I think the key thing is were they funded by the TAC, those extra shifts, and the answer is yes.

Mr RICH-PHILLIPS — With respect to the budget year 08–09, are you able to tell the committee, perhaps on notice, what operations TAC intends to undertake with Victoria Police and what funding it will be providing to Victoria Police for those operations?

Mr HOLDING — Let me make it clear: the funding does not come out of the Consolidated Fund; the funding comes from the TAC within its normal business.

Mr RICH-PHILLIPS — I understand that.

Mr HOLDING — They make a judgement based on discussions and evaluations done with their road safety partners, of which Victoria Police is one. So I would be surprised, Mr O'Connor, if the entire 12-month schedule of activities is locked in now; rather there would be a series of evaluations done over the period of the year as to which activities would be supported; is that correct?

Mr O'CONNOR — Correct.

The CHAIR — All right. So if there is anything further to give us I am sure you will give it to us, but thank you for the answer.

Mr RICH-PHILLIPS — Are you able to tell us how those operations are costed in terms of charge back to TAC? Is it a rate per officer involved, or on what basis does Victoria Police charge TAC for undertaking those operations?

Mr HOLDING — We can take that on notice and come back with some advice about the methodology.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — I think the police often charge for a whole lot of events as well.

Ms MUNT — Minister, can I refer you to budget paper 3, page 356. There is a heading there, 'Efficient technology and administrative services' which says:

Funding has been provided to improve government productivity and efficiency by consolidating and rationalising administrative services across government.

This includes such ancillary services as library services and property and facilities management, but also the program includes development work to investigate options for standardising core IT services. Could you explain how those IT services will improve services to VicRoads?

Mr HOLDING — Sure. Thanks very much for the question. The committee would be aware that this Government has had a long commitment to improving the efficiency of government service delivery, and that includes the commitments we made in the lead-up to the last election around a series of costed items where we would reduce the cost of service delivery to Victorians across a range of different areas, and it added up over the four-year period to initiatives totalling well over \$600 million. As part of that we had a commitment to shared service delivery across a range of different functions within government, and this was to extend our shared service delivery activities that we already had. We know that the sorts of things that we are supporting through this initiative can not only generate cost reductions but also improve the time it takes for government to undertake activities as well as improve the quality of the services that are delivered. So what these initiatives really do is build on those things that we have already put in place.

The committee would recall our telecommunications purchasing arrangements in the last Parliament which reduced our total telecommunications costs over a five-year period by in the order of \$200 million, and that is well in excess of what we targeted for that program, which was around about \$73 million worth of cost reductions over that forward period. We have brought together a range of government activities that were previously disaggregated into the government services group, which I mentioned in my presentation earlier, and that includes the Office of the Chief Information Officer and the Chief Technology Officer.

We have got several shared service activities that already occur within government, one across four departments and one across two departments, and the shared services activities that we funded as part of this budget really build on that work. What we are looking at in the ICT area in particular is a series of phased projects, and we are being very careful about the phasing of it, because the shared-service experience in other states has been patchy. Some states have been successful at implementing these sorts of initiatives, and in other states the costs have blown out, the time taken to deliver the projects has been quite long and the benefits that have accrued have been less clear, so by phasing the delivery of the shared-service activities within the ICT area we believe we can better align the objectives that we have for the program with the actual results at the end of it.

In terms of the first phase of this or the further phase — the first phase being the activities that have already been consolidated across departments — the next phase is the consolidation of the information and technology services and the shared-services centre. Those two entities will be joined together in about July of this year and a new entity will, in a sense, manage those two spheres of activity while they are drawn together.

We are also looking at other areas where we can draw together shared-service or ancillary-service type activity, and they include things like the consolidation of CBD-based car pools, facilities management and library service consolidation, expanding the whole-of-Victorian-government property management contract, extending or adopting the whole-of-Victorian-government asset management system and creating a specialist whole-of-Victorian-government IT project management service. We think these initiatives can generate savings in the order of about \$10 million over four years, and that is in addition to many of the activities which we have already undertaken. It is partly about cost savings, but more importantly it is about improving the quality of service delivery and improving the timeliness and efficiency of government activities.

Mr RICH-PHILLIPS — My question is similar to Ms Munt's. If I can take you to page 282 of budget paper 3, that lists the efficient government savings that the government committed to in the 2006 election, broken up into the six separate categories. Can you reconcile the information you just gave to Ms Munt against those targets that are listed in the budget papers, particularly with reference to the forward estimates, please?

Mr HOLDING — Some of them are in addition to those savings that we have identified, but in terms of the answer I was giving to Ms Munt, essentially it was built around our shared-services activities, and you would note from the answer I just gave that I said some activities are already under way and others are being consolidated at the moment; they are occurring. For example, the consolidation of the I&TS activities and the SSC activities, that is a work in progress; that is occurring at the moment. Some of the ancillary service consolidations are also a part of the work that is being undertaken by the government services group at the moment. But the table that you have referred to on page 282 essentially breaks down over four years the different elements of the efficient government commitments that we made in 2006 in the lead-up to the last election.

If I can just describe what each one of those sets of activities are. Buying Smarter, Buying Less is a set of initiatives around purchasing and the things that we can do to generate savings from government better leveraging its purchasing activities, particularly through the use of state purchasing contracts. The shared-services activities are the things that I described before: the consolidation of government activities that are currently placed discretely within different government departments that can be brought together on a whole-of-Victorian-government basis. The best practice grant administration is a series of savings around improving the delivery of government grants. What we tried to do there is benchmark the most efficient cost basis for the delivery of government grants and develop a set of initiatives as to how we can ensure that departments are dispensing grants in an efficient and cost-effective way. The fleet management savings are basically built around improving the management of VicFleet and reducing the cost of the fleet to the Victorian government.

With advertising and consultancies we have set some benchmarks in terms of the total government spend on advertising and the total government spend on consultancies, and we are benchmarking government departments and agencies against that. The integrated focus on ICT also covers some of the things I touched on in my answer to Ms Munt's question, which really are built around the consolidation of those government activities that were disaggregated that have now been centralised within the government services group.

Mr RICH-PHILLIPS — Can you, on notice perhaps, provide the committee with a reconciliation against the individual targeted dollar amounts for each of those categories versus the programs that you are delivering under each category and the dollar figure that you will achieve? For example, take the first one, Buying Smarter, Buying Less, the target is to save \$65 million in 2008–09. Can you provide the committee with the actual expected figure, given the programs you are implementing for each of those categories?

Mr HOLDING — Okay. We actually do not need to take that on notice because essentially how this is being delivered is the savings are being extracted from departments and departments are being given tools to enable them to deliver the savings within their own departments. For example, you mentioned Buying Smarter, Buying Less; the tools that have been provided to departments have been access to the state purchasing contracts, which drive down the cost of purchasing across a range of government activities such as utility purchases, security services purchases, staff recruitment purchases or whatever it is they might be doing. We have provided them with a series of tools through state purchase contracts which reduce the cost of departments acquitting that function or that activity. In a sense it is a carrot-and-stick approach: departments have the money taken out of their forward estimates for those savings, and in exchange they are given tools which enable them to deliver in a practical way the savings which have been deducted.

Mr RICH-PHILLIPS — And that is the case for all those categories, the same approach?

Mr HOLDING — It is the case for Buying Smarter, Buying Less. They have all been taken out of departmental budgets. In some cases it is a particular initiative that has led to the consolidation and the saving. For example, with the integrated focus on ICT, the savings there are the consolidation that I described. If your fundamental question is, 'Have the savings been made, or are they just there in the forward estimates as a wish list of things?', the answer is 'Yes, they have been made', because departmental appropriations have been discounted to the extent of each of those savings and reconciled against those amounts.

If your follow-up question is, 'If the money has been taken out, how are they actually delivering on those savings?', the answer is that in each instance I could go through and describe the tools as I have with Buying Smarter, Buying Less, but I think it would probably be pretty tedious for the committee if I did so now.

The CHAIR — All right. I assume in the output initiatives, Minister, say, for example, Treasury and Finance on page 356 which Ms Munt referred to, where there are general efficiencies of minus \$8.3 million a year, that basically is the Department of Treasury and Finance's contribution to the efficiencies.

Mr HOLDING — That is right.

The CHAIR — And that is repeated across all the other departments.

Mr RICH-PHILLIPS — Just to clarify that: they are the same?

Mr HOLDING — My recollection is that PAEC has actually asked questions of departments through your questionnaire about these savings.

The CHAIR — We have. We have got it, and we have reported that already to Parliament.

Mr RICH-PHILLIPS — The answers are not necessarily terribly clear, though, Minister. But just to take up the Chairman's point, the savings referred to by each department output are not double-counted, or are they double-counted with these ones in the election commitment?

Mr HOLDING — They are not in addition to those. They are not additional savings.

Mr RICH-PHILLIPS — Sorry, they are not?

Mr HOLDING — They are not additional savings.

The CHAIR — This is the latest financial statement rather than — —

Mr HOLDING — I am sorry, unless you are talking about the savings dividend?

Mr PAKULA — Which page was this?

The CHAIR — The reference that I gave was page 356, from memory, the output initiatives and each department has — —

Mr HOLDING — I am sorry, the general efficiencies listed are in addition to those.

Mr RICH-PHILLIPS — Are in addition; okay.

Mr HOLDING — But the PAEC questionnaire went to the question of the reconciliation of those savings against those efficient government savings, and that is a reconciliation of the savings off the chart that I was referring to before.

The CHAIR — Okay.

Mr RICH-PHILLIPS — Which is not terribly clear.

The CHAIR — Thank you very much for that clarification.

Mr SCOTT — Minister, my question is a technical accounting question regarding future budget statements. What is the impact of the forthcoming harmonisation of the government's financial statistics and generally accepted accounting principles on the presentation of information within these statements going forward?

Mr HOLDING — Thank you very much for the question. I know that the committee has a great interest in a lot of the issues around the harmonisation of government financial statistics and generally accepted accounting principles, and I think the committee is proposing to do or is doing some work in this area and in fact the government is also doing some work in this area. We have had the benefit of a very significant project that is being led within the department by a process includes the former finance minister, Roger Hallam. That will provide advice to government about how we can further improve the transparency of the information that we report on.

But I just wanted to say in relation to the harmonisation process that Mr Scott's question referred to, you would be aware that prior to the 08–09 budget, governments in Australia have presented their financial reports and budget presentations using one of two frameworks: either the generally accepted accounting principles of the Australian accounting standards or the government finance statistics. We have effectively a new accounting standard coming into place — AASB 1049. Whole-of-government and general government sector financial reporting harmonised their accounting standards under the generally accepted accounting principles and government finance statistics. We essentially had two sets of reporting frameworks in place. It created a lot of confusion. It created a lack of transparency, particularly when comparing interjurisdictional issues, which many people are keen to do for obvious reasons. This new accounting standard will enable those two sets of processes or those two sets of reporting frameworks to be drawn together in a way which harmonises those different reporting frameworks.

As part of this process formats, descriptions and additional disclosure based on the underlying requirements of AASB 1049 have also been incorporated into the new uniform presentation framework which was signed off by the loan council in March 2008. What this means is that in future there will only be one set of published financial statements, thus alleviating all the confusion that the two sets of standards have created in the past. Whilst the two

sets of standards performed useful functions from a comparative perspective, they also created a lot of confusion. Victoria has been leading the process of driving us towards one consolidated set of harmonised reporting frameworks, and this will be captured through these efforts.

You can see this presentation coming into effect for the 08–09 financial year, and that is why we have been able to implement them for the 08–09 budget. They are not as significant in Victoria as they are in other jurisdictions because we had already adopted a number of these changes when we moved to reporting under the new AIFRS framework in 04–05, and I know this committee has taken a great interest in all of those activities.

I can go through some of the key changes, particularly some of the balance sheet changes, if honourable members are interested. There are some changes both in the balance sheet but also on the operating statement, some very minor changes on the cash flow statement, and some additional information that is provided through the notes to the accounts. We can provide that information to committee members if you are interested.

The CHAIR — That would be really good because we have taken an interest in this as a committee over the years. Even last year we had some discussions at a meeting between public accounts committees that we are quite frankly given rather incomplete information, particularly from the accountancy body of Australia, as regards the reasons for the changes. We are actually quite pleased now with the ABS, because it has actually come together. It has been a very good job by all those Treasury officials that were involved. I presume, Minister, you have been involved as well at some of the ministers meetings to bring them all together in what is a good framework now which is actually a universal one.

Mr RICH-PHILLIPS — Minister, can I take you back to your slide on the Transport Accident Commission which shows the financial performance. I would like to ask you about the change in policy with respect to dividends. The budget paper notes that dividends from the TAC will no longer be taken off net profit after tax. They will now come from performance from insurance operations. Can you tell the committee the reason for that, please? Is it because net profit after tax this year will be negative as a consequence of equity markets?

Mr HOLDING — I might let the secretary of the department answer that question.

Mr HEHIR — The answer to the final question is no. The movement to change the policy actually was more in response to what was happening in terms of the up cycle of the equity market rather than the downturn. What we were concerned about with how the dividend policy was operating was that it was not focused on the core underlying business of the Transport Accident Commission but was being too influenced by balance sheet movements through equity markets. The policy change was basically to ensure that when we were looking at taxation policy the underlying profitability we were looking at was the operational side of things rather than the performance of equity markets. From a state point of view the way you deal with the performance of the equity market side can more efficiently be dealt with from the level of equity funding that you put into the Transport Accident Commission. That relates more to dividend policy and the equity base necessary for the operation of the entity.

Does that impact fundamentally on the bottom line? Probably not a great deal, because that will be determined by the equity base that the states sees as important for its bodies to operate under. But does it give a better signal as to what the operating performance of the entity is by putting the tax onto the operating performance? It seems to be a better framework for it.

Mr RICH-PHILLIPS — It is the case, though, that this year taking the dividend as 35 per cent of PFIO will yield a bigger return to the Treasury than taking 50 per cent of NPAT?

Mr HEHIR — When the equity markets go down, it has an advantage on that side. When equity markets go up, it has a disadvantage from that perspective. In the longer run you would expect that the policy would have in aggregate a lower level of ITEs and a higher level of dividends flowing from it.

Mr RICH-PHILLIPS — This policy will be continued? It will be an ongoing practice?

Mr HEHIR — I am not aware of any proposal to review the policy again in the short to medium term.

Mr RICH-PHILLIPS — Will it extend to the VWA?

Mr HEHIR — The VWA does not pay dividends.

Mr TWEEDLY — There are no dividends payable by VWA.

Mr HEHIR — The interaction of the two things is quite different there.

Mr NOONAN — Minister, I want to ask a question about the government's commitment to conduct a review of the Financial Management Act and associated legislation. In particular I wonder whether you can provide some information about what this will mean in terms of financial management practice across Victoria.

Mr HOLDING — Thanks very much for the question, and I alluded to this in the earlier answer to the question that Mr Scott asked about the technical accounting changes that we have put in place. You would be aware that since coming to office the government has had a very strong commitment to having public accounts, and the presentation of public finance information that is transparent, accessible and understandable to the community. In that spirit we have put in place a whole range of reforms which have sought to restore the powers and enhance the independence of the Auditor-General; one of the first things we did when we came to office. We have provided additional powers to the Auditor-General to conduct a review of the financial fundamentals of the state budget. We have put in place the early implementation of the AIFRS arrangements which I mentioned earlier. We have even had additional principles around sound financial management incorporated in legislation, publication of the mid-year report, quarterly financial reports, the budget update and the pre-election budget update, as well as putting a lot of information on the internet. We recognise there is more work to be done, and that is why we have — —

Mr RICH-PHILLIPS — More work to be done?

Mr HOLDING — There is always more to be done. That is why we have put in place a review mechanism involving Roger Hallam, as I mentioned earlier, to review the current public finance legislation and look at ways that it can be improved. Mr Noonan's question asked specifically what issues that review is looking at. Really one of the key challenges we are looking at through that process is managing the balance between enhancing the accountability and transparency around the management of the state's finances, and ensuring the effective and efficient operation of government. There are often trade-offs with these issues, and you need to ensure that the trade-offs are reasonable and proportionate. We want to make the financial reports and the budget easier to read, but at the same time we have to reflect on the quantity of information that is provided. We want to make sure that we balance the information needs of the executive government with the information needs of the Parliament. A lot of this information is prepared particularly for Parliament, and we need to reflect on the appropriateness of a lot of that information and the way in which it is presented.

We also need to reflect on whether or not there can also be some legislative consolidation. In that context we are looking at the Borrowing and Investment Powers Act, the Monetary Units Act, the Public Authorities (Dividends) Act and a range of different pieces of legislation developed at different times and amended over a long period of time. We are reflecting on whether or not updating or consolidating this legislation could result in legislation which is easier to use, easier to understand and more accessible. I know the committee is interested in this work and the outcome of it. In fact I think you have an inquiry or are proposing an inquiry in this area. We certainly welcome that, and we look forward to building on the interaction that already exists in that project.

The CHAIR — Thank you, Minister. As you know, I have written to you in regard to the inquiry this committee is undertaking relating to the Financial Management Act. We have had some assistance from the Department of Treasury and Finance, and we look forward to that working together continuing. I hope also that we can get a briefing in terms of the current status later on this month. It would be very valuable to the committee. I am looking forward to the process as it goes forward in terms of two heads being better than one, and hopefully we can make a contribution to this as well from the Parliament's side.

Mr BARBER — Minister, I would like to ask about the ESC's price determination in relation to metropolitan water. What is the status of that determination? There was a government policy announcement on that which kind of interposed that process. What are we expecting in terms of the price of water and the mix between the fixed and variable components of that determination?

The CHAIR — Okay, in so far as it relates to — I am not too sure how it relates to the estimates in terms of the Essential Services Commission.

Mr BARBER — You will find it on page 259 of BP3.

The CHAIR — Give it in terms of an output in regard to the Essential Services Commission, Minister.

Mr HOLDING — I am certainly happy to answer the question. The only point I would make is that I am really answering as water minister in relation to that because otherwise I will get asked questions on every aspect of every ESC inquiry, and as I said in my presentation I am not really in a position to answer on behalf of other portfolio ministers, but I am the water minister so I am happy to have a crack at it.

There are a couple of processes in place in relation to metropolitan water policy. In August last year in response to water charge or water cost policy proposals that were put forward by our metropolitan retail water authorities, the government put in place a VCEC inquiry. The VCEC inquiry arose out of our concern that the price increases proposed by the metropolitan water retailers were in excess of those that we believed were reasonable, and we asked VCEC to assess whether there were institutional or organisational impediments within metropolitan water retailing in Victoria in the Melbourne area which justified or compelled the water authorities to respond with the pricing proposals that they did. VCEC provided advice to government in the form of a report, the government released the draft report and there has been a process of public comment connected with that — public submissions and public comment. The final report has been delivered to government now and the government response is due shortly, and that goes to the question of the appropriateness or otherwise of the pricing proposals over a five-year period in terms of the institutional framework of the water retailers themselves.

In the interim the government proposed a 14.8 per cent price increase for the Melbourne metropolitan area for the 12-month pricing period 2008–2009 and the ESC has provided advice on the appropriateness of that, and the advice is still in the process of being finalised, essentially, and is taking into account additional information that has come to mind, particularly changes in the cost of capital arrangements with recent interest rate changes that would affect that policy framework. So the government is collecting all of that advice and it will be in a position to respond both to the VCEC and that interim ESC inquiry. What we have said overall is not only do we believe that price increases in the next 12 months of 14.8 per cent are reasonable and sustainable, we have also said that prices will double but need not more than double over the future pricing period. It is within that framework that the ESC's work on metropolitan retail prices has been conducted and it is within that framework that the VCEC inquiry has also carried out its work. So what we have said to people is we have some major water augmentations in Melbourne. Unlike in regional Victoria where there are large taxpayer contributions subsidising parts of the costs of those augmentations, in Melbourne the full cost will be met by Melbourne water users and therefore it is reasonable for people to expect that their bills will increase, and will increase substantially. We have said that. They will double but they need not more than double over the pricing period.

You asked also from recollection about the difference between volumetric and fixed charges. The ESC has done some work in that area and looked at the tariff structure that is in place for metropolitan water users, and reflected on some submissions that have been made by water retailers that would see some changes to the volumetric versus fixed component of water billing as well some changes to the stepped tariff that we have in place, and that advice will be incorporated in the final decision that is made about water prices.

Mr BARBER — So when I see on page 259 that there will be 23 price determinations made in the financial year we are in and none in 08–09, does that mean we can expect this ESC price determination to be completed by 30 June this year? That is at page 259 of the budget paper.

Mr HOLDING — I think that is right. I will come back to the committee if that is incorrect.

Mr BARBER — Next month.

Mr PAKULA — Minister, on your slide presentation you went through the cuts in WorkCover premiums over the last number of years including the further 5 per cent reduction over the next 12 months. For the benefit of the committee can you just take us through the performance of the WorkCover scheme over the last year, how that has impacted on employers and what the outlook is going forward?

Mr HOLDING — Yes, thanks very much for that question. It really goes to this slide which describes what is now five successive cuts in WorkCover premiums, four of 10 per cent and one of 5 per cent. So when this set of activities commenced in 03–04, average workplace injury insurance premium rates in Victoria were 2.22 per cent. As a consequence of the 5 per cent cut that occurs in the 08–09 budget, average workplace insurance premium rates will be 1.387 per cent, making them the lowest that they have been in the state's history and the second lowest

anywhere in Australia. This is a good outcome for employers. It reduces the cost of doing business in Victoria and it has therefore the effect of promoting further employment.

The latest cut will deliver new savings in the order of \$88 million in 08–09 and this means that by 1 July 2009 — so when the benefit of the full five-year cuts have cut in — Victorian employers will have saved over \$2 billion over that five-year period from successive premium cuts. I would say that the most recent reduction in Victoria's average premium rate means that premiums are now more than 27 per cent less than in New South Wales and more than 50 per cent less than in South Australia, which is also a great outcome. I guess what I would emphasise is that all of these things have occurred at the same time that we have been improving benefits to injured workers. We have had two very large benefit improvement packages which have improved impairment benefits; they have extended weekly benefits; they have restored access to common law for injured workers; and most recently the Premier announced only a week or so ago the introduction of provisional damages for those who are the victims of asbestos-related illnesses. All of these things combined show a WorkCover scheme in good shape with low premiums that are lower than the premiums in most other states in Australia, They are the lowest they have been in Victorian history. It is a scheme that is in a good financial position, and a scheme where the incidence of injury and illness is decreasing and the rate of injury and illness is decreasing also. So that is a great outcome, a great social dividend as well as an economic dividend to provide to all Victorians.

Mr RICH-PHILLIPS — Minister, can I ask you about superannuation liabilities? The budget papers note that at 30 June this year the expected increase in the liability is 2.8 billion, predominantly due to equity markets. Can you, firstly, tell the committee if the plans are on track to achieve that outcome — i.e., has there been any further deterioration since the budget was prepared? And with respect to the increase in the liability for 08-09, which is roughly \$200 million, does that relate to equity movements or a reassessment of the total obligation?

Mr HOLDING — Two hundred million dollars?

Mr RICH-PHILLIPS — Roughly \$200 million over 08–09, going from 12.9 up to 13.1.

Mr HOLDING — Sorry, which page?

The CHAIR — Budget paper 2 at page 55, is that correct?

Mr RICH-PHILLIPS — Or budget paper 4, page 12.

Mr HOLDING — Just while we find the references, I will say a few things in relation to our superannuation liabilities. As you know, the state does hold a very significant investment asset base. It is an asset base of around \$35 billion, and at the same time offset against that we have significant liabilities of around \$47 billion, and the difference between the two is overwhelmingly the result of as yet unfunded superannuation liabilities, and you will be aware of the government's proposal to repay those unfunded superannuation liabilities or put aside the resources to meet those superannuation liabilities over what is quite a long period of time.

The assets are managed by the Victorian Funds Management Corporation on behalf of a range of different government entities, particularly the ones that I am responsible for — WorkCover, the TAC, the ESSS and the Victorian Managed Insurance Authority — and it is the case that obviously the returns on these assets are reflected in the returns that exist across those asset classes in equity markets. So we expect, for example, for our superannuation funds to get, on average, an annual return of about 8 per cent. In some instances in recent years we have significantly exceeded that, with returns of around 12 per cent-plus, but in a year like the last year, particularly the last six-month period, returns on investment have not been anything like that and of course that results in an adjustment to reflect that return on investment. Overall the average return over the last five years has well and truly exceeded that 8 per cent forecast that we expect to get — in fact easily exceeded it. What was the last part of the question?

Mr RICH-PHILLIPS — It related to the increase from 08–09, from the \$12.939 billion of net liabilities to \$13.067 million, and the question was: is that expected to be due to an increase in the obligation or due to a further decline in plan assets?

Mr HOLDING — We will take it on notice in relation to the specifics.

The CHAIR — It is on page 12 of BP4, but you will also find it in note 7 which is on page 45 to 47, particularly the table on page 47 which includes the ESSS and other funds.

Mr RICH-PHILLIPS — The substantive part of the question was: do you expect the forecast of \$12.939 billion as at 30 June to have further deteriorated since the budget was framed? Has there been further deterioration in plan assets?

Mr HEHIR — I do not think so. I am trying to think. The markets all went up and went down again. It has gone down in the last week and had been up for the month before that, and the shut-off date for the numbers in the budget is about three weeks before the budget came down, so it was early-mid April.

Mr HOLDING — I guess what I would say is that we are required to publish obviously the budget itself, and then the regular updates that are required as part of our financial reporting obligations. We try not to speculate between those periods as to what movements are because otherwise we could have a website and we could track it daily and it would be very exciting, but I do not think it would provide a great deal of additional transparency to Victorians around how we are actually performing. We prefer to acquit in accordance with our financial reporting obligations, and that is what we do.

The CHAIR — Thank you, Minister. I should also thank the government for responding to our recent inquiry and report on the parliamentary superannuation fund. I think you accepted one of our recommendations, and largely in principle the other, but you are doing some further work and I look forward to some further advice in regard to that other recommendation.

Mr RICH-PHILLIPS — Enough said.

The CHAIR — Minister, regarding health and safety performance, which as you probably know I have an abiding interest in myself, I am looking forward to further initiatives in the coming year and beyond in terms of getting improvements in workplace health and safety. I am wondering if you could advise us of what plans you have to continue to improve workplace health and safety.

Mr HOLDING — There are a number of initiatives in this area. I touched on the Work Health initiative in my presentation. I will not detail that any more unless other committee members want to explore it further, but in relation to workplace safety more generally, I would say we obviously have our regular community awareness campaigns, and one of our most successful ever workplace safety campaigns is one that is still running. It has received awards, it is running in other states, and in fact it has been copied verbatim — if that is the right word — to use in some other jurisdictions. It is our Homecomings campaign. You will have seen the advertisements on television, in particular, but also on billboards and in other places. It is basically aimed at saying to people in the workforce, ‘Think about what workplace safety can mean to you, the importance of getting home safely to your family’. That theme in the campaign, I think, has been very well received. You would have seen one of the ads that was created, the school play ad, which is the young girl in the school play waiting to see whether her dad shows up.

Mr BARBER — Soundtrack by Dido.

Mr HOLDING — It is indeed, that is right. It is a great ad. I guess it is reminding people, particularly those with families, of the importance of workplace safety and why getting home safely each day is so important to their family members as well.

The work of the inspectorate is continuing, and that is complemented by the marketing and communications campaigns. We have campaigns being developed around the importance of WorkSafe’s role as an enforcement agency for workplace safety, as well as campaigns around the occupational health and safety experience and needs of young people in particular. We have our WorkSafe campaigns, the talking safety and return to work campaigns, which, firstly, encourage discussion in the workplace around hazards and other safety issues, but there is also the return to work campaign, which is obviously built around ensuring that the right attitudes and practices exist in workplaces and amongst injured workers around returning to work.

We have sponsorship campaigns. WorkSafe is a sponsor of the Victorian Country Football League and the netball league, and I think that branding is particularly powerful in the regional context. WorkSafe is the premier partner of the Western Bulldogs Football Club. We have our road shows that WorkSafe runs throughout Victoria — 22 sessions in 15 locations around the state. They are taking place as we meet right now as a committee. The sessions

are provided not only in metropolitan Melbourne but also in places like Bendigo, Geelong, Mildura, Traralgon and Wangaratta, and they are very well received; more than 35 000 people attended those sessions in 2007.

I think the proof is in the reduction in the injury rate. We are getting the message across. It is a cooperative and constructive message. In the past WorkSafe inspectors visiting sites were often constrained in terms of the advice they could provide. Those constraints have now been removed by our legislative changes, and I think that further develops and strengthens the cooperative culture that exists in workplaces.

The CHAIR — Thank you, Minister. My understanding is that the response to the WorkCover inspectors, et cetera, has been very positive and improved dramatically in the last four or five years.

Mr RICH-PHILLIPS — I would like to ask about Project Rosetta, which the Minister for Information and Communication Technology helpfully says is entirely your responsibility.

The CHAIR — It is now the minister's responsibility.

Mr RICH-PHILLIPS — Correct. The Auditor-General, as you would be aware, produced a report last week, indicating that the recurrent cost of the project for MMV had been 107 per cent over budget; it cost an additional \$3 million. What I would like to ask you is: what is the recurrent cost of that project included in the forward estimates in view of the substantial cost increase as reported by the Auditor-General?

Mr HOLDING — While Grant finds the recurrent cost, I am happy to provide some information as committee members know, it is a project that is delivering a tool, or a new set of tools, around electronic directories and other devices to Victorian government departments. What do you mean by the recurrent cost — the cost of running the system?

Mr RICH-PHILLIPS — Yes, the government had budgeted 700 000 a year for the first four years. That was 107 per cent short, so what have you revised the budget to going forward?

Mr HOLDING — My understanding is that the total cost of the project — and this is the finding of the Auditor-General that I am referring to now — is \$19.8 million.

Mr RICH-PHILLIPS — That was the total.

Mr HOLDING — That is the Auditor-General's acquittal of the final cost of the project. The original approved funding for the project was something in the order of 16.7 million. The final cost was 19.8. That is what the Auditor-General's report actually found. It was only a couple of weeks ago, or a week or so ago, that it was tabled.

Mr RICH-PHILLIPS — The AG said — —

The CHAIR — Are you asking about unit cost?

Mr RICH-PHILLIPS — Yes. On page 9 he said the capital cost was 13.2, and then there was an operating budget of 2.8, being 700 000 a year for four years, and that the cost overrun was on the operating budget, not the capital budget. I am now asking: what is the operating budget going forward, assuming it still needs an operating budget?

Mr HOLDING — I might ask Grant to elaborate.

The CHAIR — The secretary; otherwise we can take it on notice.

Mr HEHIR — We can have a look at it, but the operating cost is not just about operating the system going forward. When we do a budget for something like this you have got what is classified as the capital expenditure and the operating expenditure — the staff, et cetera, that are used in undertaking the project. My understanding is that what the Auditor-General was saying was that the increase in the cost of the project had occurred not in the capital side, which came in on budget, but that in undertaking the delivery of the project over its life the cost had been higher for the operating side of it. I am not certain that means that it is ongoing. We will take it on notice, but I am not certain that actually means there has been a significant increase in the ongoing operational costs of it. It has actually already incurred costs.

Mr RICH-PHILLIPS — So your understanding is the operating costs during the capital phase rather than — —

Mr HEHIR — During the development and implementation phase. That is my understanding, but we can take it on notice and come back to you on that.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — Getting the clarification of that would be good, thank you.

Mr SCOTT — Minister, my question is regarding asbestos. I note the government's recent commitment to introducing a scheme to compensate sufferers of asbestosis. What will this now mean for members of the Victorian community who have sustained injury as a result of their exposure to asbestos — over the budget period?

Mr HOLDING — I thank Mr Scott for his question. It is something that I have touched on already, but this is a very important policy announcement by the state government. The reason why it is important is, as you would know with damages at common law, essentially what is required is a once-and-for-all payment based on the legal principle of finality. This is very risky for a person who has an illness or a condition that is likely to evolve over the time following the period in which the court makes an order about what the compensation will be or what the damages will be arising from that injury.

In the case of asbestos-related illnesses the issues are particularly acute, because in a small number of cases for those people who have asbestosis, they will go on to develop mesothelioma. In those cases that condition is almost invariably fatal, but the original compensation provided for the victim of asbestosis may not have reflected the full impact of that condition and that further complication.

The additional problem was that some sufferers of asbestos-related illnesses were delaying making claims based on quite prudent legal advice, which was basically saying, 'Wait until you see what the full condition is and get compensation for the full development of the condition'. We felt that it was very unfair to put workers in that situation where they were forced to basically wait and see what happened with their condition and often make a last-minute legal claim at the time when they were dying, basically, in order to get the best compensation package for themselves. So the Government has indicated that we will amend the way in which this scheme operates. We will legislate to provide for the capacity for damages for asbestosis not to preclude the capacity to come back later on and make a claim for mesothelioma, if that is the condition that ultimately develops. Obviously in doing that it is important that we discount from the final payment any payments that have been provisionally made for the asbestos-related condition. Our scheme will do that, but in the meantime we think that the case made for these injured workers to provide compensation and support for them that is appropriate to the actual condition that they suffer from is overwhelming.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Just to follow up on the asbestos fund, will the government fund it as opposed to raiding VWA?

Mr HOLDING — No. In fact some of the funding will obviously come from VWA and VMIA activities. In fact the VMIA already meets the majority of the government's asbestos-related compensation at the moment. The pre-1985 issues are administered by the VMIA at the moment and that will continue. They will manage that, and they will manage the estimated actuarial liability that arises as a consequence of this decision.

Mr RICH-PHILLIPS — How will that be apportioned to the VWA?

Mr HOLDING — That work is still being concluded, but obviously the work needs to identify which category of sufferer the person is — that is, from where did they develop their condition. There are a number of different streams in the asbestos-related illness area. Some are as a consequence of original government-owned entities that have been subsequently privatised or the arrangements for them have changed. There are a small number that are essentially private organisations — private businesses — covered by the predecessors to WorkCover-style systems and to private insurance, and the question as to who meets the liability will be determined by what stream the person is in.

Mr RICH-PHILLIPS — Can you give an assurance that non-asbestos-related employers will not be covering this cost?

Mr HOLDING — The liability will be met in the same way that other liabilities that are discharged by the Victorian WorkCover Authority are discharged. I can give that assurance.

Mr NOONAN — Minister, I did want to ask about the WorkHealth scheme, because it is a significant investment of \$218 million over five years, which is outlined on page 19 of budget paper 3. I note from your presentation that the WorkHealth scheme is a world first. I wonder whether or not you might just advise the committee what this might ultimately mean for Victorian workers over the five-year period.

Mr HOLDING — I thank Mr Noonan for his question. This is a very important issue. All of us know that diabetes and other chronic diseases, like cancers and heart disease, cost our health system a huge amount every year. They also cost industry in the form of lost productivity — in fact the impact on industry is something in the order of \$450 million per annum. We know that over 50 per cent of workers compensation claims in Victoria relate to muscular and skeletal disorders, and the incidence of these injuries and the capacity for workers to recover from them is particularly exacerbated by poor nutrition and low physical activity. It is with this in mind that the WorkHealth initiative was developed. I know that the Transport Workers Union have been strong advocates of these sorts of workplace-based preventive health programs in the past, and we recognise that and thank them for it.

We recognise that if we are to address these issues in a workplace context we need to provide support for employers to be able to do so, not only for those large employers who already have the capacity to provide these sorts of programs — and some already are, and we are looking at a dollar-for-dollar-type grant program to support some of those large employers — but also it is particularly problematic for smaller employers and smaller workplaces particularly in regional and remote areas. That is why the delivery of the WorkHealth initiatives around screening-type tests, which then provide referrals to general practitioners for those targeted as at risk to provide further advice, is a very important part of the program. I am happy to stop there, but I can keep going.

Mr RICH-PHILLIPS — I know everyone is keen to go on to water, so I have a quick question for the minister. Twelve months ago you announced a six-month review of the use of the Old Treasury building. Can you tell the committee what the outcome of that review has been and what the budgetary impacts of that review are, please?

Mr HOLDING — The review has been concluded, it has been provided to government and government is now using this as the basis for making final decisions in relation to the old Treasury Place building. You would be aware that at the moment the old Treasury Place building provides a number of different functions. It is the site of the City Museum on the ground floor. Also on the ground floor is the civil registry office. There is also some accommodation provided, firstly to the Big Group on a lease basis, which uses it for a series of activities and functions which can be held there on a quasi-commercial basis.

It is used by Leadership Victoria, the Williamson Foundation — they lease some of the space from government also. It is also used by former premiers — there is a small amount of office space provided to former premiers. There may be some other ancillary uses which I have neglected to mention. That advice has been provided to government in the form of that report, and we will be making a decision about the most appropriate collective use for that building in the near future.

Mr RICH-PHILLIPS — This year?

Mr HOLDING — This financial year or this calendar year?

Mr RICH-PHILLIPS — This calendar year.

Mr HOLDING — We will certainly have determined the issues arising out of the report this calendar year.

The CHAIR — Thank you, Minister, and I thank Grant Hehir, Paul O'Connor and Greg Tweedly for their attendance.

Witnesses withdrew.