

TRANSCRIPT

STANDING COMMITTEE ON LEGAL AND SOCIAL ISSUES

Subcommittee

Inquiry into machinery of government changes

Melbourne — 16 March 21016

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Ms Carolyn Jackson, Executive Director, Finance and Planning, Department of Environment, Land, Water and Planning.

The CHAIR — I would now like to welcome Mr Adam Fennessy, the Secretary of the Department of Environment, Land, Water and Planning; and Ms Carolyn Jackson and Ms Kathryn Anderson from the department as well.

Before I invite you to make some opening statements, I will just caution that all evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders. Therefore you are protected against any action for what you say here today, but any comments made outside the hearing are not afforded such privilege. Today's evidence is being recorded. You will be provided with a proof version of the transcript within the next week, and transcripts will ultimately be made public and posted on the committee's website.

We have allowed 45 minutes for our session this morning. I invite you to make some opening remarks, and then after that the committee will have questions. Thanks again for being with us.

Visual presentation.

Mr FENNESSY — Thank you very much, Chair and members. It is good to be back, discussing machinery of government changes. With my introductory slides I will go through them pretty quickly. There is one slide I will focus on, which is about some very recent changes in the department, but this gives you a sense of some of the broader benefits that we hope to realise around machinery of government.

The first slide is our very simple approach to the purpose — about supporting livability, sustainable communities — and goes to that natural and built environments space, which was the underpinning of the new department being brought together. Because we are a very distributed organisation — we have got about 101 offices and depots across the state — we are very focused this year and last year on community: how do we use our broad networks to really engage as close as possible to community, and how we get there is through focusing our culture as an organisation and thinking always about the community when we are doing our work.

That is how we talk about ourselves in our organisation. In terms of the overview of our business, you can see a lot of detail there. I am not going to go through that, but that shows we have a strategic framework on one page. At the top is the whole-of-state-government outcomes: a stronger, fairer, better Victoria; and people, jobs and growth. We consider that to be our overall priority. Then after that comes in the livable, inclusive communities and the natural and built environments. Down the bottom in the green horizontal boxes is how we work as an organisation, with our focus on delivery, culture and leadership, and also partnerships with local communities. You can see there is a strong focus in our values on things like service excellence, wellbeing and safety, particularly because as you will be familiar we have got a broad range of fire and emergency management responsibilities across the state. That is the overview.

The next slide just shows our reflection after a year and a bit — a year as a department — very much: how do we always put the community in the centre of what we do? Again that is very detailed, so I am not going through all the wording, but you can see that middle circle says 'Community'. One of the opportunities we have in DELWP — Department of Environment, Land, Water and Planning — is the local government interface. I know you were discussing with Mr Richard Bolt about the importance of local government. Because that is in our portfolio, that is the most immediate democratic layer of government right there with the community, so there are huge opportunities to having local government responsibilities within our portfolio. That is the operating model.

Our service delivery structure — this is the one slide I will spend a little bit more detail on, but I will only spend as much time as you are interested in terms of your questions. We had a new structure that came into effect just last Monday, particularly around the first two dot points: forest, fire and regions; and environment and climate change. This did not relate to machinery of government; this related to our planned burning program. We had an escaped planned burn towards the end of last year in the Lancefield community. As a result of that planned burn we had an independent review of our organisation and our planned burning program, and that independent reviewer, Murray Carter from WA, suggested we align our regional service delivery with our fire planning and management. They were in separate parts of our organisation, from two different departments. So going two MOGs back to DSE — Department of Sustainability and Environment — we had a fire group and we had a regional group. About 70 per cent of what the regional group does is burning/fire response — planned burning and emergency management.

To put it simply, we have put the 70 per cent of our regional delivery in and alongside our forests and fire group, and the fire group was previously in with environment and climate change. That is a bit of detail, but I wanted to make that point. The committee quite rightly was asking at our last hearing: are there likely to be any subsequent changes? This was a big change. We initiated that change process in about, I think, November last year when that independent report was delivered to the department, and that is about better service delivery, particularly around our planned burning and emergency response program. You can see the other groups which have not changed since I presented last year, which is our planning group; our water and catchments group; local infrastructure, which includes our local government oversight function; and our corporate services group. Chair, that is the second-last slide. I will just show the last slide.

There are a range of things that we have been doing last year. I will not go into a lot of detail. We have reviewed the Climate Change Act. We have implemented a Fair Go rate system, which includes rate capping, and a new Water Plan. Safer Together, about halfway down, is our new approach to managing bushfire risk. We have launched the Know Your Council website, and we have also been doing a lot of work around the *Plan Melbourne* refresh and reviewing Melbourne's central city built form. That is more to give you a flavour of the broad range of work we are focused on — everything from a whole-of-state climate change response and water planning to very specific planning in and around the city of Melbourne.

Chair, that is a brief overview. I am very happy to put it back to you as Chair and members for questions.

The CHAIR — Thanks very much, Mr Fennessy. Thanks for that introduction and information. That is most helpful. I just want to take you to the costs incurred by the department thus far, noting, as Mr Bolt did, that there is some difference between dates. I take you to the total cost reported to PAEC back in May last year of \$70 000. Then before this committee in July the total costs were \$770 000. You have kindly updated the committee on 10 March of an additional \$452 000 of MOG costs, bringing the total to \$1.223 million. I note you do not anticipate any further costs to be incurred. There are some differences in departments, which I suppose are to be expected. Can you perhaps provide some response to the estimated costs initially, perhaps the growth of those costs and what confidence you have that there will be no further costs?

Mr FENNESSY — As you rightly point out and as we discussed, I think briefly, at the last committee, the very early estimate to PAEC in June last year was \$70 000, and then it was revised in front of this committee to \$770 000. I think we took perhaps a very literal approach for PAEC. We literally looked at the costs incurred at that time that we were aware of. My reflection is that to be helpful at the time we would have anticipated more costs and we perhaps could have at least given estimates. We certainly corrected those costs and added up the direct costs that were more significant than that. Indeed since then we have incurred more costs, many related to information technology transfers, onboarding the planning and local infrastructure functions to our broader IT databases. In particular, Land Victoria is part of our local infrastructure group, and that, in old terms, is the titles office, and the planning group also has very specific IT systems around planning decision-making. So those migration costs were quite specific and were picked up in that additional figure, because the migration of that was quite a task. So that is going to those discrepancies.

I think that most of the costs incurred that we can anticipate have been incurred now in terms of IT, signage and all the other costs we discussed last time. We are not anticipating any more. What I am finding is that the further out we go into 2016, the more we will have normal business costs that are harder to attribute to MOG. For example, we will always be looking at best use of data and information around our property systems or our land information, and, as time moves, we will be looking to make sure that is to a good standard and based on the best IT regardless of where we may have come from as a prior department.

The other point to your question around a more consistent approach, I do think one of my reflections from your interim report is that there is a need for more consistency and transparency. I do not want to steal the thunder of the head of Premier and Cabinet. I know that we have discussed that that is an important reflection for all secretaries, so I am sure that Chris Eccles will give his views on that. But suffice it to say that if each department is approaching this in a very different way, that does not make sense. Where we have a more specific approach, that will, firstly, help departments and, secondly, I think it would help the Parliament and this committee. So I think that is certainly one of our reflections on that need for greater consistency.

The CHAIR — Thank you for your candour, Mr Fennessy, in that response. I just have one other question before going to other members of the committee. In relation to your slide on the changes initiated following the Lancefield fire and the independent review that you referred to, have these parts of your department that you

have identified been through significant change as a result of the change of government? I suppose my question is: is this the second reorganisation that some parts of this department have seen in basically 15 months?

Mr FENNESSY — Mostly no is the answer. The Land, Fire and Environment Group was set up under the previous department and previous government and was very consistent with the model from the department prior to that. To use some acronyms, under DSE, land and fire were in the same group; then under DEPI, they were in the same group; and then in DELWP they are in the same group. Our reflection post the Lancefield fire was that that approach was quite effective. The delivery of planned burning and the numbers of planned burns that escaped were actually quite small. It was about, I think, 0.6 per cent of all planned burns that would escape containment over about the last five years, which goes back beyond the MOG changes. However, there were clear learnings from the Lancefield fire or planned burn escape that we took very seriously, and, as a result of that, we put the fire program next to the regional delivery program.

But the other point to your question is that a Regional Services Group under DEPI also included agriculture from the primary industries part of DEPI, so that did go out of regions into DEDJTR economic development. In a sense there was a change to our regional structure in that some functions went out, but we did not change the rest of the regional group. It is a bit of a complicated machinery-type answer, but the land and fire group and the regional group that delivered on planned burning had not really changed for at least five to six years under two different department structures.

Mr MULINO — Thank you for your evidence, Mr Fennessy. One of the rationales for machinery of government changes is to bring policy areas together where there might be synergies from having related areas under the same organisational umbrella. There are two areas I would be interested in your observations on, and you have covered off in part on this already. One is the relationship between water and climate change and the advantages of bringing those two under the same umbrella. The other, which is a related area, is planning for Melbourne's, and Victoria's rather, future population growth and how that relates to climate change and the environment.

Mr FENNESSY — Thank you, Mr Mulino, for that question. In reflecting on this whole process, there are readily identifiable qualitative changes which I can talk to. The quantified changes of course are a longer term process. But in terms of a couple of examples that I will share, we have done a lot of work — and my slide show referred to them — on the state water plan. The Minister for Water is in fact going to be talking publicly about that today, so that has been the result of a lot of work within the department.

One of the benefits we have found within DELWP is that all of our groups are involved in that water planning process, and indeed our links into other departments across state government are very clear around the water planning process. Within the department the water and catchments group leads on water planning, but there is very strong and close involvement from our planning group because it relates very much to how cities and regional towns are planned in terms of water use, stormwater, drainage and water treatment. The environment and climate change group is very involved because of a lot of the long-term modelling about impacts of temperature and water availability. This modelling has been in and around state government for a long time, but to have it all co-located is very beneficial. We also have very close links into the Environment Protection Authority about water quality issues.

Then the other opportunity within DELWP is local government. Local government works very closely with the 19 water authorities across the state. Local government manages and provides a lot of waste services, including waste and sewerage treatment, and local government has a very specific role with stormwater collection and so on. Within the department we could very efficiently work together to bring all of those elements into water planning, and particularly the broader impacts of climate change on long-term water supply and demand.

Secondly, Richard Bolt in his immediately prior discussion with you talked about the partnership agreement we have between DELWP and DEDJTR. One of the key focuses of that partnership agreement is in fact water planning because it relates directly to agriculture, irrigated agriculture, regional development and indeed infrastructure development in bigger cities. Under that partnership agreement we have got very good clear lines of sight into DEDJTR, and they have been a critical part of this water planning process.

Governments of many different types over the years will have interdepartmental committees, and you would expect that to happen. In this case we have one department that we primarily work with on water planning, which is DEDJTR, and then in order of risk and priority we do a lot of work with DHHS on water quality and

human health, and then with Treasury on the statewide economic settings and with Premier and Cabinet on how it all comes to together.

Within DELWP there is an efficiency with all of the deputy secretaries being involved in the water plan, rather than just one, and secondly, the relationships out into DEDJTR as well as the Department of Health and Human Services and other parts of state government are very clearly defined. So there are some of the benefits in water.

The other one I will comment on is *Plan Melbourne* and broader Victorian statutory planning. As you will be aware, Melbourne and Victoria are taking in about 100 000 new people every year. That requires a very specific approach to planning, infrastructure and service provision. The *Plan Melbourne* refresh again is being led in DELWP, in the department. Again, the deputy secretary is involved in that because it comes to the internal workings of the department. While it is led by the planning group, it is very much that all of our deputies are involved, from water through local government, and again environment and climate change, as well as a regional group in terms of how that planning plays out across the state and how regional cities are also taking part in that growth across the state. We are finding that very helpful.

Going back to my other slide, about putting the community in the centre of how we do this work, we are also using and taking advantage of lots of different community engagement processes that we find in local government, in water planning or in statutory planning so that, instead of consulting separately on a whole range of different plans and approaches, we can take a more efficient and consistent approach and also learn from good consultation in some sectors that we could try in other sectors.

With the central city apartment design guidelines, for example, we are using a lot of digital consultation. Consultation is always a challenge to capture the breadth and the depth of community input and sentiment on issues, but we are finding that there are a lot of different ways we can learn from other parts of our portfolio, particularly local government, on how we do best practice community engagement.

Mrs PEULICH — I have got a very long list of questions, but one that is actually burning in my mind at the moment, considering your comments —

Mr FENNESSY — Yes. I remember last time you had some great interest in this portfolio.

Mrs PEULICH — about consultation and the way that various areas of policy interface. The one that comes to mind immediately is the longstanding — and often across various governments — policy to densify and to slow down the urban sprawl, especially around the transport nodes. In my area, the South Eastern Metropolitan Region, we have seen substantial development of apartments in close proximity to railway stations. In terms of the machinery of government, could you explain what the process has been to consider how plans for sky rail interface with the longstanding policy of densification around transport nodes and the impact that that would have on existing properties and amenity?

Mr FENNESSY — I am very happy to comment on significant infrastructure investment in and around Melbourne. I was before the Public Accounts and Estimates Committee a few weeks ago and was asked a similar question on some of those projects, like sky rail, that are yet to be submitted to the Minister for Planning. As a good public servant I cannot pre-empt any decisions on that.

Mrs PEULICH — You have answered the question.

Mr FENNESSY — But to go to your question, this again is where the opportunity in DELWP comes from the local government interface. Richard Bolt said to you immediately prior to me coming here that the successful delivery of particularly Melbourne-based infrastructure is critically reliant on our relationships with the City of Port Phillip or Yarra or Melbourne — local government generally.

Mrs PEULICH — Our Bayside Riviera — we do not want it ruined.

Mr FENNESSY — Bayside, yes. The other opportunity we have is learning from local government about different ways of consulting and engaging. An often referred to example is that the City of Melbourne did a citizens jury on the allocation of some of its city budget, and another part of government in the DEDJTR portfolio, which I am a director of, is Infrastructure Victoria. Under the Infrastructure Victoria Act three secretaries are ex officio board members, and Infrastructure Victoria is about to do a citizens jury process for Melbourne's and Victoria's 30-year infrastructure plans. Again the opportunity, particularly with digital

technology, is how we consult in different ways, because these are very difficult and fiercely contested debates. Not surprisingly, the longer term benefits that may accrue to different parts of Melbourne are going to have very short-term and immediate impacts on specific locations, and they are very difficult decisions to work through, so we have the planning system — —

Mrs PEULICH — Major conflicted policy areas, could I suggest?

Mr FENNESSY — Major conflicts in policy are often best resolved through parliamentary and ministerial processes so that public servants are facilitating the discussion but not making calls on how different parts of Melbourne or Victoria should evolve. The learnings for DELWP, our department, are that constant and deep engagement is a very important tool that we must use, and the strength of the relationships we have in different parts of our portfolio can then help with, say, urban densification or road, rail and water infrastructure. They are very helpful, particularly that local government element. So those are some of the benefits we are feeling or we are deriving from an integrated portfolio.

Mrs PEULICH — Your new structure has engaged a contract titled ‘Onboarding DEDJTR employees onto DELWP Oracle payroll system’ at an estimated cost of \$108 075. Was this included in the estimates given to our committee or PAEC, and if not why not?

Mr FENNESSY — I think on that one I might ask our Executive Director, Finance and Planning, and Chief Finance Officer, Carolyn.

Ms JACKSON — In terms of that particular contract you reference, it is about moving staff onto the DELWP system. The staff came onto the DELWP system from 1 July 2015, so it was not an immediate transfer. We waited until the end of the financial year to make it a little bit easier for ourselves. Those costs would not be included in the \$70 000 figure that was referenced but would be included in the figures we provided to this committee.

Mr FENNESSY — I think they were included in the broader figures that we have now provided to you but not the initial \$70 000 provided to PAEC.

Mr MELHEM — Thank you, Mr Fennessy. Going back to the issue of the costs, the IT and records management types of costs, how much of those were external costs or internal costs? What I mean by that is engaging external contractors or consultants to do it versus existing people. Was it a combination?

Mr FENNESSY — I think it was. I might ask Carolyn again to assist the committee with that one.

Ms JACKSON — The majority of costs related to CenITex, the government IT provider. We incur costs through CenITex on a day-to-day basis, so a new starter, for example, in setting them up with email access or access to the network, would be similar costs. So the majority of the IT costs would be CenITex related. There would be some external costs in relation to records management, but the majority would be CenITex related.

Mr MELHEM — And going on from that, as a result of the changes over nearly 12 months are you able to point out the level of efficiency improvements as a result of merging the various departments into DELWP? Have you done that exercise?

Mr FENNESSY — Partly this committee process has allowed us to try to quantify those benefits, but particularly in terms of quality there are plenty of short-term examples. In the longer term, how do we measure those benefits? There are a couple of specific areas. There are of course the budget paper outcomes and outputs, which we will always report against, and the ongoing efficiencies we see out of that process. So in one regard we will not double report; we will look to those BP 3 measures to also track how we are improving our efficiencies.

We also look at the impact on the health of our organisation through the Victorian Public Sector Commission People Matter Survey. That has been a long-term survey for a number of years now. That is a real issue with any changes to organisations — how does it impact staff? We do a lot of our own internal measuring of our organisation’s health, but the VPSC one is a good long-term dataset. We are also looking to our communities and customers, so there are different ways we get feedback to see if they are seeing the benefits, particularly of that improved service delivery.

To me, and I was discussing this just today with the Victorian public sector commissioner, Belinda Clark, often to see the benefits of these changes you have to wait 5 to 10 years, but we will want to know from an administration point of view whether we are getting efficiencies now, so we can feel some of the benefits through the clearer way of doing business within the department and across state government, and how that starts to work through to quantified dollar benefits. It is harder to say in a short term, but we are using the People Matter data, the budget paper output and outcome measures as well as customer service intelligence data, which a lot of departments and organisations use to make sure that we know we are working well with the communities whom we are serving.

Mr MELHEM — One last one: I take it that no further costs are envisaged as a result of the machinery of government implementation?

Mr FENNESSY — I think from our best estimates there were no further costs, but we will certainly keep reporting on ones that we can directly attribute back to machinery of government. Carolyn, can I confirm, because it is a fair question, your view on that? Because our finance and planning group is the one that tracks specific costs.

Ms JACKSON — At this stage we estimate that the numbers we have provided to this committee are the final costs for the MOG.

The CHAIR — Just pursuing further Mr Melhem's point and also, Mr Fennessy, your earlier answer to me, and while not wanting to usurp anything Mr Eccles may say later this morning, you have identified some learnings out of this process about MOG costs and whether inefficiencies can be better tracked. Do you want to add anything further to how that process can be improved? As you said, you do not want the different secretaries operating in different ways; you want a clear, transparent, objective standard that is implemented and tracked and followed over time. I just invite you to make any further comment on that.

Mr FENNESSY — I would welcome that. One very positive example, which I shared at the last committee hearing, and then Richard Bolt shared briefly today, was we found between DELWP and DEDJTR we were two departments that were very intimately linked in terms of our success in our business outcomes with environment, natural resources and amenity alongside economic development. So the partnership agreement that we entered into very early last year to me was a very good model for how to work machinery of government changes well between departments that are subject to those changes. We have certainly documented that and shared it with other secretaries. That sort of partnership approach may not be relevant to all departments going through potential future machinery of government agreements, but when there are substantial changes between two departments, that is something we certainly found very beneficial.

So Richard and I both commented, and I would certainly comment again, that that was the smoothest machinery of government process that I had been through with another department, and as a senior executive I have been through quite a few, because we agreed at the very outset to take a very clear approach and, frankly, not argue over small amounts of money or staff. We set that out and documented it in a high-level document but made it very clear to everybody that was how we were going to work together. One of our reflections was that sort of interdepartmental approach is very beneficial.

Going to your question, I do think some sort of common approach framework across Victorian government would be beneficial. I would expect that to come out of Department of Premier and Cabinet, and Department of Treasury and Finance, hence me not wanting to steal the thunder of Chris Eccles. But I think it is fair to say all Secretaries would see the benefit of that.

A couple of other points I would make are that there has been a lot of comment and questions about the indirect costs of staff. That is more of a challenge because we do not tend to track indirect costs of staff on most of our business. That tends to be seen as business as usual, mainly because if we start to ask staff to track their work on a specific issue, that generates its own internal cost — literally tracking hours. Now there is always a way to seek to do that efficiently and that is where we would look to guidance from the committee but also from Treasury and Finance, and Premier and Cabinet. But to me the efficiencies of starting to track lots of internal costs are pretty quickly outweighed by the inefficiency of literally tracking time and reporting on that. For very specific, big transactions you can do it, but if we were to do that for ongoing machinery of government, to me there is probably less benefit to that. That is just my initial reflection.

The other comment that I have reflected on is that governments and government departments over the long term should be thinking about better standardised systems. So whether it be payroll or IT, that to me is a longer term benefit that can then facilitate any future machinery of government changes, because machinery of government changes are of course the right of a government to make sure that the public service is aligned to the best delivery of their priorities, and if we have got more standardised payroll, IT and other things that are common to businesses, then that is going to help.

There is certainly work going on being led out of the Department of Premier and Cabinet. This is not a new issue; this has been looked at by departments and governments for many years now. So to me the other opportunity out of this process is: what are some of those more standardised approaches that provide better efficient outcomes for whole of government and have less disruption? We talked before about onboarding for IT systems. If we had as much consistency to IT systems, then that question is not a big one anymore or not a big cost.

So there are a few other general reflections of what has worked well and where I think there are some opportunities to improve our administrative practices and where there may be some risks where the cost of tracking costs literally would probably outweigh the benefits.

Mr MELHEM — To me having a common payroll system and IT system for government just makes sense. Why do we not have it? Are you able to tell me? Is it a demarcation where departments like a particular system, for example? Does someone else like a different system? Or is it simply too costly to actually have a universal system?

Mr FENNESSY — I might make a couple of comments, but I also might ask Kathryn Anderson to speak to that, who has closer proximity, say for example, for IT. A lot of it is about legacy systems. So if I think about an area like emergency management, it will have very specific systems that we might run for flood or fire. Emergency Management Victoria has systems and we have made a very specific attempt to bring those together. That helps the community. If that broader aggregated system is a bit different to another system in, say, child protection, how far do you go for consistency for the sake of consistency? So it is an ever-evolving debate, but to me I think the starting point should be: why can we not get more consistency? Kathryn, did you want to add to that?

Ms ANDERSON — Yes, I might just add to the Secretary's comment in terms of those legacy systems. What it means is that various departments have over time customised to meet their individual needs. That in some respects works against an easy common system being developed, because there is a bit of unpacking to do to get a common platform. The other comment I would make as well is that because of those legacy systems and different products and services being used by departments they are in different cycles, so agencies, departments, are not necessarily ready to move to the next iteration, if you like, at the same time as each other. So sometimes those investment decisions do not align to support what might seem like a very logical approach.

Mrs PEULICH — Just in relation to benefits, pace and tracking of reform, I wonder whether you might comment on three topics of interest: the review of the Local Government Act, how that is tracking; electoral reforms, if any will be in place for the impending election; and, lastly, any feedback in relation to the Know your Council website, given that I was bit surprised you focused on activities that did not really reflect the full range of the types of outcomes the Auditor-General would have been interested in, so it was not entirely in the line with his recommendations.

Mr FENNESSY — Going to the first two issues, the review of the Local Government Act as well as electoral reforms, to some extent we and I see them as linked because underlying reforms would be subject to legislative change. There has been a lot of consultation on the Local Government Act reforms. A lot of the consultation is still happening right now. I know that as well as the more traditional ways of talking to councils, the Municipal Association of Victoria, VLGA, LGPro, we are doing a lot of online consultation just to get as many voices as possible. The debate is covering everything from what is the right rate system for ratepayers and for councils that have to invest in services, issues like councillor conduct, issues like ward funding, so it is going across the full range, as you would expect — —

Mrs PEULICH — So we will see some reforms in the 22nd century?

Mr FENNESSY — I think we are certainly on track. We are doing a consultation this year, and I think the Minister for Local Government is looking at then bringing something to Parliament; I think it is either later this year or next year. So certainly in as short a time frame as possible for an act that was written in 1989 and will need some deep consultation. It is a good reminder to a state government department that this is another level of democracy and we have to be very respectful in how we do the consultation and how — ultimately it is question for state Parliament — the state Parliament through the Local Government Act then works with the third level of government. That will include options for electoral reform.

Mrs PEULICH — So nothing in the meantime?

Mr FENNESSY — In the meantime we are currently doing the consultation — —

Mrs PEULICH — No, electoral reform. We have the council election later this year, so in the meantime nothing.

Mr MULINO — Is this a MOG issue?

Mrs PEULICH — It is a MOG issue. We are talking about the benefits of reform, the pace of reform and the tracking of reform.

Mr FENNESSY — I think in terms of the pace of local government reform, it is probably better for me to take that on notice because we have been very specific on the process and the timing in the lead-up to the local government elections later this year. It is a really important issue. I am happy to take that one on notice and give any views as to how the machinery of government process intersects with local government reform.

On the other issue about the Know Your Council website, we have worked very closely with all 79 councils on what they think good indicators would be alongside what the Auditor-General thinks good indicators would be. To me a successful outcome is one that makes sense to both local government and the community. So it is, as is often the case at any level of democracy, a trade-off between a shorter and crisper set of indicators, which may reflect ease of use, but then a much broader range of indicators that councils themselves — council officers and elected officials — were keen to see as well as members of the community.

We have launched that website, and we are looking at the use of the website and feedback from the community so that we can continue to refine that. My view is that the first iteration of the Know Your Council website is the start of a process and a conversation — —

Mrs PEULICH — But it will evolve?

Mr FENNESSY — And it will evolve.

Mr MULINO — Just very briefly, I wanted to also follow up on local government. As you said, it is a layer of democracy that in a sense is a barometer on issues in a way that state and federal often are not or cannot be. How have the MOG changes affected the way in which the state government can interact with local government and receive that information?

Mr FENNESSY — To me there has been a benefit in putting more focus on local government within our department in that because of the link between land use planning decisions that are mostly delivered by local government and statewide planning, the water sector and a lot of those water services that take place at a local level and indeed things like climate change impact on local communities, we are engaging a lot more internally than I think we may have in the past when local government was in a different department.

Local Government Victoria, as part of our department, is looking at how they take advantage of our distributed regional network. So with 79 local governments and 101 sites across the state within DELWP, there is a much clearer link into how very regional issues play out, and local priorities that we are often very involved with from, say, a Crown land point of view, we had not been as involved with, say, the CEO or the elected officials of that particular local government area. To me this has been one of the significant benefits in DELWP — realising the networks and the opportunities across the local government sector that come through our part of state government that perhaps in the past were not as specifically utilised in that place-based approach.

We have talked a lot in the department about place-based leadership. To me that means how do local state government officials work with the local government executive in more of that place-based approach, whether it is out at, say, Cann River in East Gippsland or up in Sunraysia, where we have an office in Irymple. It gives us a much broader reach, and we can tap into the existing relationships we have, particularly at officials level across local government.

Mrs PEULICH — Do you mean officials within those councils or within the department?

Mr FENNESSY — Both. So we have some — —

Mrs PEULICH — We know how they run it. The officials run the show.

Mr FENNESSY — Yes. We have very strong relationships with a lot of the CEOs and directors in local government. In the past they were quite segmented, whereas now, if we are talking to the Rural City of Mildura, we are saying, 'How are we going on our irrigation upgrade? How are we doing with Aboriginal inclusion in Mildura? How are you going with the fairer rates system?'. We have a much broader range of issues we can talk about, and to me that is one of the benefits that we have found, particularly with local government, within DELWP.

The CHAIR — Mr Fennessy, just one final question from me: do you have any of your team who are still in acting roles or any people who are yet to be placed in positions as a result of the MOG changes?

Mr FENNESSY — As a result of the MOG changes we do not, but as a result of the changes announced last week we now do. We have got some new roles that are back to market because we have got a new structure, but with the MOG changes I think we were able to sort out or finalise all the roles within a couple of months. This is my memory — but not anymore.

The CHAIR — Mr Fennessy, Ms Anderson and Ms Jackson, thank you very much for your evidence today and for being here. As I said at the introduction the transcript will be with you in the coming days, and thanks again for your evidence.

Mr FENNESSY — Thanks, Chair. Thanks, members.

Witnesses withdrew.