

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 21 May 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
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt

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Witnesses Aboriginal Affairs and Local Government portfolios

Mr R. Wynne, Minister for Aboriginal Affairs, and Minister for Local Government,
Mr Y. Blacher, Secretary, and
Mr S. Gregory, Chief Finance Officer, Corporate Finance.

Witnesses Aboriginal Affairs

Ms A. Jurjevic, Executive Director, Aboriginal Affairs Victoria,

Witnesses Local Government

Ms P. Digby, Acting Deputy Secretary, Planning and Local Government, and
Mr C. Morrison, Acting Director, Governance and Legislation and Local Government Programs,
Department of Planning and Community Development.

The CHAIR — On behalf of the committee I welcome to the table Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development; Ms Angela Jurjevic, Executive Director, Aboriginal Affairs Victoria; Mr Stephen Gregory, Chief Financial Officer; and Mr Morrison, Acting Director, Governance and Legislation and Local Government programs, all from the DPCD. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information on the Aboriginal Affairs portfolio.

Mr WYNNE — Thanks very much, Chair. Joining me is the director of Aboriginal Affairs Victoria, Angela Jurjevic; Yehudi Blacher, the secretary, and Stephen will deal with any more complex financial matters. We have got a presentation for you to have a look at. If we can, Angela will hand those around. I wanted to firstly say, Chair, that this is the first opportunity I have had to present to you as Minister for Aboriginal Affairs. I was delighted to have the opportunity, provided by the Premier, to take up the Aboriginal Affairs portfolio, and although my previous experience with Aboriginal Affairs had been as parliamentary secretary to the Attorney-General in our first term of government, when we were putting together the very successful structure for the Aboriginal justice agreements, it was particularly pleasing to be provided with this opportunity to work with the Aboriginal community.

The broad message that I wanted to briefly touch upon today was how the government is seeking to tackle the issue of the Aboriginal community in Victoria more generally, and I wanted to indicate to the committee — and it is a much vaunted term, but in fact the government has a whole-of-government response to Aboriginal affairs. We have a Ministerial Taskforce on Aboriginal Affairs, which is chaired by the Deputy Premier, Rob Hulls. I think it is very appropriate that the Deputy Premier, a person with a very keen interest in social policy and social justice outcomes, is the chair of the committee.

Other committee members are Jacinta Allan, Minister for Skills and Workforce Participation; Maxine Morand, Minister for Children and Early Childhood Development; Tim Holding, Minister for Finance, WorkCover and the Transport Accident Commission; Bronwyn Pike, Minister for Education; Lisa Neville, Minister for Community Services; and obviously me, as Minister for Aboriginal Affairs.

Underneath the ministerial task force is a secretaries group, of which Yehudi Blacher is a member, but indeed secretaries of all departments across government are involved in a coordinated way in the Ministerial Taskforce on Aboriginal Affairs; that is the important link between the political arm and the bureaucracy to implement the outcomes of the task force's work. The broader framework is the Victorian Indigenous affairs framework, which would be well known to members of the committee, which is a long-term strategy about overcoming the fundamental disadvantage experienced by the Aboriginal community.

We all know of the really appalling health outcomes for Aboriginal people in this state, where the average age of an Aboriginal person is 17 years less than for a non-Indigenous person, and we want to, through that ministerial task force and the key policy and strategic objectives of the Aboriginal Affairs framework, really work in a very systematic way to seek to make a difference in the lives of Aboriginal people.

On page 2 of the document there you will see the key outcomes that we are seeking to achieve: improve maternal health and early childhood health; literacy and numeracy — we know that if an Aboriginal young person is maintained in education to year 12 completion or the equivalent, their pathways going forward are infinitely improved. Preventing family violence and improving justice outcomes are self-evident — we know that Aboriginal people are incarcerated somewhere in the order of 14 times more than non-Indigenous people and their interactions with the criminal justice system often have a very negative outcome for them, so the sorts of initiatives that the Attorney-General has implemented — things like the Koori Court, alternative dispute resolution mechanisms — which try to divert people away from the criminal justice system, are obvious ones that we would all be seeking to support.

Building indigenous capacity in Aboriginal communities is in our view an absolutely fundamental thing and one with which the government is very committed to trying to support Aboriginal people both in their interactions with government and also within their own communities as well. Finally, Chair, the outcomes for Aboriginal people must be inextricably linked to land. The association between Aboriginal people and their land, what can be done on their land, who speaks for the land, who speaks for country, improved economic development outcomes for Aboriginal people would be self-evident, but again they are issues that we are trying to tackle in a systemic way. What underpins that of course are the achievements in 2007–08. All of those are pretty self-evident I think on the

third slide, 'Achievements in 2007–08'. And in the fourth slide we indicate what is our forward program for 2008–09. I will be happy to elaborate on any of those matters through question time.

That was very harsh, Chair; it was my first go at it.

The CHAIR — That is all right; we have only got 5 minutes, otherwise my colleagues would say, 'We've got 25 minutes for questions'. I note that in terms of your outputs and outcomes on page 194 — I know they are departmentally specific, but they do not really relate a whole lot to the strategic areas for action. Maybe that is something to look at.

Ms MUNT — Minister, can I refer you to page 292 of budget paper 3 and the initiatives listed there under 'Improving the Lives of Indigenous Victorians'. Can I ask you to please comment on why there is no reference in that list to funding for the stolen generations, and also what the government is doing to address the circumstances of the stolen generation, and what support was provided for the national apology?

Mr WYNNE — I had the honour of being able to go to Canberra to represent us at what was an extraordinary and historic day — the national apology to the Aboriginal people by Kevin Rudd, which was at the start of their term of government. It was an extraordinary day because we actually went there with a whole group of stolen generation Victorians. We assisted a whole group of I think in the order of 70 to 80 people, I am advised by Angela.

They went up to be part of the apology. As I say, I had the opportunity to be there. The night before, they had a function for many of the participants, members of the stolen generations from across Australia. I was a bit reluctant to go to this event, but I was very warmly welcomed not only by our own delegation but more broadly by the groups from across Australia.

There was an incredible sense of anticipation there on the night about how this event would go, and it was just a wonderful opportunity to meet with people. I remember meeting with this really, really old man who had come from way, way outback Western Australia, a tiny little Aboriginal man, very small, very frail — I think he was about 87 years old — and he stood there with tears in his eyes, and he said to me, 'I never thought I'd live to see this day'. That was incredibly powerful, just the sense in which people were saying that the government was prepared to acknowledge that a wrong had happened to them, and that on behalf of the broader body politic, our federal government — our national government — was prepared to say, 'We were wrong; you have been wronged, and we apologise for that, and we build a bridge and we move forward'. It was very powerful.

The next day was extraordinary. After the apology, there was this amazing — as I am sure you heard or saw — eruption of emotion; of grief, of joy, of tears, just this mixture in all of the Aboriginal people around me. It was extraordinary. It was an amazing moment to be there and to be involved with this. I have said before, sometimes when you change a government, you can change the nation, and I think the nation did change that day, and we turned a page. This was very important and very symbolic, and we have moved forward from there.

Just in relation to Stolen Generations Victoria, as you know we established Stolen Generations Victoria with funding of \$5.1 million over four years, and the Victorian group did a mighty job in Canberra. It was very difficult to hold together a group of people who have come with different sets of expectations about what might happen, bringing their grief with them. It was very, very difficult. But they did an absolutely fantastic job, and they are doing a great job here in Melbourne. They are working with the Public Record Office in tracing people's lineage, where people have come from, and on stolen wages. They are working on those sorts of initiatives, but they are doing things around practical reconciliation as well, things around grief, counselling, family support, Sorry Day activities — these are good things — and they are terrific on information and advocacy as well. As anyone who has been around Aboriginal communities and talked to them would know, the damage that has been done is incredibly profound, and Stolen Generations is doing a great job, I think, in helping to repair that. It was a great event and I had the honour of being able to represent us there.

Mr WELLS — Minister, how many staff do you have in your department? What is the staffing? How many are actually Aboriginal?

Mr WYNNE — How many are Aboriginal?

Mr WELLS — No, how many are in your department, and how many are actually Aboriginal?

Mr WYNNE — We have got 87 staff, and about 30 odd.

Mr WELLS — Thirty odd would be Aboriginal?

Mr WYNNE — Yes.

Mr WELLS — I refer to your handout with the prevention of family violence and child abuse, and I think it is about \$24.7 million that you are going to spend on that. How many indigenous rehabilitation centres are being funded and where are they situated?

Mr WYNNE — Indigenous rehabilitation centres?

Mr WELLS — In regards to specific family violence.

Mr WYNNE — Oh, the healing services?

Mr WELLS — Yes, the healing services.

Mr WYNNE — We have four services.

Sorry, could you just ask that question again? You asked it in a slightly convoluted way. Please say it again.

Mr WELLS — We are trying to get the terminology right, I think that is the issue. So the issue is family violence and child abuse, and there is a commitment of funds towards that. Are they the healing services that are directed to reducing family violence and child abuse?

Mr WYNNE — In part, yes, and in part, no. Some of this is around men's behaviour change programs, intensive case management for indigenous men and family violence outreach services. The healing centres have been largely based around dealing with issues around alcohol and obviously the other impact of that being family violence as well.

Mr WELLS — Where are the healing centres?

Mr WYNNE — Have you got the locations of those, Angela? You can answer that.

Ms JURJEVIC — One in East Gippsland at Lakes Entrance, one in northwest Melbourne, that is the Maya living free centre — —

Mr WYNNE — That is in Northcote.

Ms JURJEVIC — There is one being established at Rochester, and there is also another one at — —

Mr WYNNE — One in Ringwood.

Ms JURJEVIC — One in Ringwood, and there are also some time out services.

Mr WELLS — So the fourth healing centre is at Ringwood.

Ms JURJEVIC — It is eastern metro, at Ringwood.

Mr WELLS — So it is Ringwood, Lakes, Rochester and — —

Ms JURJEVIC — Lakes Entrance, Rochester and northwest Melbourne, and Maya in Thornbury.

Mr SCOTT — I refer the minister to page 194 of budget paper 3, and the output measures for Aboriginal affairs, and I ask the minister to comment on what the government is doing to improve the representational arrangements for Aboriginal people in Victoria.

Mr WYNNE — This is an initiative I picked up from Gavin Jennings, who spent a lot of time going around Victoria talking to Aboriginal communities about what they thought would be the most appropriate structure to have a conversation with government, and he developed what we call these local indigenous networks (LINS). He got funding of 10.8 million over four years, which was allocated from January 2006, to really build the

community capacity and a locally-based structure from which Aboriginal people could engage more broadly at a regional level but also a structure in which voices that might not often get heard through the Aboriginal community could be heard by government.

It has been very much a community up type of response. We are on track to have 16 new local indigenous networks (LINs) by the end of June this year, building on the 8; so it is 24 and we have another 16 to go. We are well and truly advanced in that work and I think this is an important initiative by us to build an alternative structure to be able to engage with Aboriginal people. I said 16; I should have said 14 — 14 to go.

If you think about the way that governments tend to talk to Aboriginal communities, we have a plethora of advisory structures. Many leaders in the Aboriginal communities spend half their lives running around talking to government. We think there is a possibility for us to have a further refinement in the way that meaningful and very much community-based engagement with Aboriginal people occurs. If you think about it, we have Aboriginal advisory committees in justice, in health and education. You name any portfolio and we have an Aboriginal advisory committee, and some poor soul has to go off and work their way around all of these structures. I am up for a discussion more broadly within government about how we can get a good structure in place which is very strongly engaged at the community level and actually refines down the consultative processes.

It begs the question of course of how the commonwealth in the future seeks to engage with Aboriginal communities in the light of there not being an ATSIC any longer. We will continue discussions with Jenny Macklin about how we are seeking to approach it, but the important thing about our LINs is unlike ATSIC they are not funded to provide services. We want them to be inclusive and anybody is encouraged to join and be a part of it. We want our LINs to be supported to achieve really the aspirations of their local communities. It is an important initiative and one that we are on target to achieve the outcomes that we agreed upon. If you do get in place a good community process and a good community voice, inevitably you will get better outcomes going forward for the Aboriginal community. So we think it is a good initiative.

Mr RICH-PHILLIPS — Minister, on the issue of Aboriginal unemployment, your department has acknowledged that Aboriginal unemployment is far higher than broader community unemployment. There is \$2 million going into an Aboriginal youth employment program with this budget. Can you tell the committee how you will select a service provider to roll out that program, and how you will assess the success of that program — i.e., recording the number of Aboriginal people that go into genuine private sector employment post their involvement in a government program.

Mr WYNNE — Your specific question is not within my portfolio area, but I would be very happy to talk to you about the broader employment strategies that we are engaged with. If you think about a place like Shepparton, where there is a very large Aboriginal population there. Rumbalara is a great community Aboriginal organisation there, with great leadership there of people like Paul Briggs who is recognised probably around Australia as being one of the great Aboriginal advocates around the place. I know Dr Sykes knows him well. By any measure they are a group of people having a red-hot go, and we support them. I was up there two Saturdays ago.

All I would say to you is look around the community there. How many Aboriginal kids have a job in Shepparton? The answer is may be a handful, and that is after all the work that has been done — the COAG process, the processes of our own government and the support that has gone in there. So we have to do things differently to achieve outcomes particularly for young people. Some of those, as you know, Mr Rich-Phillips, are about keeping kids in school and keeping them engaged in school. It is an absolutely fundamental, key proposition that we have supported through the Aboriginal framework. If you keep a kid in school to year 12, you have a prospect of holding on to them, getting them into training, getting them into employment and getting them into college, university or whatever. That is fundamental. The second aspect of it is for those kids who have dropped out of the system, how do you get them re-engaged? So you have to get those kids re-engaged as well.

I was up in Wodonga recently talking to one of the Aboriginal co-op's there, and they are having a terrific go at trying to get young kids who are in danger of dropping out of the school system into a bit of trade training, to say 'Hey, listen, come with us. Come and get involved in a bit of pre-apprenticeship training with us around the building industry, plumbing and construction and so forth', trying to hold those kids together, giving them a chance and being mentored by Aboriginal people, giving them the opportunity to say there is another way than basically

going down a destructive path. These sorts of interventions I think are incredibly important and really worth supporting going forward.

From our own point of view, our land and economic development program, which we may want to have some discussion about, is really trying to look at opportunities for strategic investment in Aboriginal-owned and run organisations where there is an opportunity for not only ongoing employment but in fact ongoing business opportunities. I would be happy to talk about that further if you want, because I know time is running out on us.

They are the sorts of interventions that are really going to make a difference, but it goes back to the core framework. And that core framework for young Aboriginal people is to give them the best start in life through the maternal and child health interventions, keep them engaged in school, keep them engaged in school to year 12, give them the opportunities of employment and training outcomes, and that investment is going to succeed over time.

Mr RICH-PHILLIPS — Just quickly, Minister, on page 292 of budget paper 3 there is a list of the whole-of-government Aboriginal programs. Could you just let us know which ones you are responsible for versus other ministers?

Mr WYNNE — We will just quickly scan our way through those and tell you which ones are ours.

The CHAIR — These are the output initiatives which are government-wide.

Mr WYNNE — The indigenous leadership strategy — 0.4, the last one — that is us.

Mr RICH-PHILLIPS — All the rest are other ministers?

Mr WYNNE — Yes.

The CHAIR — Which almost goes back to my original comment, which was that the outputs of your department relate only a very little bit to the strategic areas, which of course are government-wide.

Mr WYNNE — Yes, it is a broader, whole-of-government framework.

The CHAIR — I guess it raises the question: are we handling it right, in terms of looking at outcomes in the way we record them?

Mr WYNNE — We have clearly articulated what the broad frameworks are, and I indicated those earlier, Chair. They are signed onto by all the government ministers; we have the secretaries group engaged in that. As you know, we have to report every year on the outcomes, both the positives and the negatives, to the Parliament. It is a pretty significant discipline upon government.

Local Government Portfolio

The CHAIR — Minister, I call on you to give a brief presentation of no longer than 5 minutes on the more complex financial and performance information in regard to local government.

Mr WYNNE — I have a handout. I will only briefly touch upon this, given we have limited time, except to say it is a big year for local government.

Mr WELLS — What, there is more to be done?

Mr WYNNE — No, council elections, 79 of them, coming up at the end of the year, with four-year terms coming up. We will have hotly contested council elections, we hope, because we are very keen to encourage active democracy.

Mr BARBER — You should pay accordingly, Minister; you will get them hotly contested.

Mr WYNNE — I am very happy to talk about councillor remuneration, no difficulty at all.

The CHAIR — Minister, if you just — —

Mr WYNNE — Chair, I am under severe provocation here.

The CHAIR — I know; just ignore it.

Mr WYNNE — We had a great meeting of pretty much all the mayors and CEOs last week. We came together to talk about strategic directions going forward for local government. That was an excellent meeting, where we signed the Victorian State-Local Government Agreement, an historic agreement which spells out the mutual responsibilities of state and local government, and which is very strongly supported.

All of us are great friends of public libraries. I had the opportunity to attend out in Broadmeadows, in the Premier's electorate, at the Hume Global Learning Village the launch of the Premier's Reading Challenge Book Fund, which is \$6 million over four years. What a great program this is, what a huge success, getting kids to read — it is unbeatable. It is a fantastic outcome that has really taken off. I am sure that any of you who have young kids — or those who are still on the way down that path — would know how they are engaged. It will be a cracker opportunity for young kids to really engage in the imagination of reading.

It is worth pointing out, Chair, that it was only in 2003 that Broadmeadows got a library — it is extraordinary — but it is a fantastic facility and beautifully located. It has everything you could want there — community access and internet. It is a wonderful library with great lending facilities. It is just a sensational place.

We saw another 10 libraries either replaced or newly built at Kyneton, Caroline Springs, Geelong West, Romsey, Craigieburn, Frankston — right across Victoria. The libraries program has \$30 million in recurrent funding in 2007–08 and \$31 million in 08–09. The introduction of wireless internet over two years has \$1 million, which will be really very much welcome, not only by libraries but also by neighbourhood houses. There is a \$1 million program to monitor access by people to the internet services at libraries. That is all good stuff.

On neighbourhood houses, I know everyone is a fan of neighbourhood houses. Last week I was out at the Jika Jika neighbourhood house in Northcote, where we celebrated Neighbourhood House Week. Again, this has been a good record by the government in terms of the increase in support to neighbourhood houses over successive years. Most if not all our neighbourhood houses are receiving a staffing subsidy. There is still a small handful — —

Dr SYKES — There were 30 unfunded; how many are there now?

Mr WYNNE — I will give you the answer to that when I have finished my presentation. It is not 30 unfunded. We funded another 10 in the last round for a small staffing component, but significant capital works and disability access to many of our neighbourhood houses. Going to the point by Cr Barber on councillors' allowances, we have had an independent panel process.

Mr BARBER — Former Cr Barber.

Mr WYNNE — Former Cr Barber.

Mr BARBER — What has led you to councillor?

The CHAIR — I think you have used your 5 minutes up, Minister.

Mr WYNNE — I said former councillor — former Cr Barber, on councillors allowances and the independent panel process we have come up with a good, I think a reasonable set of remuneration packages and supports to councillors, and a better local governance discussion paper, that you are well aware of. That went out for broad community consultation. That goes to dealing with some key questions around clarifying for councillors conflicts of interest, trying to deal with those issues, certainly dealing with issues around disputes between councillors, trying to deal with those at a local level wherever possible, recognising and respecting the autonomy of local government, and where they cannot be dealt with there they will be potentially go to VCAT.

We will have two tranches of legislation going into the Parliament this year. The first will be in the next couple of months, around some electoral reform matters, and the second will be around the good governance aspects. So we will need to put two tranches into the Parliament, and the Parliament will deal with that accordingly. The Best Value Commission has completed its work. That has been now integrated very much into the day-to-day operations of local government. We thank the Best Value Commission for its work there.

We have \$4.7 million for a councils reforming business package, which I spoke about and which I am happy to speak about in detail if we get some time today; and, finally, community planning, which has got to be in my view an integral part of the way that local government conducts its business going forward.

The CHAIR — Thank you, minister.

Mr NOONAN — Minister, it will be worth for the councils' benefit your elaborating on the councils reforming business, the 4.7 million over 2 years — I think you are projecting year 1 this year — and talking about what outcomes are expected through that particular allocation?

Mr WYNNE — This is, I think, a great initiative. It is one we are doing in partnership with the MAV. The first kick-off of it was in relation to affordable housing. We got together \$250 000 from housing and \$250 000 from local government to put together a package of \$500 000 to go out to local councils, to say, 'Let's move past the rhetoric about affordable housing and let's look for opportunities for some practical outcomes in terms of getting land rezoned and getting it back into the marketplace, offering it up to government as affordable housing opportunities'.

We got a terrific number of expressions of interest right across local government. It was quite a tough process. We got six councils involved: Darebin, Manningham, Maribyrnong, Surf Coast, Swan Hill and Wodonga — a broad sweep across metropolitan and regional Victoria. Already many of these councils have identified land that they own themselves, land that they may own in partnership with the state government, or indeed it might be private sector land that they want to see redeveloped to get better outcomes in terms of housing affordability going forward.

The key to this has been getting land rezoned. Once you have got the land rezoned you have moved into really a marketable proposition, whether it is with me as the Minister for Housing, whether it is more broadly with VicUrban, whether it is a joint venture project with the housing association — let us see how they come forward. But I think this is a terrific initiative and one that we will do more of if it is as successful as I think it will be.

The other area that I think is really very important is procurement. I think there are enormous opportunities in terms of unlocking the bulk-buying capacities of local government not only in Victoria but right up the east coast of Australia. If you think about the buying power of local government up the east coast, it is an enormous opportunity to garner the collective buying capacity and to offer real savings back to local governments where they can reinvest those savings back into social or physical infrastructure on behalf of their councils.

We are very keen to pursue that much further with the MAV. Local laws — inconsistency of local laws is a huge bugbear for business. So we are going to do a lot more work in this area, again with local government, to try to straighten out inconsistencies in local laws. This will be, I think, of significant benefit — and also the greater use of shared services. I think they are an important opportunity for us, particularly where you have small, rural

municipalities and a larger council close by. What are the opportunities for shared service outcomes to the benefit of both organisations and indeed the communities they serve? So there is a good agenda going forward, a good amount of money in there, with I think potentially some very good practical outcomes.

The CHAIR — Thank you, Minister.

Mr DALLA-RIVA — Minister, in your presentation to the Public Accounts and Estimates Committee you outline your 2007–08 achievements in that you mention ensuring local government partnerships with the Victorian state-local government agreement signed. You then go on to some of the other achievements — ‘Empowered local residents and communities’ — and that is about community planning.

Mr WYNNE — Yes.

Mr DALLA-RIVA — You then move on to the forward estimates period, for which you have listed seven priorities. I will not read them all out, but two of them bring note to my question. They are: ‘Joined up government’ — that is obviously the continuation of the agreement that I outlined earlier, and the implementation. The other one is, ‘Empowered local residents and communities’, again along the same lines of community planning.

Given that you are an advocate for those particular issues and they are your priorities moving forward, how do you see that local government, now having had its powers stripped in local planning decisions, links up to your priorities into the next period? With that in mind, are there any financial implications in the budget moving forward in relation to the changing of heart, as it were, today from the Premier in relation to stripping the planning powers from local government?

The CHAIR — Insofar as it relates to your portfolio, Minister. It might be directed to the Minister for Planning who is to appear on Friday.

Mr WYNNE — I am very aware of the decision that the government has made in relation to activity centres. I support the decision. I think it is a good decision, because it is one that is about having a partnership between the state and local government.

Mr BARBER — Like when the mafia comes to your restaurant and says, ‘We are your new business partners’?

Ms MUNT — No, not like that at all.

The CHAIR — Minister, you can answer insofar as it relates to your portfolio in terms of the question on community planning and council-state government agreement.

Mr WYNNE — If you look carefully at the decision-making process, councils will be responsible for the development overlays in their principal activity centres. It will be their business; it will be their business to put in place the structure plans. It will be their business to decide what are the community aspirations for those 26 principal activity centres. I want to reiterate, as the Minister for Planning has done, that there will be no diminution of third-party appeal rights.

Once the structure plan is put in place — and there is the whole process around how all that occurs — then, as the applications come through the system for developments to occur within those principal activity centres, you will have a development approval committee (DAC), which is made up of two state government, two local authority representatives and an independent chair to deal with those matters. It strikes me that this is quite a sensible and streamlined way to deal with applications within the broad structure plan that has been resolved by the council.

I have to say, Mr Dalla-Riva, that I do not accept the assumption that you make that it is stripping away rights of communities to have a say. Communities will have absolutely a say in the structure planning process. It is a long and involved structure planning process, as you know very well. The councils will decide on the basis within the structure plan of where third-party appeal rights will be. Through that process it will be the council, and there will be no diminution in the capacity of third-party rights.

Mr DALLA-RIVA — Just as a follow-up — —

The CHAIR — Insofar as it relates to the minister's portfolio.

Mr DALLA-RIVA — It does. Part of these new committees, will they have the responsibility for planning — —

The CHAIR — I think it is actually outside the minister's portfolio.

Mr DALLA-RIVA — I just want to know — —

The CHAIR — Insofar as it relates to his portfolio, I am happy for that.

Mr DALLA-RIVA — He just mentioned it. I want to know if there is any financial impost in terms of the establishment of those committees. If they are not within his portfolio, that is fine.

Mr WYNNE — They are not within my portfolio.

Mr DALLA-RIVA — Thank you very much.

Mr WYNNE — It is a matter for the Minister for Planning. But in broad terms — —

Mr DALLA-RIVA — There is a financial impact, but thank you. We are here for the forward estimates apparently.

The CHAIR — I do not think the minister commented on the financial impact one way or another.

Mr WYNNE — Let us be clear, Mr Dalla-Riva, you have asked me the question. I said it is not within my portfolio responsibility.

Mr DALLA-RIVA — No, I understand that. The Chair is sort of holding me up when I am asking about the cost that is going to be to the government. I do not need to be stepped on, I just want to know whether it was.

The CHAIR — We will ask the planning minister on Friday.

Mr DALLA-RIVA — If we cannot ask about the forward estimates, why are we here?

The CHAIR — We can, but we ask the ministers in respect of their portfolios.

Mr PAKULA — Minister, there has already been some commentary during the hearing about councillors' remuneration. I want to ask about councillors' conduct, particularly bearing in mind page 21 of budget paper 3, the output measures on local government. What is the government doing over the budget period to include local councillor conduct?

Mr WYNNE — As you go around local government and talk to people, the vast majority of local government councillors are professional, conduct themselves in a proper and appropriate fashion — the vast majority. From time to time, you will get circumstances of conflict and inappropriate behaviours. There is a big difference between, in my view, robust debate as we ought to have in a democracy and behaviours that are unacceptable — behaviours of bullying, standing over, that sort of behaviour that is particularly unacceptable. I know in talking to a range of women councillors, they have said this sort of behaviour is not a space that they want to be in and something needs to be done about it.

All of the councils have got in place principles of good governance and behaviours, but it is a difficult situation for a council to govern itself around some of these conflicts. Certainly in developing the good governance paper, we were very cognisant of trying to put together a proposition that would be helpful to local government when you get into these conflictual situations.

Our first priority was to say, 'Right, when you get into a conflict that you cannot actually resolve between yourselves, we will bring in some outside support for you' — that is, some outside mediation, some experienced people who have been involved in the local government sector, drawn from a list agreed by the MAV and the VLGA of people who are good at this sort of work, who can come in and assist the council in trying to resolve these matters and offer suggested outcomes for them, whether it be mediation, some counselling, whatever is required to try to resolve it at the local level.

I hope this is in a very rare number of cases. If that cannot be resolved at the local level, then of course the potential will be there in the legislation which the house will debate an opportunity for this to be elevated to the next level, which will be VCAT. What potentially attends to that is penalties that would be engaged in that, including suspension. People have the right to natural justice and the capacity to be represented and heard through the whole process, but at the end of the day, it is trying to put in place something that is broadly supported by the local government sector.

I would indicate to the committee that thus far, the advice I have received across the sector is people welcome this intervention, they think it is a useful tool to be used and one that hopefully will get passage through the Parliament obviously prior to the elections, which will set in place a framework going forward for local government.

Mr BARBER — I think it will be a lot stronger than the framework that applies to MPs, for example.

On the general subject, then, and it is to do with another matter that you are legislating or hoping to move forward on, that is, the Winky Pop case — I had to be the first guy to say that in *Hansard*! — in terms of this coming budget year, are there any particular activities that your department needs to undertake to clarify matters there; is it a case of providing information out to councils; and will you be able to achieve that, I suppose, before the elections come around, which is quite a crucial period?

Mr WYNNE — For those who are unaware of the Winky Pop decision, this was a decision of Justice Kaye in the Supreme Court on 16 November regarding an application pertaining to an applicant at Hobsons Bay council which reflected on the conflict of interest and natural justice obligations of councillors. It was an interesting decision. In effect Justice Kaye's decision, in lay language, was that the council denied the applicant natural justice in that the councillors were implacably opposed to a particular development proposal and therefore were not even prepared to really hear that there might be an alternative proposition — that, in effect, their minds were closed to any alternative proposition — and that that —

Dr SYKES — That is like the decommissioning of Lake Mokoan — I got it in!

Mr WYNNE — The decision noted that the appropriate test was whether the councillors' views were so demonstrably fixed that they were not open to being dislodged by reason or argument. That is at the core of the decision, and in fact the council's decision was overturned, which is famously now called the Winky Pop decision.

The potential implication of this was that if somebody seeks to stand for local government and they are standing on a particular ticket, hypothetically in opposition to a major development, and subsequently that development comes along and it is dealt with by the council, is that councillor then Winky Popped by that decision, because they are implacably opposed to this development? We have taken advice from the Victorian Government Solicitor in relation to this matter. He is obviously considering the implications of the Winky Pop decision, and if there is any further advice we need to provide to local government about that, we will do so in due course. But it is a most interesting decision.

The CHAIR — So do you provide a lot of assistance, or just a Wee Willie Winkie bit?

Mr PAKULA — Why is it called Winky Pop?

Mr WYNNE — Winky Pop was the applicant. It is Winky Pop Pty Ltd.

The CHAIR — Minister, I have just a couple of quick questions before we wind up. You mentioned neighbourhood houses. Most of us have some in our areas. I know a lot has been done, and you mentioned this in your presentation material. What are you going to do next year and the out years?

Mr WYNNE — I have always looked forward to your support on these matters, Chair. The current funding for 2008–09 is \$19.3 million. That is a huge increase; that is a threefold increase since we came to government. In January, as I indicated, 11 neighbourhood houses were added to the neighbourhood house coordination program to receive growth recurrent funding. That was a good start for them. In 2007, 29 houses received the one-off capacity grants — small amounts of about \$3000 to \$3500 — to continue to provide community based activities. Through our recently released *A Fairer Victoria*, \$17.4 million is available for the improvements to the infrastructure as part of our modernising neighbourhood house program.

These are good initiatives, and we think going forward the neighbourhood house sector is in very good shape. They want more funds to get their staffing levels up from pretty much the base funding received by some of those initial 11 that we brought on. We will continue to advocate, of course, for neighbourhood houses within the broader state budget policy settings, and I look forward to your continued support for neighbourhood houses.

The CHAIR — I am sure you have my continued support and Dr Sykes's continued support.

Dr SYKES — This was a toss-up: whether I ask a question about Lake Mokoan, the Food Bowl Alliance or the impoverished state of a number of country councils. I will go with the country councils one.

Mr WYNNE — Yes, do, that is a good one.

Dr SYKES — Within the context of the budget, there was a recent Auditor-General's report that identified a number of councils of questionable sustainability.

The CHAIR — Three.

Dr SYKES — But there were 21 all up that were at risk. I know that in addition to the Auditor-General identifying that, both the MAV and the VFF have expressed concerns, as have we politically. Locally, for example, at Benalla our rates are going up 8 or 9 per cent each year, and they will go up for five years. That means a 50 or 60 per cent increase in rates, and in our case it is in a community where one-third of the people have household incomes of less than 25 000 and are having difficulty in funding it; and that applies also to Strathbogie, Mansfield et cetera. What have you got in mind to address that untenable situation that confronts a number of councils out there?

Mr WYNNE — It is an excellent question, Dr Sykes. I talked about this in some detail at our local government forum last week, and I hope you got some positive feedback from your councils about that.

The Auditor-General identified three councils — Colac Otway, Central Goldfields and Moorabool. In fact the cabinet was at Central Goldfields yesterday, and we talked with the mayor and councillors and the senior administration there. The total rate budget of Central Goldfields is 5 million. The council in my area, the City of Yarra, would probably get that, and more, in parking fines, I suspect. This is a huge problem.

As you rightly identified, there are 21 councils that have been identified in Victoria that are in some financial strain. The answer to this is we have to change the conversation with the commonwealth government. They are the key funders of local government through financial assistance grants, both tied and untied. As you know, there has been a gradual erosion of financial assistance grants over the last decade or so, from 1 per cent of commonwealth taxable down to 0.6. That means for Victoria alone, \$200 million a year. That is a big amount of money that you could start to be redirecting into the sheer sustainability of those small local councils. If you think about them — the Moorabools, the Colac Otways and some of those small councils up in further north, through the Wimmera and so forth — —

Dr SYKES — You have got Strathbogie, Benalla, Mansfield and Alpine.

Mr WYNNE — Many of them have declining populations. Some of them are going through very harsh economic times with limited capacity to raise rates. You have got to have a different conversation, and that conversation has got to be changing the way that financial assistance grants are allocated to local government. We have got to change, in my view, both the quantum and the formula, because the formula is not picking up the systemic problem of those small local councils.

You cannot be in a situation where you have got a council that is reliant, long term, for survival on more than 50 per cent, sometimes 55 per cent, of its income coming in from commonwealth and states grants, because their capacity to raise funds is just not there from the rates.

Dr SYKES — You would be aware that The Nationals have a policy of using a percentage of the GST to go direct to councils, à la the federal Roads to Recovery funds?

Mr WYNNE — Yes. Of course that is not even going to the question of road funding; that is a whole separate issue of its own.

Dr SYKES — But that would actually be within the state control by some agreement between the state and the commonwealth. Again we get back to the agreement of targeting the 21 most in need. Whatever system you come up with, they need more money otherwise there are going to be serious problems.

Mr WYNNE — Indeed, as you know it is not a Victorian problem alone; it is a national problem. Every state is confronting this sustainability question. You would be aware, I am sure, the announcement that Ken Henry is going to be undertaking significant work in this area around the whole financial assistance arrangements. Of the two areas that they have annexed off, one is the GST. I think there was one other area; I have just forgotten it. Certainly the GST is annexed off from any — —

The CHAIR — There is superannuation for people over 65 or 60 as well.

Mr WYNNE — Superannuation for people over 60, so they are the two areas that are annexed off, so hold no hope for GST.

Dr SYKES — Just send us the money, send us the cheque and we will — —

The CHAIR — You will find that Victoria passes on more than other states do in terms of grants.

Mr WYNNE — I have already raised this in a ministerial council meeting with Anthony Albanese, the federal minister. I said, ‘In this debate we want to be right with you in terms of finding another way of dealing with the sustainability of small councils, because they cannot go on like this’.

Dr SYKES — But you have also got to stop the ongoing cost shifting á la the weed control, where 20 million is coming to DPI and DSE and councils, but the cost of weed control for councils is going to be more than that, so you have got to avoid that continuation of cost shifting as well.

The CHAIR — Are you suggesting amalgamation?

Dr SYKES — I would leave that to this courageous and politically astute government to address those sorts of issues.

The CHAIR — I thought Pat might have given you a bit of advice!

Dr SYKES — No; I will just ask the cashed-up government to look favourably.

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of housing and Aboriginal Affairs and local government. I thank the minister and departmental officers for attending today. The committee has a couple of issues to follow up with you, and maybe some other questions will be forwarded to you in writing at a later date. The committee requests that responses to these matters be done within 30 days. Thank you, Minister.

Mr WYNNE — Thank you very much.

Committee adjourned.