

# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2010–11

Melbourne — 14 May 2010

#### Members

Mr R. Dalla-Riva

Ms J. Graley

Ms J. Huppert

Mr W. Noonan

Ms S. Pennicuik

Mr G. Rich-Phillips

Mr R. Scott

Mr B. Stensholt

Dr W. Sykes

Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr. T. Holding, Minister for Finance, WorkCover and the Transport Accident Commission,

Mr G. Hehir, Secretary, Department of Treasury and Finance; and

Ms J. Dore, Chief Executive Officer, Transport Accident Commission; and

Mr G. Tweedly, Chief Executive Officer, WorkSafe Victoria.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolios of finance, WorkCover and the Transport Accident Commission.

On behalf of the committee I welcome the Honourable Tim Holding, MP, Minister for Finance, WorkCover and the Transport Accident Commission, Minister for Water, Mr Grant Hehir, Secretary of the Department of Treasury and Finance; Ms Janet Dore, chief executive officer, Transport Accident Commission; and Mr Greg Tweedly, chief executive officer, WorkSafe Victoria. Minister, I appreciate the fact you have bought in the heads of your agencies as well. It is much appreciated.

Departmental officers, 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. Only members of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts, PowerPoint presentations and other material circulated will be then 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 will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of 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** — I appreciate the opportunity to present to the Public Accounts and Estimates Committee. As you have said, I am joined by Grant, Janet and Greg, and on matters where their particular expertise might be useful, I will ask them to provide additional information to the committee.

**The CHAIR** — Thank you.

#### **Overheads shown.**

**Mr HOLDING** — The first slide, which is a slide I have presented each year as finance minister, gives committee members a sense of the division of responsibilities within the Department of Treasury and Finance between myself and the Treasurer, by division. My particular responsibilities beyond those which are associated with the particular divisions relate particularly to various statutory authorities: the VWA, TAC, ESSS and VMIA. Again, I am happy to take questions, obviously at the relevant time, from committee members on issues that impact on those different aspects of my responsibilities.

Just in terms of the key priorities within the finance element of the portfolio, so looking not so much at the VWA and the TAC, but within finance itself, there are three areas that I would just draw the attention of the committee to. First is the Efficient Technology Services project, particularly through CenITex and its activities. This is really just a government project designed to achieve better service and, over time, reduced cost for information technology services.

The second area where there has been quite a bit of activity is in the area of the shared services provider. This looks to improve efficiencies across a range of government areas where there are activities that are common to government departments. In the past government departments have provided those services discretely within each department. We have found by conglomerating our buying power or drawing those activities together, we can achieve savings as well as improving the quality of services provided to government. Finally, Buying Smarter, Buying Less was an important part of the savings initiatives that we took to the last election and since

then, through a range of state purchasing contracts and a number of other measures, we have been able to improve the procurement performance of government.

Looking now at the two agencies, if I start first with WorkSafe. Again, this is a slide that we use each year to describe the financial and insurance performance of the organisation over the previous 12 months. I guess the point that we would make here, and it is one I have laboured each time that I have appeared before the committee, is that the best tool, the best indicator for ascertaining the health of our insurance entities is their performance from insurance operations.

Yes, the investment performance will jump around as financial markets jump around. When the share markets are doing well, that can give the impression that the organisation is doing very well. When the share market is doing poorly, it can give the converse impression. In truth, these are insurance entities; they are not investment entities. So the best test of the health of these organisations is how they are going from an insurance business perspective. That is best indicated by the PFIO, the performance from insurance operations.

There is the net result after tax, the actuarial release. The actuarial release is the difference between the actuarial assessed liabilities in any given year and the actual performance. That obviously tests the organisation's claims management record and safety improvements et cetera. Finally, the funding ratios.

In terms of WorkSafe, as well as looking at the financial health of the organisation, obviously of fundamental importance is the response to the question: are Victorian workplaces getting safer? What this shows is that Victorian workplaces continue to be the safest in Australia. Overall, claims are reducing. Claims made per thousand workplaces are also improving. While we have set some ambitious targets in that area, it is good to see that the claims per thousand workers continues to improve.

In recent years we have also seen substantial reductions in average premium rates. That has been furthered in this budget, with a 3.5 per cent decrease in average premiums. That brings our premiums down to 1.338 per cent and continues to be the second lowest in Australia. You might have heard from the Treasurer — I am not sure if he mentioned this — but at the same time as our premiums are coming down, the only state that has a lower WorkCover premium than Victoria is Queensland, and their WorkCover premiums are increasing and increasing substantially. They are also reducing benefits to injured workers.

I mentioned that we have some ambitious targets. WorkSafe are continuing their work in achieving those targets. The WorkHealth program continues to be rolled out. This financial year we obviously completed the passage through the Parliament of the Hanks changes — the improvements to the Accident Compensation Act. We have also had a major body of work occurring at the national level to harmonise occupational health and safety laws. That project is now nearing its conclusion.

I will go now to the Transport Accident Commission — and, again, the same tests of the financial health of the organisation and its insurance performance. You can see there that the performance from insurance operation continues to be very healthy. If we now look at the trends in road trauma, we can look at the road toll or we can look at the road toll rate per 10 000 registered vehicles — however you look at it, Victoria's performance still sets the standard for the nation. You can see there the substantial improvements with the actual road toll that the community has achieved over a long period of time.

TAC is always continuing to look at ways that they can get the road safety message out. They are not just an accident, compensation and rehabilitation organisation, they are also a road safety and prevention organisation. The TV campaigns are now accessible through YouTube. The Make a Film, Make a Difference competition, which is targeted at young people, continues to be a great success. Those movies that are made by young people are showcased on the 'Vanessa' bus, which travels around Victoria.

I will just conclude by making the point that this year we celebrated the 20th anniversary of the original hard-hitting road safety ads that the TAC has featured since then. The montage ad that was produced as part of that — which played on every television channel in Victoria when it was released by the TAC — has been incredibly successful and has had a staggering number of hits, both in Australia and overseas. It is a very moving and evocative summary of the road safety messages that the TAC has been pushing out. Finally, Arrive Alive 2 and the community partnerships and support for severely injured clients will continue to be a focus in 2010–11.

**The CHAIR** — Thank you very much. We have until 3.15 p.m. for questions. I would just like to start as I have started with other ministers. The budget allocates funding for 2010–11 and in the out years for government priorities against stated anticipated outcomes. The committee is interested in what plans and strategies you have got for the funds in the budget for your portfolio, and have these plans and strategies changed over the last year?

**Mr HOLDING** — The overriding strategy for all government departments and ministers in planning is the Growing Victoria Together framework. The plans that relate specifically to the entities and activities within the Department of Treasury and Finance are, firstly, those longer-term strategies that have been developed by the agencies themselves.

For example, the Transport Accident Commission has a six-year strategy which takes the organisation to 2015. A lot of work has been done on that strategy over the 2009 period. It sets ambitious targets. It is consistent with the work that has been done through Arrive Alive 2, which is our broader road safety strategy. WorkCover also has a five-year long-term strategy — Strategy 2012. And that is coupled with the National Occupational Health and Safety Strategy, so there are really two frameworks that look at the VWA's work.

More broadly within the Department of Treasury and Finance, one of our key priorities is managing the state's superannuation liabilities sustainably. We also have a plan in place, as the committee is aware, to extinguish those liabilities by 2035. That strategy continues to evolve, and we continue to have a plan in place that will enable us to meet that strategy.

**The CHAIR** — Thank you very much. Mr Rich-Phillips?

**Mr RICH-PHILLIPS** — Thank you. Minister, I would like to ask you about the VMIA's involvement in domestic builders insurance and the announcement you made on 29 March this year, that as from 31 March this year the VMIA would offer domestic building insurance. Can you firstly confirm that your press statement on 29 March was the first the VMIA knew that they were going to offer domestic builders insurance?

**Mr HOLDING** — No.

**Mr RICH-PHILLIPS** — It had been agreed with the VMIA prior to that?

**Mr HOLDING** — It is not required to be agreed with the VMIA, but they were aware that the government was developing a strategy which would involve the VMIA, to provide certainty to the market for domestic building insurance, and in fact the VMIA had provided input along with a number of other agencies and organisations to the development of that strategy.

**Mr RICH-PHILLIPS** — Did the VMIA have the legal authority to offer domestic builders insurance from 31 March, when they were supposed to begin offering it?

**Mr HOLDING** — They probably do, but any doubt at all will be put to rest by the legislation which is currently passing through or has passed through the Parliament. It is pretty certain that they do have the capacity to do that. I have the capacity, under section 25A of the legislation, to provide a ministerial direction and I will and have provided such a direction to them to provide the cover. With these things a belt-and-braces approach is always best, so if there is any uncertainty at all, then the best thing to do is to legislate and to extinguish any uncertainty.

**Mr RICH-PHILLIPS** — Have they written policy since 31 March?

**Mr HOLDING** — What they have done is concluded an agreement. There are two current private building insurers who provide product at the moment: QBE and Calliden. Yesterday they concluded an agreement with QBE, and I know they issued a press statement to that effect yesterday which explained the way in which the domestic building insurance arrangements that they have agreed to underwrite with QBE will operate between now and the conclusion of all of these matters.

**Mr RICH-PHILLIPS** — So they are not writing their own policies, as you announced on 31 March?

**Mr HOLDING** — They are underwriting QBE's arrangements at the moment, and this policy framework will continue to evolve over the next couple of months while we transition those builders who have domestic building insurance with either QBE or Calliden, or alternatively those builders who previously had insurance

through one of the existing providers but no longer had it prior to the announcement that the government made about a month or a month and a half ago.

While that transition works through, what we want to do is provide certainty to the market by making it clear that there will not be a gap or a period where there are no insurance arrangements in place.

**Mr RICH-PHILLIPS** — You indicated in your press conference, as distinct from that statement, that you have made a capital injection to VMIA. How much is that capital injection?

**Mr HOLDING** — That has not been determined yet, but we know the ballpark within which it will be.

**Mr RICH-PHILLIPS** — What is the ballpark?

**Mr HOLDING** — I am not going to share that with the committee until it has been concluded.

**Ms GRALEY** — Minister, in your presentation you mentioned strategies for reducing the road toll. I would like to refer you to budget paper 2, page 33, which details the projected general government net result from transactions and includes the impact of dividends such as those payable from time to time by the TAC. I understand a relevant factor in the business performance of the TAC and an issue of enormous community importance is Victoria's road toll. I think every member sometimes has great concerns about the behaviour of young drivers, so I would like the minister to advise the committee, if he can, of the strategies that would be employed to continue to endeavour to reduce the road toll in Victoria over the next budget period?

**Mr HOLDING** — Firstly, thank you for the question. The broad strategy that the government has announced to continue the focus on the road toll is Arrive Alive 2. Arrive Alive 2 is built around the proposition that it requires a multifaceted approach to continue to put downward pressure on the road toll; not just multifaceted in terms of the agencies involved — Victoria Police, the TAC, VicRoads and other entities — but also multifaceted in terms of focusing on the quality of road infrastructure, the quality of our road safety messages and their enforcement, and the quality of driver education and driver training. Drawing all of these things together is a very important part of Arrive Alive 2.

The strategy sets some ambitious targets including a 20 per cent reduction in the road toll over five years. It has strong strategies underpinning it — for example, tough new laws to combat drink driving, with a focus on repeat drink drivers and first-time offenders who are over 0.15, with a requirement that they install an ignition interlock device at the end of their disqualification period. There are obviously increased measures that will enable us to detect and enforce speeding infringements: the extra 110 laser speed detection devices that have been provided around Victoria; an increase in the hours of operation of speed cameras; and the introduction of the minimum number of supervised driving hours as a requirement prior to licence testing.

That is a very important measure that I know puts some pressure on parents to be able to provide the level of supervision that is required, but all of the evidence that we have available to us shows quite strongly that giving young drivers, who are our most at-risk drivers, as much practical instruction and experience as possible in a variety of driving conditions is one of the best tools we can provide them with to improve the safety of their driving.

Some of the things that TAC is specifically involved in are, firstly, the Safer Road Infrastructure program, SRIP, funding that TAC provides to target black spots. There is \$650 million being invested through TAC in those SRIP locations, and they do that through VicRoads. Under the first action plan 344 SRIP projects have been completed, and many of those include things like roundabouts, flexible barrier systems at high-crash locations and a range of other treatments.

TAC is also working through the Australasian New Car Assessment Program, the ANCAP crash test program, and the used car safety programs to promote the purchase of safer vehicles through their How Safe is Your Car website. It has been a very popular website which provides people with practical information about the safety features of different vehicles, particularly those on the used car market that they might be looking to purchase. We have also been evaluating, through that process, and demonstrating new technologies, such as intelligent speed assist and other technologies that can provide information to drivers about their driving. I might stop there.

**The CHAIR** — Thank you very much.

**Mr RICH-PHILLIPS** — I would like to go back to the VMIA, in this instance in relation to the appointment of the new chairman, and firstly to ask: how do you justify dumping Adrian Nye, who had many years of acknowledged experience in risk management, and replacing him with your former employer, Robert Ray? Was recruitment for the chairman's position part of a public process — a public request for suitable candidates — as with some other board appointments? Was Mr Ray's appointment recommended by your department? Finally, how do you justify to Victorians that former Senator Ray was the best person available in the whole of Victoria to take on that particular role as chairman of the VMIA — and he just happens to be your former boss?

**The CHAIR** — Minister, insofar as it relates to the estimates.

**Mr HOLDING** — Firstly, appointments to government boards — chairs, board members — are a matter for government. On the question of Adrian Nye's service to the Victorian Managed Insurance Authority and other government departments, boards or agencies that he served on, I said at the time, and I would say since, that we welcomed his involvement on that board as chair. I think he served two terms as chair of that board. He served during a time of great change at the VMIA. He oversaw and led that process of change and provided high-quality advice to government. He undertook his role as chair with great dedication and enthusiasm.

But it always rests with government to be able to renew and refresh people who are on different boards and agencies, and that includes the chairs of those organisations. The Victorian Managed Insurance Authority is not just an insurance provider to government, it is a risk management organisation for government. Risk management is one of the greatest challenges that governments and other agencies face.

I took the view that a person who has given several decades worth of service to the Australian people through the national Parliament, through the Senate; a person who has been a Minister for Defence, I think the longest serving Labor Minister for Defence in Australian history; a person who has managed government departments with procurement budgets of billions of dollars, which included the prosecution, amongst other things, of Gulf War I on behalf of the Australian people; a person who has served the Australian Parliament in some of its highest level intelligence and assessment committees during times of Labor rule but also coalition rule; a person who was praised by Senator Minchin as one of the most formidable operators in the Australian Senate and one of the best ministers of the — —

**Mr RICH-PHILLIPS** — Political operators.

**Mr HOLDING** — That is not what he said. What Senator Minchin said was that he was one of the finest ministers in the Hawke and Keating governments. I took the view that a person who exhibited those qualities was a person who we would welcome onto the board of the Victorian Managed Insurance Authority.

**Mr RICH-PHILLIPS** — So you believe Mr Ray had more appropriate risk management experience than Mr Nye?

**Mr HOLDING** — What Senator Minchin said was:

... Robert gained an extraordinary wealth of knowledge and experience during his long service in the Senate ...

...

Senator Ray was ... respected and admired across the political spectrum, and most particularly on our side.

...

... he had a very distinguished ministerial career. We regarded him, and continue to regard him, as one of the real strengths of the Hawke and Keating governments.

Former New South Wales Auditor-General Tony Harris said:

... Ray was astute about policy issues.

...

And those who have worked closely with him commend him for his impeccable, principled and ethical behaviour.

I took the view that someone with those skills is an appropriate person to be the chair; a highly qualified person, a person who will bring great strategic vision to an organisation that is charged with the responsibility for risk management for the Victorian government.

**Mr RICH-PHILLIPS** — Did you go through a public process to find — —

**The CHAIR** — Did you wish to add anything to this?

**Mr RICH-PHILLIPS** — No, this was the original question.

**The CHAIR** — The minister has answered the original question.

**Mr RICH-PHILLIPS** — He has not answered the original question. The original question related to — —

**The CHAIR** — Did you wish to clarify this?

**Mr RICH-PHILLIPS** — No, I wish to get an answer to the original question, which was — —

**The CHAIR** — Clarify it through the Chair, please.

**Mr RICH-PHILLIPS** — The original question related to whether there was a public request for expressions of interest to join the board of the VMIA and whether Mr Ray's appointment as chairman had the support of the department.

**The CHAIR** — That is fine, but do it through the Chair, please.

**Mr HOLDING** — The very first thing I said when I answered was that we are not required to go through a public process. It is often the case — in fact, I would say it is more often than not the case — that there is not a public process involved in calling for expressions of interest or whatever it might be. You asked whether the Department of Treasury and Finance supports the appointment of Senator Ray. The answer is it supports the appointment of Senator Ray as chair of the Victorian Managed Insurance Authority. It is not required to support it.

**Mr RICH-PHILLIPS** — But they — —

**The CHAIR** — I think we can have the answers at this stage. If you wish to ask any other questions, you can do so later.

**Mr NOONAN** — Minister, I also have a question about the TAC. I think this time last year you took a number of questions about the move or transition to Geelong, so you might just update the committee on where that is at. The more important question I have relates to community engagement, which you produced a slide on. Budget paper 3, page 247, lists references to the importance of developing strategic policy direction on all aspects of government activity. I wonder if the minister can inform the committee of how this advice will be applied to the TAC marketing activities over the forward estimates period or the budget estimates period to ensure that the communication strategies employed keep pace with changing community methods of engagement.

**Mr HOLDING** — The first part of the question asked about the move to Geelong. I would say that the move to Geelong has been a great success for the TAC. In fact, it has probably been our most substantial relocation of a government agency to a regional location, if not ever then certainly for many, many years. The TAC is now the anchor tenant in a building which has been a remarkable part of the regeneration of that part of the central activities district of the city of Geelong.

We have seen a huge amount of money injected into the local community by the large number of TAC staff that have transitioned into the Geelong headquarters. In fact we estimate that about \$59 million is injected into the Geelong economy each year through that move. To date there have been 227 homes purchased, with at least a further 45 homes being rented in the region. Again, these are as a direct consequence of the relocation to Geelong. Ten per cent of those homes have been new construction, which has obviously generated work for tradespeople and other contractors in the Barwon region.

The TAC has recruited over 215 employees from the Barwon region. I would say that in the last couple of years that would be the biggest recruitment by a single agency or entity that has occurred in Geelong. There may be a business that has been established that in the last couple of years that has recruited more people than that, but it would certainly be, if not the biggest, very, very close to it. Three hundred people who previously worked for the TAC in Melbourne now work from the new headquarters in Geelong, and obviously the TAC's recruitment activities are now very focused on Geelong and recruiting local people to positions as they become available.

You also asked about the use of innovative communications strategies. I mentioned the 20 years of TAC campaigns, which the Premier and I launched at the Royal Melbourne Hospital. This was the third most viewed Australian campaign on YouTube. It went international, with more than 2 million views on YouTube and hundreds of comments reacting to the powerful footage that people saw. It got a reaction in Poland, the United States, Canada and in Brazil. There were hundreds of thousands of hits in Brazil, strangely, because a person from Brazil's road safety agency happened to be here at the time and promoted it very strongly upon their return.

We are using social media a lot more as well as YouTube. We have seen people sharing the TAC messages on Facebook and other websites. I think there are 60 road-safety-related groups on Facebook, and there is a real hunger for discussing those issues quite frankly in that forum. I also mentioned Make a Film — Make a Difference. This is the youth film competition. Again, it has been a great success. Many of the films that young people make to get the message across to other young people are very confronting films, and we welcome their participation and involvement in the debate, because we know that is a very challenging demographic for the TAC to continue to promote those messages to.

I mentioned the Vanessa bus before. A final one I would like to mention is the way in which our TAC community road safety grants program has been used to promote road safety discussions. The question related to innovation. One of the most innovative uses of those grants has been the National Trust's Old Melbourne Gaol courtroom drama. It received a \$20 000 road safety grant to provide a courtroom drama built around road safety for secondary school students.

The goal of this is to promote greater awareness amongst year 10 to year 12 students about the importance of new drivers avoiding risk-taking behaviour. It explores a range of risk factors including youthful high spirits, driver distraction, speed hooning and peer pressure. It enhances the core road safety education resource for secondary schools called *Traffic Safety Essentials*. We are seeing a lot of use of new media as well as more effective use of traditional media to get the messages across to a broader cross-section of the community from a road safety perspective.

**The CHAIR** — We get you on YouTube, do we, Minister?

**Mr HOLDING** — I will not be fronting the ads.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the Victorian WorkCover Authority and the decision to cut the premium in the budget year to a 1.338 average. Firstly, can you please tell the committee: what was the impact on the break-even premium of the Hanks package, the \$90 million in benefits; and secondly, what is the forecast break-even premium for the 2010–11 year that underpins your decision to cut the average premium?

**Mr HOLDING** — Sorry, the second question was, 'What is the break-even premium — —

**Mr RICH-PHILLIPS** — Forecast for 2010–11.

**Mr HOLDING** — For 2010–11. It is 1.333.

**Mr RICH-PHILLIPS** — Break-even?

**Mr HOLDING** — That is the break-even premium, so the average premium rate is 1.338.

**The CHAIR** — And the first part of the question?

**Mr HOLDING** — Which was?

**Mr RICH-PHILLIPS** — The impact of the Hanks package, the \$90 million, on the break-even premium.

**Mr HOLDING** — It is 0.074.

**Ms HUPPERT** — Minister, I also have a question about WorkSafe and the reduction in the premium. Could you please outline for the committee the initiatives that WorkSafe has developed and will continue to develop to increase the OHS awareness which has led to the reduction, and hopefully the continued reduction, in workplace incidents that have led to the reduction in the premium?

**Mr HOLDING** — That is a really good question, and I thank you for it. There have obviously been a number of different initiatives. Firstly, in 2008 and 2009 WorkSafe conducted 42 184 workplace visits. Each year WorkSafe responds to tens of thousands of requests for information and assistance. For example, in 2008–09 there were 211 000 telephone calls — OHS-related calls but also licensing inquiries. There were close to 800 000 website visits, there were tens of thousands of emails answered and WorkSafe conducted WorkSafe Week in October 2009, which was the largest WorkSafe Week event that had been held in the history of the organisation. There were 4367 people who attended different events as part of that, which was a substantial — 20 per cent — increase on 2008. They conducted 88 information seminars.

We saw demand for the small business program continuing to increase. That is the program that provides free 3-hour occupational health and safety consultancies for businesses with less than 50 employees. We saw 2400 businesses seeking assistance through that program. In 2009 we saw 7808 people attending WorkSafe-approved initial-level health and safety courses, and over the last five years we have seen WorkSafe's very successful use of public awareness campaigns on a range of issues that are aimed at changing attitudes to various occupational health and safety issues.

We have seen WorkSafe's continued sponsorship of the Victorian country football and netball leagues as well as its involvement with the Western Bulldogs, which helps us get across our WorkSafe message to targeted audiences, particularly those we feel have a particular need for the organisation to be reaching out to those demographics. We saw WorkSafe running 15 Safe Towns and Safer Work Zones campaigns during 2008–09 which targeted 2000 small businesses and saw something like 2000 different safety issues being identified.

We have had WorkSafe campaigns like the 'Don't Turn Your Back on Safety' campaign which highlights the unseen consequences of manual handling injuries and slips, trips and falls. They are quite confronting advertisements I think most of us have probably seen on TV or maybe on the internet. WorkSafe inspectors have backed up those campaigns with workplace visits that have targeted those issues over a series of months. So a very broad spectrum of activities, not just from an enforcement and compliance perspective but from an information provision and discussion and public awareness perspective, have been a very important part of the process.

**Ms PENNICUIK** — Minister, I am a bit concerned that the program being conducted by WorkSafe for the WorkHealth program is outside the statutory obligations of WorkSafe and perhaps would be better conducted as part of the health portfolio. So I ask the question as to what expenditure has happened in the last year and is planned for the next budget on the WorkHealth checks program and health promotion generally by WorkSafe. I cannot find it in the budget papers.

**Mr HOLDING** — It is not in the budget papers, because it is not a budget-funded program; it is funded effectively out of the earnings of a proportion of the WorkSafe surplus.

**Ms PENNICUIK** — My concern is that under the statutory obligations of WorkSafe, they should be looking at OHS regulation and workers' compensation and not necessarily health promotion as a public health issue as opposed to OHS, which is occupational health and safety, which is not public health?

**Mr HOLDING** — I am happy to answer the question, but the question is really an assertion rather than a question. The government takes the view that WorkHealth is a very important initiative, because one of the best ways of driving down the incidence of workplace injuries and illness is to improve the incidence of health in the working community. The WorkHealth checks help us to identify health issues at the workplace level, that is where the checks are conducted, across a very broad cross-section of the community and then provide a vehicle for directing people to where they should go to obtain further advice or treatment, as the case may be.

We think that in the long term that is one of the most profoundly important things that you can do to improve the productivity of the workforce and to lower the incidence of workplace injury and illness.

**The CHAIR** — Do you wish to add to that, Ms Pennicuik?

**Ms PENNICUIK** — I just want to add that the best way to reduce workplace injury is to remove hazards from the workplace, not to — —

**The CHAIR** — Is that a question or a statement?

**Ms GRALEY** — They are not mutually exclusive.

**Ms PENNICUIK** — I do not think that public health is a problem. I am just concerned that WorkSafe funding is being used for it.

**Mr NOONAN** — So you don't support the program? You don't support WorkHealth?

**The CHAIR** — That is a statement rather than a question. I prefer if we do these things in the house rather in the questions.

**Ms PENNICUIK** — It is a public health issue, isn't it? I support public health — under the health portfolio.

**Mr SCOTT** — My question in a way follows on from a point by Mr Rich-Phillips. My question relates to the Accident Compensation Amendment Act 2010 and I note that in budget paper 3 on page 244 there is a dot point which commits the government to act 'to best increase living standards for all Victorians'. Can the minister advise how the recently enacted Accident Compensation Amendment Act 2010 will promote this objective over the estimates period?

**Mr HOLDING** — I can provide that advice to the committee. The Hanks reform package — the package of measures that related to the Accident Compensation Act review — really emanated from the most comprehensive review of Victoria's accident compensation legislation that we have seen since the scheme was established in the mid-1980s. The reforms that we put in place are sustainable, and they ensure that Victoria continues to have the fairest and the most generous package of support mechanisms for injured Victorian workers or, in some instances, the families or dependants of workers who were tragically killed in workplace accidents.

To give a flavour of the sorts of initiatives that were contained in the Hanks package, we introduced superannuation for those in receipt of weekly compensation payments; we were the first jurisdiction anywhere in Australia to do so and remain the only jurisdiction to have done so.

**Ms PENNICUIK** — Only if they are injured for 12 months or more.

**The CHAIR** — Without assistance.

**Ms PENNICUIK** — Just clarification, Chair.

**Mr HOLDING** — We increased weekly benefits from 75 per cent to 80 per cent of pre-injury earnings for all workers with weekly payments entitlement after 13 weeks. We now pay the highest lump-sum payment of any Australian jurisdiction for the dependants of deceased workers and for workers suffering severe injuries — that was increased from \$265 590 to \$503 000. We doubled the period for the inclusion of overtime and shift allowance in pre-injury weekly earnings from 26 to 52 weeks, and we made other reforms to PIAWE as well.

They are very important changes because those changes affect a very large number of injured workers, obviously those who are in receipt of weekly earnings compensation for long periods of time.

We provided an increase to the maximum weekly payment to double Victorian average weekly earnings, which was an increase of nearly 45 per cent. We provided an increase to impairment benefits for workers with spinal injuries of 10 per cent. That was very important. We recognised that prior to that, those workers who had spinal injuries were often unfairly discriminated against because of the way the act operated. So we have improved benefits for those workers.

We have improved impairment benefits for the more seriously psychiatrically injured workers by almost 500 per cent, taking the benefit from \$13 230 to \$66 120. We have provided an additional period of weekly payment entitlements to eligible workers who are required to undergo surgical procedures after the expiry of their 130 week entitlement period. There are many other benefits in the Hanks reforms, but these benefit improvements unambiguously make the Victorian accident compensation system, if it was not already, the fairest in Australia.

**Ms PENNICUIK** — Except if you have got a stress injury.

**Mr HOLDING** — We will always be looking at things that we can do to further improve the operation of the scheme, but we certainly welcome the recommendations that Mr Hanks made, and we are very pleased that we were able to implement the vast majority of them.

**Mr RICH-PHILLIPS** — Minister, I would like to take you back to the Victorian WorkCover Authority again and the decision that was announced by the Treasurer in the budget to reduce the average WorkCover premium by 3.5 per cent. Given the VWA is a statutory authority with an independent board, can you explain to the committee the process by which that decision to make the 3.5 per cent reduction was made? Was it a case that that decision was arrived at by the board, acting on the advice of the VWA executive and supported by the board? Was there involvement of the Treasury or the government in putting that proposition to the VWA? I am curious that, if I understood your figures correctly before, with the premium cut, the margin between the premium and break-even will be reduced to 0.005 per cent, which seems a wafer-thin margin. So I am curious as to how we ended up with this decision to cut the premium by 3.5 per cent.

**Mr HOLDING** — Your question was: how is the decision made?

**Mr RICH-PHILLIPS** — Yes, effectively.

**Mr HOLDING** — It is decision that is made on the recommendation of the WorkSafe board.

**Mr RICH-PHILLIPS** — A recommendation from the WorkSafe board to the government?

**Mr HOLDING** — To the government.

**Mr RICH-PHILLIPS** — And that recommendation was arrived at by the board, independent of government?

**Mr HOLDING** — I am at a bit of a disadvantage here, because each time I answer a question there are 17 questions that come after it.

**The CHAIR** — I know. I am trying to reduce those.

**Mr RICH-PHILLIPS** — Your answers give rise to more questions, Minister.

**Mr NOONAN** — Welcome to our committee.

**Mr HOLDING** — The question was very clear: how are decisions around premium arrived at? It is arrived at by the board of the Victorian WorkCover Authority making a recommendation to government. That is the way in which the decisions are arrived at.

**Mr RICH-PHILLIPS** — How did the board make its recommendation, under pressure from the Treasury?

**Ms GRALEY** — I have been asking some previous ministers about greener initiatives in the budget. I am particularly — —

**Members interjecting.**

**Ms GRALEY** — I refer to budget paper 3, page 290, and the government's announcements of the Greener Government Buildings program. I would like the minister, if you could, to provide an overview of this initiative and the benefits that you think will be provided by this greener campaign.

**Ms PENNICUIK** — Greener than non-green.

**The CHAIR** — Without assistance.

**Mr HOLDING** — Judith, thank you very much for the questions The Greener Government Buildings program forms part of the Jobs for the Future Economy action plan, which was launched just prior to the budget, on 30 April. Greener Government Buildings is a program that will deliver significant energy and water savings in Victorian hospitals, schools, TAFEs, courts, prisons, offices — that is, government offices — and other facilities. It provides a mechanism for all government departments and agencies to implement cost-effective energy and water-efficiency measures, with a pay-back period of eight years.

Greener Government Buildings utilises energy performance contracting to deliver the savings. EPC — energy performance contracting — provides departments and agencies with a savings guarantee, which in turn enables them to access loan funding. The loan is then repaid using the project's guaranteed savings. That is the way the program actually works. In this way, the projects that will be funded under Greener Government Buildings are effectively self-funded projects through the revenue stream of savings that they generate as the initiatives are implemented. It is a cost-effective program, it is a low-risk program, and it demonstrates that the government is taking concrete steps to improve its environmental performance.

Initially the Victorian government will invest around \$60 million in eight priority projects. That includes 16 government office building totalling around 83 000 square metres: the Heidelberg Repatriation Hospital, the Royal Talbot Rehabilitation Centre, the Melbourne Sports and Aquatic Centre, the State Netball Hockey Centre, Melbourne Museum, the Royal Exhibition Building, Scienceworks, the Immigration Museum, the campuses of South West Institute of TAFE, the campuses of Kangan Batman TAFE, a group of 62 schools in the Grampians and Loddon Mallee area, and an upgrade of traffic lights across the state from incandescent to LED technology. So it is very broad cross-spectrum — —

**Ms GRALEY** — That was \$60 million over what period of time?

**Mr HOLDING** — It is \$60 million over eight years — that is the pay-back period for the projects. I should say, by way of what the program is aiming to achieve, it is forecast to reduce greenhouse gas emissions from government buildings by around 25 per cent by 2020. Over the long term, the program is expected to deliver around \$1 billion in aggregated cost savings through reduced utility and maintenance bills and in turn freeing up funding which can be used on front-line services. Obviously the changes that are made, even though they have got a pay-back period of eight years, are embedded in lower operating costs for many years after that.

**Mr RICH-PHILLIPS** — Minister, I would like to take you to the Auditor-General's report last week on performance reporting by departments and ask: how is it the case that 30 per cent of performance indicators reviewed by the Auditor-General were not deemed as relevant and met only 3 of the 19 international benchmarks? Do you as minister for finance accept responsibility for the poor performance reporting across the government sector? Do you endorse the comments that were made in the government response in that audit report, that the report was biased, lacking balance and of questionable validity?

**Mr HOLDING** — I might make some general comments, and then I might ask the departmental secretary to — —

**The CHAIR** — That would be good. Thank you.

**Mr HOLDING** — What I would say about the Victorian Auditor-General's Office audit report on performance indicating is, firstly, that one of the key elements of the government's Public Finance and Accountability Bill is an attempt to improve the focus of government reporting on outcomes rather than on the traditional reporting framework that has been used to date.

The Auditor-General himself in his performance report acknowledges the importance of the Public Finance and Accountability Bill. So in a sense there is a great deal of agreement between where the Auditor-General is seeking to take government performance reporting and where government itself wants to go through the passage of the Public Finance and Accountability Bill.

You asked a series of questions. Can you remind me?

**Mr RICH-PHILLIPS** — I asked whether you accept responsibility for the poor performance in performance reporting, given that you set the directions, and whether you endorse the government's response to that report that it was lacking bias, lacking balance and of questionable validity?

**Mr HOLDING** — I accept responsibility for having stewardship of government initiatives to improve the performance reporting and financial information that government provides to the public and to the Parliament. That is why I introduced the Public Finance and Accountability Bill. There can be no more compelling response to the Auditor-General's report than the introduction, prior to his report being delivered, of legislation which seeks to better align government outcomes with the performance measures which sit underneath them. In the past there has been no reporting of performance outcomes. When that legislation passes through the Parliament, there will be; and I accept responsibility for the framing of that legislation and its stewardship through the Parliament.

At the moment it has been introduced in the lower house, and as you know, we are in close consultation and discussion with members of the opposition to see whether we can resolve some of the issues in relation to that legislation. I would say that the framework outlined in that legislation is one that the Public Accounts and Estimates Committee itself approves of. In fact the committee recommended that the government go down that path, so as I understand it there is a convergence between the thinking of PAEC, presumably the thinking of the opposition — we will know ultimately when we see how people vote on the legislation but presumably the opposition as its members have also been members of PAEC and involved in those discussions — and the government in terms of the appropriate direction.

In terms of the response to the particular recommendations raised by the Auditor-General himself, I might ask the secretary of the Department of Treasury and Finance, who has coordinated the government response to the individual recommendations and findings and conclusions that the auditor made, to comment further.

**Mr RICH-PHILLIPS** — Thank you. Could I just take up your point there, Minister, on the legislation.

**Mr HOLDING** — I have asked Mr Hehir to comment.

**The CHAIR** — Mr Hehir has just got the call. If you wish to ask for any clarification, you can do so later on

**Mr HEHIR** — I think the point to make at the beginning is that the comments you are referring to are those that were put forward by the Department of Treasury and Finance and the Department of Premier and Cabinet by me and the secretary of the Department of Premier and Cabinet.

In general, the comments we put forward and those on behalf of other departments accepted the recommendations of the report but raised some concerns about how some of the issues were discussed within the report. Those issues were around a report titled 'Performance reporting', which is actually about performance reporting by departments on indicators for departmental objectives. One of the points we were making within those comments was that you referred to \$31 billion of government expenditure not being covered by performance information, but that is not what the report says. The report says that, of the performance indicators relating to departmental objectives, they did not find that the performance indicators covering \$31 billion worth of expenditure — —

**Mr RICH-PHILLIPS** — I did not actually refer to the \$31 billion but to the measures not being — —

**The CHAIR** — It is measures relating to the total expenditure and the government — —

**Mr HEHIR** — It is the same type of thing anyway: the 30 per cent of things. The point that we were making was that if you want to look at the Victorian framework, our framework is based on budget paper 3, the output indicators in there, which cover 100 per cent of government expenditure, and there are clear indicators around all of that. What the Auditor-General's report was saying was that when you move from outputs to outcomes through strategies, the Auditor-General's office did not think the performance indicators it looked at at a departmental level with respect to those strategies which relate outputs to outcomes, were as effective as they should be. Our proposition was that, with respect to government activity, all government activity is covered by the output indicators within the framework the government has in place, that 100 per cent of government activity is covered by the outcome framework which is in place, which is the Growing Victoria Together framework which is also reported on through a whole pile of performance measures and indicators in budget

paper 3, but we accepted that there was work to be done on those indicators which were around objectives, which relate outputs to outcomes. That is what the legislation the minister referred to has put in place.

In relation to the comment with respect to bias, I would say that what we were making comment about was not necessarily prejudice but like bias on a bowling ball: if you look at it, it sends you in a certain direction.

**Dr SYKES** — That is not spin!

**Mr HEHIR** — No, that is bias.

**Dr SYKES** — No, that is a different thing: spin, government spin.

**The CHAIR** — The secretary, to answer without assistance, please.

**Mr HEHIR** — The comment there was that if you read the report headed ‘Performance reporting’, it may lead you to a view that it was actually covering the whole performance reporting framework when it was actually related to a component of the performance reporting framework, which by introducing the legislation into Parliament the government has identified as the next step in the reform process. We do not disagree with that, but it is not the aggregate of all performance reporting which is in place. That was one of the major issues that we raised concerns with, as well as the proposition that the report compared the website-based analysis of other jurisdictions’ performance frameworks with a detailed review of government departments. We thought, if you did exactly the same analysis in other jurisdictions, you may get a similar outcome, given the state of performance reporting around the world.

**Mr RICH-PHILLIPS** — Do you endorse that, Minister?

**The CHAIR** — Do you wish to — —

**Mr RICH-PHILLIPS** — I do. I wish to follow up the point the minister made. I am wondering if he endorses what the secretary has just said.

**Mr HOLDING** — I think we have answered the question.

**The CHAIR** — I think we are having answers from the minister and the secretary. The minister referred to the secretary, and I think the secretary has given an answer. It is not for us to comment on that; we take the answers as people give. Do you wish to make a clarification or not?

**Mr RICH-PHILLIPS** — I am keen to know if the minister does endorse what the secretary just said, because I would be surprised if he did. I also want to go to the point that the minister raised about the public finance bill. Both under the existing act and that framework, the weakness is the ministerial directions, which —  
—

**The CHAIR** — You are making a statement now. If you wish to ask another question, you can do so in a minute.

**Mr RICH-PHILLIPS** — The weak point is the ministerial directions to departments.

**The CHAIR** — I think you can ask that in a minute. We will go to Mr Noonan now and you can come back to that in a minute.

**Mr RICH-PHILLIPS** — That is in this legislation and the new legislation. That is where the problem is that the Auditor-General has identified.

**The CHAIR** — If you wish to ask that question in a minute, then we can come back to it. Mr Noonan has the call now.

**Mr RICH-PHILLIPS** — You do not want the minister to respond to that matter?

**Mr DALLA-RIVA** — The issue is about performance.

**The CHAIR** — You can ask it as a separate question in a minute. I regard it as a separate question. Mr Noonan has the call.

**Mr DALLA-RIVA** — The whole foundation of public accounts is about performance.

**Mr RICH-PHILLIPS** — I am surprised you are not more interested, Chair.

**The CHAIR** — I am very interested, as you know.

**Mr RICH-PHILLIPS** — You do not seem very interested.

**Mr NOONAN** — Minister, I want to ask a question about the national harmonisation of OHS law, which has been ongoing for some period of time, as I understand. I just wonder whether the minister could advise the committee on the progress made toward this objective and the potential impacts on Victorian employers and their employees?

**Mr HOLDING** — The harmonisation of occupational health and safety laws at the national level is a very important process. It is one that I have spoken of at previous PAEC meetings, and it is one in which Victoria has provided great leadership. In fact now that we have got this far in the process we can definitively and unambiguously say that it is the Victorian model for occupational health and safety laws, the ones that arose out of the Maxwell inquiry and that led to the legislative package in about 2005 or 2006, I think, which have been used as a national model for harmonisation.

I think that is something from a starting point that the Victorian WorkSafe agency as well as all of those who have been involved in occupational health and safety in Victoria can take some pride in — that the rest of the country has by and large seen the benefits of the arrangements that we have put in place and at some inconvenience to themselves have agreed to implement that set of arrangements in their jurisdictions.

Where have we got to? The model Work Health and Safety Act was endorsed by the Workplace Relations Ministers Council, the national body, in December 2009. As I said, this act is largely consistent with the Victorian Occupational Health and Safety Act, and we have been continuing to support the development of the model OHS laws in accordance with the time frames that have been set by COAG.

Safe Work Australia is also managing the development of regulations, which will support the model OHS Act. Through the tripartite strategic issues group and the various technical working groups, Victoria has strongly influenced the breadth and the detail of the model regulations. Safe Work Australia will release the draft regulations for a four month public comment period on 1 November 2010. The Workplace Relations Ministers Council would then be expected to announce the model regulations, perhaps by about June 2011. There is still quite a process of drafting and consultation which will sit underneath the development of those regulations — that is, sit under those harmonised laws.

As important as what is in the model act is, it is also important how regulators respond to the implementation and enforcement of it at the local level. Victoria has been leading the push for OHS regulators around Australia to adopt a consistent approach to compliance and enforcement. A major project called ‘regulators in harmony’ will run in parallel with the completion of the model laws project. We have got a legislative process, a regulatory process and then a process being driven by the regulators themselves to make sure that there is, as much as possible, a harmonised approach to compliance and enforcement.

We see a lot of benefits to Victoria from this harmonisation process. We also see a lot of benefits to enterprises that operate across state and territory borders. What it will mean is that there will be a uniform approach to interpretation and enforcement of those laws that will bring about greater certainty, reduce costs from having to deal with multiple jurisdictions with differing administrative processes, and it will see a reduction in the negative effects of regulatory fragmentation, which creates unnecessary burdens and costs for businesses and the wider community.

We think providing greater clarity for workers as to what the occupational health and safety arrangements are in different jurisdictions will also improve occupational health and safety outcomes as well.

We see a huge benefit coming from this harmonisation process, and we are very pleased that Victoria has been able to provide both legislative leadership but also leadership through our regulator to the processes that underpin it.

**The CHAIR** — Now, Mr Rich-Phillips.

**Mr RICH-PHILLIPS** — Thank you, Chair. I go back to the Auditor-General's report and I refer to the best practice notice that the Auditor-General referred to where he found that only 3 of the 19 had been met by the Victorian framework, and the ones that were not met include things such as 'mandatory agency reporting of effectiveness indicators explicitly disclosing objective/sub-objective contribution to whole-of-government outcomes/results' and 'agency annual accountability report relates outcome/results to resources consumed'. I will not go through them all; there is a full list. There are ticks against 3 of the 19 and crosses against the balance.

The minister indicated before that somehow this is all going to change with the public finance bill, but what I would put to the minister is the weakness with the current framework as identified by the Auditor-General is not the legislation, not the Financial Management Act; it is the ministerial directions that underpin that and the way in which they have been issued and implemented by the responsible minister, the finance minister. The new public finance bill will also require ministerial directions from the finance minister to underpin the reporting framework.

What I want to ask the minister is how the public finance bill is going to be any better than the Financial Management Act when it is going to rely on its own ministerial directions issued by the minister.

**The CHAIR** — Minister, this is actually an estimates hearing. I am in the area here where we are dealing with legislation which is currently before the Parliament.

**Mr DALLA-RIVA** — No, it is not.

**Mr HOLDING** — It is.

**The CHAIR** — I beg your pardon?

**Mr DALLA-RIVA** — It is not, Chair. It is not in our chamber.

**The CHAIR** — It is before the Parliament.

**Ms HUPPERT** — It is before the Parliament. We are not the only — —

**Mr DALLA-RIVA** — Your chamber is fine, but it is not before us.

**The CHAIR** — I am just making the statement that it is actually before — — we have a whole range of performance measures which are actually in the budget paper. I am just saying to the minister that we are dealing with the budget and the estimates, so insofar as this relates to the estimates, but I am a little unsure — and the minister may be happy to clarify it.

**Mr HOLDING** — Without trying to turn this into a hearing — —

**The CHAIR** — That is my point. It is not a hearing on the Financial Management Act: we have done that.

**Mr HOLDING** — What I would say is: like with all reports of this nature, the government is required to table its response — I think within a six-month period — —

**The CHAIR** — Six months.

**Mr HOLDING** — — of the report being tabled in the Parliament, and the government will consider each of the recommendations made by the Auditor-General in his report and reflect on those when we draft our response.

**Mr RICH-PHILLIPS** — But the question is: how is the public finance bill and the (inaudible) relying on your directions?

**The CHAIR** — I think the minister has addressed that, but if you wish to add anything, Minister?

**Mr HOLDING** — There will obviously be a refinement of some of the ministerial directions as part of the process for implementing the new Public Finance and Accountability Bill. It is very clear that the Bill itself contemplates that. But as I say, I am not going to turn this hearing into a hearing on the PFAB.

**Ms HUPPERT** — I have a question about domestic building insurance. Of course, the construction industry is one of the most important sectors of the Victorian economy. The domestic building sector is equally as important, and it touches many Victorians who are either constructing their own home or carrying out substantial renovations. Having regard to this, I wonder if the minister could please outline for the committee the reason for the government's decision to take over the underwriting of domestic building insurance, and what it means for consumers and builders going forward?

**Mr HOLDING** — Thanks for that question; it is a very important one. What I would say is that renovating or building a home is one of the biggest decisions that most consumers — most families — will ever have to confront. For those who do so at the moment there are two sets of protections that are in place for consumers. The first is what we call the front-end protections, and they are the ones that are effectively regulated and provided through Consumer Affairs Victoria and through the Building Commission itself.

They seek to provide a quick, cheap and non-legalistic solution for consumers who have a dispute with their builder without recourse to expensive legal action or lawyers et cetera. Ultimately, through the conciliation process and ultimately through VCAT that is by and large a very effective set of arrangements, and the vast majority of disputes between home owners — consumers — and builders are resolved through that mechanism.

What is also required, though, is a last-resort insurance product to protect consumers in the event of a catastrophe — the builder dying, disappearing or becoming insolvent. That is what compulsory domestic building insurance provides at the moment. Over a number of years that system has worked well, but increasingly the private insurers who provided the product have been vacating the market, not willing to provide insurance for builders. The danger is, of course, that if insurers require compulsory insurance products to be able to provide their services, and there are fewer and fewer insurers willing to provide that product, the danger is there will be builders who cannot perform building work at a domestic level in Victoria because they do not have access to domestic building insurance.

Originally we had about five insurers providing product into this market. At the end of last year Vero, that had almost if not more than 50 per cent of the current market share, announced they would be leaving — I think on 1 July this year. We were left with only two insurers. The government took the view that two insurers were too few to protect the public interest and to ensure affordable insurance was available for those builders who require domestic building insurance to protect their customers, and so we made the decision to intervene.

In intervening we had two options available to us: one was to provide insurance in competition or as a supplement to the private sector; the other was to provide a monopoly insurance product. We decided to provide a monopoly insurance product, because the government was concerned that if we did not do that, then the taxpayer would have been left insuring the most difficult and problematic builders, and the private sector would have continued to insure those builders over whom they had the greatest level of confidence. We felt that was an unacceptable risk to expose the Victorian taxpayer to.

At some stage in the future, if there was to be a critical mass of insurers willing to re-enter this market and provide viable and competitive product, then the Victorian government would be prepared to reconsider its position. But I think that is unlikely to happen in the foreseeable future, and so we are now in the process, as I explained in answering Mr Rich-Phillips' questions earlier, of transitioning those builders who have insurance with either QBE or Calliden — the two insurers who have remained in the market — across to the Victorian Managed Insurance Authority and ensuring there is not uncertainty or dislocation in the marketplace while that process is under way.

**Mr RICH-PHILLIPS** — Minister, could I take you to the Transport Accident Commission, and the decision by the government to resume taking dividends from the TAC in the 2010–11 financial year? When the TAC last reported, it had negative equity liabilities exceeding assets by \$337 million in the 2008–09 financial reports. What parameters or criteria were met in the current period that allow the government to resume taking dividends from the TAC in view of that previous insolvency?

**Mr HOLDING** — It comes back to the profit from insurance operations, but I might invite the chief executive officer to provide more detailed information about the financial position of the organisation.

**Ms DORE** — Thank you, Chair. The financial position is still a positive one. The performance from insurance operations remains very steady, and there is no threat to the viability of the scheme in providing a dividend.

**Mr RICH-PHILLIPS** — Has the negative equity issue been addressed?

**Ms DORE** — It is coming back very strongly in the investment performance, and we are looking at a positive result this year.

**Mr RICH-PHILLIPS** — By the time the dividend is taken?

**Ms DORE** — As I understand it, yes.

**The CHAIR** — I thank Mr Hehir, Ms Dore and Mr Tweedly for attending today. We will take a short break while we change over to the Department of Sustainability and Environment witnesses.

**Witnesses withdrew.**