

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2015–16

Melbourne — 21 May 2015

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Dr Rachel Carling-Jenkins

Mr Tim Smith

Mr Steve Dimopoulos

Ms Vicki Ward

Mr Danny O'Brien

#### Staff

Executive Officer: Ms Valerie Cheong

#### Witnesses

Mr Gavin Jennings, Special Minister of State,

Mr Chris Eccles, Secretary,

Ms Kym Peake, Deputy Secretary, Governance, Policy and Coordination, and

Mr Ryan Phillips, General Counsel, Department of Premier and Cabinet.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome to the hearing today the Special Minister of State, the Honourable Gavin Jennings, MLC; Mr Chris Eccles, Secretary of the Department of Premier and Cabinet; Ms Kym Peake, Deputy Secretary, Governance, Policy and Coordination; and Mr Ryan Phillips, General Counsel.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible. Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided by officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I now invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

#### **Visual presentation.**

**Mr JENNINGS** — Thank you, Chair, for the opportunity to present to the Public Accounts and Estimates Committee on the important work that I am undertaking on behalf of the government to work with the public service to rebuild confidence and capability across the public service. That is the nature of my presentation and many of the initiatives that I will be outlining to you.

The public service currently comprises somewhere in the order of 40 departments and offices associated with those departments. It is a very significant employer in its own right in terms of the public service — 33 000 people are directly employed within the service. If you have a look at the breadth of public entities across Victoria, there are about 3800 public sector entities, and they collectively employ 216 000 full-time equivalent employees. Have a think about that in terms of the importance of that employment and the importance to the work of Victoria both in terms of support to the community and very importantly through the prism of our contribution to the gross state product. It is 15 per cent in its own right, which is actually quite an extraordinary contribution that the public sector makes to Victoria.

Whilst that is true and whilst there is great resilience and capability within the public sector, there have been some challenges that have confronted it within the last few years. We have inherited a budget and settings from the government that we replaced. We see that whilst there is high engagement of employees in the public sector, there have in fact been many stresses and strains in that relationship over the last few years. In the last term of government 4455 people left the service, which was an 11 per cent reduction. As I am sure Mr O'Brien would be most particularly perturbed about, that included over 1000 people — 1107 — who came out of the public sector in regional Victoria. As he would be aware, that in its own right is a significant contributor — —

**Mr D. O'BRIEN** — Ms Shing might want to be — —

**Ms SHING** — I also am alarmed.

**Mr JENNINGS** — You would be alarmed, but I anticipate at one level a rhetorical flourish from Mr O'Brien in a number of his interests. I was anticipating that and pre-empting that by indicating that under the government that he was a part of more than 1000 jobs left regional Victoria — —

#### **Members interjecting.**

**The CHAIR** — Order! The minister, to continue without assistance.

**Mr JENNINGS** — I did not hear the interjection, Chair, so I will not respond to it. Very importantly in relation to this — —

**Members interjecting.**

**Mr JENNINGS** — I did not hear that one either.

**The CHAIR** — Order! The minister, to continue without assistance.

**Mr JENNINGS** — What we actually saw during the course of the last term was a significant reduction in both the number of people employed by the previous government and the confidence level in the Victorian public service, so we are actually wanting to rejig and start again in terms of refreshing and giving confidence. The initiatives that I will be outlining to the committee today include the design to build confidence in the Victorian community, which is associated with Infrastructure Victoria, Projects Victoria and Services Victoria; to deal with the greater capability in terms of reliability of the integrity of the public service, so additional funding for the Victorian Public Sector Commission; and indeed measures designed to assist the transparency and accountability of government by giving a renewed emphasis and priority to the Public Access Counsellor, the Public Records Office of Victoria and the Office of the Chief Parliamentary Counsel.

In terms of when you drill down to what that looks like, \$40 million has been allocated to Infrastructure Victoria — \$10 million each year over the forward estimates — to try to ensure that we have the capability of identifying Victoria's current and future infrastructure needs in terms of the significance they play both in the domestic Victorian economy but also within the Australian nationally significant infrastructure. We have a long-term view about the strategy and the pipeline projects that would serve this state well.

We are establishing Projects Victoria with a \$10 million allocation over the next four years to assist in making sure that we have a knowledge base and an understanding of how we keep those projects on track once they commence. Services Victoria is a \$15 million investment in the first year in trying to get a better configuration of business capability in the interface between Victorian public services, particularly many business transactions that enable a greater citizen experience and confidence in what the Victorian government does. If you consider that those transactions at the moment cost somewhere in the order of \$461 million but in the next decade we would anticipate that rising to about \$700 million worth of costs contained in those transactions, you can see the reasons why we want to get on top of them.

In terms of restoring the capability, the investment in the Victorian Public Sector Commission, we are seeing that the Victorian Public Service Commission is about a quarter of the size of other relevant bodies in New South Wales. It has been diminished quite significantly. We are reinvesting in it to enable it to undertake greater scope in its work, to develop a business case for what support it might give to the public service in the future. We think that \$2 million investment in the next financial year will assist us to be better placed beyond that to work out the scope of its work.

In terms of the last slide, transparency and accountability, we have allocated \$16 million over four years for the Office of the Freedom of Information Commissioner to be reconfigured and refreshed to become the Office of the Public Access Counsellor, and I hope that I will have the opportunity to talk about the important broader mandate that that office may have during the life of the government.

The Public Record Office Victoria plays a very important role in terms of protecting a lot of the state treasures of information that have been compiled since the time of Victoria's settlement and indeed documentary evidence that even relates to a period before that. It is a great repository of knowledge that we want to protect and share with our community in the future.

We want to make sure that the Office of Parliamentary Counsel is better resourced, not only to provide legislation and other regulatory documents for the Parliament but to share them with our citizenry, and that investment I think will help that.

**The CHAIR** — Thank you, Minister. I will lead off with the first question. In the context of the 2015–16 budget and your own portfolio responsibilities, can you inform the committee how this budget acquits *Labor's Financial Statement*?

**Mr JENNINGS** — Within what I have just described to the committee there are two or three that come to mind that I can refer to immediately in terms of commitments that the incoming Labor government made. One was to create Infrastructure Victoria, which I have just drawn to the committee's attention. It was not only an election commitment but a very important way in which we can restore confidence in the Victorian community, which includes the business sector in relation to the pipeline and the strategic investments of infrastructure in the years to come. We have married that up within the midyear update and restated in the budget the \$40 million allocated to establish Infrastructure Victoria.

Similarly with Projects Victoria, which will have a more hands-on scrutiny of individual projects themselves, making sure we have a residual capability and a discipline across government to rigorously assess our ability to deliver on those projects, and \$10 million has been allocated for that. Indeed, in relation to the \$16 million that I have identified already to the committee in terms of turning the Office of the Freedom of Information Commissioner into the Public Access Counsellor, we think that that will create a greater opportunity for the Victorian citizenry to have confidence in the way in which freedom of information is dealt with but also an ability to review decisions that may have been made by departments and, for that matter, for ministers in this instance about whether they are inappropriately withholding information, and a desire to make sure that decisions are made in a far more timely way. That is the scope of some of those commitments, and they are certainly reflected in the budget papers that you have before you.

**The CHAIR** — Thank you, Minister. The worldly and esteemed Deputy Chair.

**Mr MORRIS** — Minister, I refer you to budget paper 3, page 314, and the public sector ICT and digital government output. The question relates to the review of CenITex, and I understand that Project Atlas is part of your portfolio rather than that of the Minister for Finance, so that is the basis of the question. I understand that as part of the government's review of CenITex, the Project Atlas transition of CenITex from a provider of IT services to an IT services broker has been halted. Project Atlas was designed to put the state's IT services on a sustainable footing and to meet future capital requirement as well as mitigate the risk of system failure that exists in the current model. Can the minister outline for the committee what the key metrics are that support the government's decision not to proceed with Project Atlas? In the absence of Project Atlas, what capital contribution the government will be required to make to provide the asset refresh requirements? And, Minister, what have you done to assure yourself that, in the absence of Project Atlas, CenITex is able to mitigate the growing risk of catastrophic failure of the system or security failure?

**Ms SHING** — Tell me you are going to ask for a supplementary off the back of those three questions.

**Mr MORRIS** — They are interrelated; that is why I have asked them all at the same time.

**Mr JENNINGS** — They are interrelated. It was a somewhat complicated question, but nonetheless it is a significant one and something I was hoping there would be an opportunity for us to discuss. I think it is important to have a bit of an appreciation for those in the community who may not be aware of what is at the heart of your question, Mr Morris, in terms of what we are really talking about. We are talking about a capability within government or attached to government that enables us to be connected through our hardware of computer systems, the way in which the computer systems are then connected, the way in which then they are maintained and updated and, in terms of information sharing across government or outside of government, what confidence there is within the public sector in the reliability of all of the hardware and software that makes up that system.

Within that there had been a couple of attempts by the outgoing government to try to come to terms with what you describe as some systems failure and you describe as some difficulty. I thank you for volunteering that in fact you recognise that in fact there was a deficiency in the capability and the performance that led to the previous government wishing to find a solution. The solution that it attempted was, as you describe, Project Atlas, which was the second iteration of a program that had earlier been called Evolve, which had been commenced and then failed under the previous government and then which had some budget allocation in the last budget of the Napthine government to provide for the walk-up foundation, effectively, for those services to be contracted out. They are basically the policy settings that we inherited.

When we arrived in office we made an instant assessment about whether we thought that there had been a sufficient business case prepared internally within government that would warrant that decision being made. We wanted to have a refresh about the underlying assumptions about what an in-house capability could be, should

be, now and into the future; what was offered to us by contracting out all of that effort to the private sector; what level of investment may be required to fully acquit that discharging of that contracting out; and what might be the level of investment that is required now and into the future to acquit it. That is what we have been doing.

We put a hold on the process of Project Atlas and VicConnect, which was also an associated program in relation to the connectivity of data streams. We said, 'Let's have a refresh about that. Let's have a look at what we think that decision and that process should be'. We have put it on the pause button. It has been on the pause button since March. It is anticipated within the next month that firm recommendations will be coming to me and the rest of the government, that I will then provide to the government, on the decisions that we may make about whether to proceed with that approach or whether to redesign what that strategy might be.

Within the budget line item that you have identified, we are mindful of how much money has been spent on Project Atlas — and VicConnect for that matter — up until now. That is somewhere in the order of about \$3.5 million for the two, so there is a residual capability that is left in the budget that makes up that part of the \$30 million it appears in. We have got other investments that we have added to that within this budget line item on page 314, and we will be making decisions about the appropriate allocations in this budget cycle that will actually make it very clear to you, to the IT community but most importantly to the public service about the confidence by which we will make those decisions going forward.

**Mr MORRIS** — Thanks, Chair. I think we have already had the answer, but if I can just ensure that the issues with regard to the future capital requirements and the issues with regard to the risk for system or security failure are intended to come out of that review, is that the —

**Mr JENNINGS** — Certainly in terms of all the associated matters about our in-house capability — the hard connections, the software connections, basically — and the culture of us being able to be confident that we either have the talent in-house or that we have sufficient knowledge to actually work out what we purchase from outside, that is important for us to do. In relation to the forward momentum in relation to privacy and security matters, there is an allocation within the budget to provide for that and the work that was undertaken under the auspices of the privacy commissioner will actually assist us in that work.

**Dr CARLING-JENKINS** — Thank you, Chair, and thank you, Minister. Thank you very much for your presentation. I really appreciate your commitment to restoring confidence, particularly within the public sector, and that is what I would like to refer to in my question. I have noted that within the public service or public sector jobs there have been a lot of changes over the last few years, particularly I am thinking about the Department of Human Services, which is now the Department of Health and Human Services, where they tried a new non-siloed approach and many jobs were lost from middle management. As you have in your slide here, those VPS grades particularly were lost. The idea was that it was becoming more focused on grassroots decision-making. However, speaking to a lot of the people within that, they have said they have been very disappointed the silos continue to exist but in different ways and many skills have been lost from the sector. I just wonder if you could outline for the committee how the government will be seeking to review staff structures within departments such as this as a way of restoring confidence in the public sector.

**Mr JENNINGS** — Certainly the team that joined me at the table are committed to that outcome, and I might in a second invite them to actually make some comments about this as well because, as you would understand, there is a new leadership within the public service in Victoria. So whilst I have an enthusiasm and interest in that regard, they will be acquitted with the responsibility of implementing it in line with the secretaries board that actually then brings together the capability across the public service. What we will be trying to do is design programs that actually clearly demonstrate that we are reinvesting. That is certainly very important for us. In terms of acquitting the responsibility of the Victorian public sector commissioner in terms of scope of work which they can validate, the benchmarking of appropriate standards and reliability in terms of integrity, that is a feature of the presentation today and what we will be doing.

How we then work on through in a timely way in relation to machinery of government matters, which you indicated in your question you have an interest in — and I thank you for your interest. You have demonstrated on a number of occasions in the Legislative Council that you know the value of the work that is undertaken there and how complex that may be. Indeed, in terms of the complexity of it, there had been various times when decisions were made, that were thought to be in the best interests: (either in the aggregation or disaggregation of services; or streamlined responsibilities) of departments in the name of trying to narrow cast in the key performance indicators of success. That was, to be perfectly honest, one of the reasons why the government I

was previously part of made a decision to separate health and human services, and that was a logic that was then pursued with greater determination, may I say, by the Baillieu and Napthine governments.

On coming to office we actually reflected on the coincidence of care needs and the clinical pathways or the support service pathways for patients and for those in our community who deserve support, and we thought, 'What is the best way to reintegrate that?'. That is the reason why we brought those departments back together — to actually see how they can be reassembled to try and deliver community-based services in an integrated way that brings together health and human services in an effective service delivery model. It has been designed not to reduce employment opportunities; that has not been a driver of this reform. The driver of this reform has been to have a look from the perspective of the citizen and of families in this community at how do we then rise up and get our act together in terms of the public service to respond to those needs.

That is what we are trying to rebuild. That will take some time, and I am sure my ministerial colleagues when they were here in those portfolios would have said something similar. I have not checked, but I imagine they would have. How government joins up is a real challenge for us and something we are very committed to. With that — perhaps a lengthier preamble than I would have thought — the Secretary of the Department of Premier and Cabinet may want to make a comment or two.

**Mr ECCLES** — Perhaps going to the direct portfolio you described, the Department of Health and Human Services. Under the auspices of the Public Sector Commission we have initiated a capability review. It is borrowing a model from the Australian Public Service Commission whereby you get some external experts who come and examine the reform objectives of government and the system objectives of government and then they go into a fairly deep analysis of the strengths and weaknesses both in terms of organisational design, in terms of capabilities and competence, and in terms of systems to see whether the portfolio aligns with those reform objectives in terms of all of those matters I just described. We are in the middle of that process with that particular portfolio. It is again a model that I would expect we would roll out more systematically across government, because it has proven to be very successful at the commonwealth level.

**Dr CARLING-JENKINS** — Thank you very much, Minister and Secretary. I do not have a supplementary question because obviously it is very early stages. I think I will just watch this space.

**Ms WARD** — Good afternoon, everyone. Good afternoon, Minister. It is lovely to see you here. As you can see, we are all full of beans still even though it is Thursday afternoon.

**Mr JENNINGS** — Congratulations.

**Ms WARD** — Thank you. What I am interested in is public sector integrity. Please have a look at budget paper 3, pages 308 and 309. The whole section deals with public sector integrity. Page 341 also discusses our friend at the Victorian Auditor-General's Office. Can the minister advise the committee how the government will deliver on its commitment to restore the Victorian community's confidence in the integrity of the public sector?

**Mr JENNINGS** — Thank you for the opportunity to describe that; I will do it quickly. On coming to government we committed to restoring confidence in the structures of IBAC and the working method of the Auditor-General. We said we would provide IBAC with the opportunity to get a better threshold in terms of the way in which it embarks upon its investigations, because we believed the settings of IBAC were set too high in terms of limiting its jurisdictional cover. We also acknowledge the value of giving the Auditor-General the powers he has craved for some time, which are follow-the-money powers, and we also recognise there is a need to articulate appropriately from one integrity body to another, whether it be the Ombudsman, the Auditor-General or IBAC, in terms of making sure they have an interlocking method that makes sure they can follow those investigations to their natural justice conclusions. That is what we intend to do, and the government is intending to bring that suite of measures to the Parliament certainly this term — certainly my hope is during the course of this calendar year.

**Mr T. SMITH** — I refer you to the public sector integrity output on page 308 of budget paper 3. The freedom of information commissioner acts independently of government and reports directly to the Parliament through the Accountability and Oversight Committee. Why then has the government asked Peter Allen, through the public sector commission, which is a government-controlled entity, to prepare a report concerning the performance of the independent FOI commissioner?

**Mr JENNINGS** — In fact I have missed what the link is that gives rise to your concern. Given that you have obviously got a concern, could you just ask the question again?

**Mr T. SMITH** — Why has the government asked Peter Allen, through the public sector commission, which is a government-controlled entity, to prepare a secret report concerning the performance of the independent FOI commissioner?

**Members interjecting.**

**Ms SHING** — On a point of order, was that question asked in the same way the second time as it was the first, because I feel I am hearing different things?

**Mr T. SMITH** — I think it was basically the same, yes.

**Ms SHING** — Basically. So that we are absolutely clear, can I just ask — —

**Mr T. SMITH** — There was one word that was different.

**Ms SHING** — Was that ‘secret’?

**Mr T. SMITH** — Correct.

**Ms SHING** — It was just that you said it was a secret report in the second asking of the question?

**Mr T. SMITH** — Correct.

**Members interjecting.**

**The CHAIR** — I am conscious it is Thursday and it is getting towards the end of the day. For my edification, just so I am clear, the premise of your question is: why has the government engaged Peter Allen to write a report in relation to the FOI commissioner? That is the thrust of it?

**Mr T. SMITH** — The FOI commissioner being independent, yet the government is conducting an investigation into this individual. Why?

**Ms SHING** — An investigation or a report?

**Mr T. SMITH** — Report.

**Ms SHING** — You said ‘report’ in your question, and now you are saying ‘investigation’.

**Mr D. O’BRIEN** — You generally get a report at the end of an investigation.

**Ms SHING** — I am just confused as to what you are actually asking. I do not understand.

**Ms WARD** — Accuracy is important, Mr O’Brien. I am sure you appreciate that.

**The CHAIR** — Order! I am happy for the minister to answer the question.

**Mr JENNINGS** — I am not clear how it is actually pinned to the budget, and I am not sure that Mr Smith was clear about how it is actually pinned to an issue of jurisdictional responsibility. That is the reason why I asked the question, because the link would seem to me to be fairly tenuous, and that still is my concern. Investigations by the public service commissioner may come to them from a variety of sources within government or within the public service itself or on request, in terms of it acquitting its responsibilities. In fact the business model of the public service commissioner has actually varied significantly from its original iteration to its current practice, and it has been commissioned to do a lot of work on behalf of the Victorian community more broadly on the basis of inquiries that may come to it by departments, by agencies — and in some instances by heads of departments and government agencies themselves. They may respond to issues that are raised with them that would warrant some investigation. I would have thought that within that basket I have described to you it allows the public service commissioner to undertake inquiries.

**Mr T. SMITH** — Given the public sector commission is not independent of government, what confidence can the committee have that the review of the FOI commissioner is not simply a witch hunt to force out another statutory office holder, and will you provide an assurance that the commission's report will be made public?

**Ms SHING** — On a point of order, again — and we have traversed this territory on numerous occasions before — asking supplementary questions which, firstly, do not have any direct correlation to the substantive question and which, secondly, request that a minister express — —

**Members interjecting.**

**The CHAIR** — Order! Points of order will be heard in silence.

**Ms SHING** — That either lead an argument themselves or require the answer to express an opinion or an argument or otherwise to traverse the territory that is covered by other ministers, or are within the scope of a period not covered in the budget papers is something which I would ask the Chair to direct Mr Smith to rephrase his supplementary on.

**The CHAIR** — Mr Smith will rephrase his supplementary question.

**Mr T. SMITH** — I am sorry. Which bit don't you like?

**Ms SHING** — Let's start from the very beginning.

**Mr T. SMITH** — Which bit don't you like?

**The CHAIR** — I think you are using pejorative terms in the question in relation to a witch-hunt, and you are making assertions or — —

**Mr T. SMITH** — With respect, Chair, Ms Ward's question before pertained to restoring whatever — —

**Members interjecting.**

**The CHAIR** — That is not a point of order. Can you rephrase your question, please?

**Mr MORRIS** — On the point of order, Chair, this may assist. I understand Mr Eccles in fact organised this report. Perhaps he may be able to comment on the report or provide some background, which we do not seem to be getting from the minister.

**Ms SHING** — Further to the point of order, you are looking for assurances, for guarantees. You have called into question the independence of the public sector commissioner and you have asked for the answer to accept the presupposition in the supplementary questions that you have put. So, again, it is so loaded with different layers of acceptance of premises that I think it would probably be easier before that question is put for it to be rephrased so that we are clear on what is being asked and how it relates to the budget papers.

**Mr MORRIS** — We are trying to establish why the report has been called for and what is the — —

**Members interjecting.**

**Mr T. SMITH** — Why has the report been called for, when will it be delivered and will it be made public? How is that?

**Mr JENNINGS** — I thank the committee for collectively working to find the form of that question.

**Mr D. O'BRIEN** — We have been working on it for a couple of weeks now — —

**Ms WARD** — They will get better at it, Minister; I promise you.

**Mr JENNINGS** — The form of the question and Mr Morris's intervention have invited the secretary to speak, and I will invite the secretary to speak as well, but I do not want any imputation that I was not prepared to answer the question, because in fact the question was in a very nebulous form, can I suggest. I just wanted to make sure that we were not jumping all over the place in relation to accusations or constructs that may be totally



out of kilter with the statutory and other responsibilities of officers, the integrity of the work that may be undertaken and the need for the work to be undertaken. On that basis I will now invite the secretary to make comment.

**Ms SHING** — Just on a point of clarification before you do, Secretary, you will be responding to Mr Morris's rephrasing of the supplementary?

**Mr ECCLES** — Yes. Thank you, committee and Minister. To cut straight to the nub of the matter, there were certain matters that were brought to my attention, and it is not appropriate to disclose the detail, which I considered to be sufficiently serious to call upon the public service commission to initiate an inquiry. That inquiry is on foot, and the matter is before government. I have probably nothing more that I can usefully add.

**Mr DIMOPOULOS** — Good afternoon, Minister. In relation to BP3, pages 92–93 and Service Victoria — you talked about Service Victoria in your opening remarks—I just want to get a sense from you what the purpose is and how Service Victoria will actually improve public service delivery in Victoria.

**Mr JENNINGS** — Thank you for the opportunity to talk about Service Victoria. As the committee will note there is a significant investment but a comparatively modest investment in the next financial year to undertake an important piece of work to repurpose, to refresh and to build the capability, particularly across business transactions, in the Victorian public sector and in terms of the information that is available to our citizens and the way that they can access it.

If you think about it, at the moment in Victoria there are about 55 million transactions that take place between our citizens and the public sector. Some of those are easy, and some of them are very complicated. If you have a look at them in terms of a digital interface, whereas in normal circumstances in the private sector 90 per cent of those transactions may be completed completely online, in Victoria 1 per cent of them are completed online, and that is because our systems are very clunky. They are not completely tight in terms of the online interface, and indeed we have inherited a situation where there are far too many interfaces online between the Victorian public sector and the community.

There are 538 websites that are associated with Victorian government entities. There are 400 phone lines. There are 496 sites that have in fact been associated with the Victorian public sector, which we think is not necessarily a very unified, consistent way of dealing with our community and is a very confusing one. When you think about the cost of those transactions, if you do something online, the average cost would be somewhere in the order of \$6.80 — in fact we have assessed it to be a very precise number, \$6.84. If you did it face to face, then in fact those transactions would cost you in the order of \$21 — \$21.52. So we can see a clear benefit to try to get our act together in relation to the online interface, the business operability that underpins it and the culture by which we will staff it. We will actually provide a better service to the Victorian community, and we are going to start building a capability. That is what this investment is about.

**The CHAIR** — Mr O'Brien.

**Mr D. O'BRIEN** — Thank you Chair and future Leader of the Opposition.

**Ms SHING** — I am so tempted to raise my 600th point of order of the day, Mr O'Brien!

**The CHAIR** — I did ask for that.

**Mr D. O'BRIEN** — Minister, I refer to budget paper 3, page 313, regarding Infrastructure Victoria. You said earlier that there is a \$10 million allocation to Infrastructure Victoria per annum, but according to the outputs, the deliverables here, Infrastructure Victoria is only expected to complete two research advisory or long-term project reports in 15–16. Minister, at an average cost of \$5 million per report, will you provide an assurance that these reports will be released in full to the public for review before any decisions to fund or commence projects are made?

**Mr JENNINGS** — I can give you the absolute guarantee that reports that are produced will be published; that is easy. Your in-built assumption about the cost of those reports — I think it is not a direct linear relationship between the number in the budget paper and the issue of more reports, because we are building a team. We are building a capability. We are building an analytical profile that will actually serve this community well into the future and establish long-term, over-the-horizon plans. In the first iteration the government would

anticipate that the reports that will be published in the first 12 months will be the framing documents by which they will then be populated at great depth and great breadth over time.

**Mr D. O'BRIEN** — It might cost more than 5 million.

**Ms SHING** — Is that your supplementary?

**Mr D. O'BRIEN** — That was rather a facetious question, Minister. Sorry.

**Mr JENNINGS** — That is okay. Mr O'Brien and I miss each other.

**Mr D. O'BRIEN** — Point of order, Chair: I do not like being verballed!

**Members interjecting.**

**Mr JENNINGS** — I did not know whether that was a supplementary question or not.

**Mr D. O'BRIEN** — No.

**Mr JENNINGS** — In theory, the reports that may be published in years to come, because of the gravity of them, the breadth of them and the scope of them, may be very expensive reports. In fact they may be serving a 30-year horizon. So, yes, they may cost quite a bit. But in terms of the establishment within the budget, it is for building a team; from our perspective it is building a centre of analytical excellence in terms of mapping the future.

**Mr D. O'BRIEN** — Thank you, Minister. I note that you are building a team, but you did say it is still \$10 million every year for four years. My supplementary question is that there is clearly a list of infrastructure projects the government is either considering or has committed to, so could you tell me whether any on the following list will be the subject of reports: the Melbourne Metro rail project; any of the proposed level crossing removal projects; the West Gate distributor; Transurban's western distributor; the Mernda rail link; the Murray Basin rail project; the Thompsons Road duplication; the Drysdale bypass; the Yan Yean Road duplication; the Frankston station precinct; the Victorian Heart Hospital; and the Casey Hospital expansion. Will any of those be the subject of reports this year?

**Mr JENNINGS** — What you will appreciate over time is that all the projects you have listed are within the scope of the interests of Infrastructure Victoria. So whether all the projects themselves will be — they may or may not be not be individually assessed by Infrastructure Victoria, but all the scope of the projects that you have described will be in the consideration of the long-term strategy, both in terms of assessing what projects are on track now and what projects then would be needed to augment their effectiveness and to build on the infrastructure needs of Victoria over time. So all are within scope.

**Ms SHING** — Thanks, Minister and departmental officials, for bearing with us as we descend into verbal chaos this afternoon. It has been a very long fortnight.

**Mr Morris interjected.**

**Ms SHING** — Descend. Yes, thank you, Mr Morris. We have indeed truly arrived.

Minister, I would like to take you to budget paper 3, page 313, where we have been sitting this afternoon, and to the performance measures for Infrastructure Victoria. I would welcome from you some input as to how the establishment of Infrastructure Victoria will change the way that governments assess long-term infrastructure needs, perhaps building in any specific examples and/or process matters that you might see fit.

**Mr JENNINGS** — In fact it is almost a supplementary — —

**Ms SHING** — It is almost the same, but I am actually asking for a longer term process-based assessment for how we develop planning.

**Mr JENNINGS** — I have interpreted it as a supplementary to yours.

**Mr D. O'BRIEN** — Thank you.

**Ms SHING** — This is the collaborative model that we have adopted.

**Mr JENNINGS** — The reason why I think it is a supplementary is that I did not necessarily outline what that analytical capability may be. What we could be talking about is that quite often in projects people think about what the transport modelling might be, and that is the extent of the modelling that is underpinning infrastructure planning in the future. That is important; it is very important to actually know what the impact of congestion or disruption is or the productivity that is impaired or enhanced through infrastructure spending. But it is not the only thing. In terms of the economic and social fabric that is built around that transport infrastructure, the way in which the city grows, the way in which urban planning, urban forms, and the way we connect through the regions, which I know is an issue for both of you, it is very important that our investments in infrastructure and in sharing the expenditure of state support for infrastructure, whether it be in transport, health, culture, economic activity, we actually want to bring all the various disciplines to bring to bear — that is, planning, transport, economics, social impact — to be able to be very clear in terms of future trends, future demands and technology changes over time that we are able to use all of those platforms to make sure that we have confidence in the plan for the future.

**Mr MORRIS** — I refer to budget paper 2, page 10, the section on infrastructure. Minister, can you indicate to the committee the relationship between Infrastructure Victoria, Projects Victoria, Major Projects Victoria, which is not referenced on that page, and the Victorian chief engineer. How do they all fit together?

**Mr JENNINGS** — Structurally if you think about Infrastructure Victoria, it is what we have just been discussing. Now we have another supplementary question — three in a row. Basically what it is doing is actually mapping out an effective plan for the long term in terms of bringing all that analytical capability of not only what the value of each investment may be, so it has the ability to make assessments about current projects and how they may fit into the long-term plan, the long-term investment needs of the Victorian community. So it will do that, call it a real-time assessment of emerging projects, but it will do it in the context of the long-term plan. It will be setting out long-term plans for government to consider but then government will have an obligation to respond to it in terms of bite-sized budget allocations and tranches of investment and priorities that then fit within that long-term frame. In that sense it will be an iterative process between Infrastructure Victoria and projects that are on foot at the moment within government and for budget determinations by government within various time frames within that long-term plan. That is what Infrastructure Victoria does.

Projects Victoria is charged with the responsibility of looking at what is the best way. We want to make sure that we have a number of people who look at a project once it is on the cusp of commencing or has commenced and in fact to make sure it is actually being done in an appropriate cost-effective, efficient manner, in terms of the way that it is procured, the way in which it satisfies the pricing and the engineering capability, and the project management skills that come within that project, and then it runs in parallel with that project. So in fact it is scrutinising pretty much in the preparation and in the real-time delivery of a project, and it monitors its effectiveness in terms of the performance of the project itself. The chief — —

**Mr D. O'BRIEN** — I thought that was what ministers were for.

**The CHAIR** — Order! The minister is answering a question. I encourage you not to interrupt him.

**Mr JENNINGS** — In fact I thought you might have been saying that was what the chief engineer is for. The chief engineer within that system, as it is referred to here, will have a particular interest in an aspect of that work by being mindful of the professional development that is required within the engineering capability of the Victorian economy, and, as it is indicated in that budget paper, a responsibility in relation to the registration of engineers.

**Mr MORRIS** — Minister, thank you for that response. Can you indicate for the benefit of the committee what funding has been provided for Infrastructure Victoria and Projects Victoria for each of the current year and the forward estimates?

**Mr JENNINGS** — With Infrastructure Victoria it is \$10 million for each year in the forward estimates, and for Projects Victoria, \$2.5 million.

**Ms WARD** — I will move away a little bit from Projects Victoria and these other areas. I think we have had a few conversations about that, and thank you for your comprehensive answers on these, Minister. I would like

to talk to you about something that gets us all interested, which is government advertising. I refer to budget paper 3, page 105, which outlines the savings that will be delivered by reducing government funded advertising — an excellent measure. Could the minister please inform the committee of the work underway that will deliver these savings?

**Mr JENNINGS** — Thank you. It is an interesting thing about government advertising — how interested are people in it? But your in-built assumption is that people are.

**Mr D. O'BRIEN** — A very good question, Minister.

**Mr JENNINGS** — Yes, exactly. I think that that is a test in terms of how interested people are or how valuable it is to them in terms of what they get out of advertising. All governments have been subjected in the past to accusations that government advertising becomes political advertising at various points in time, and there is also a lot of evidence to suggest that it has perhaps limited effectiveness in a whole variety of ways.

We in the Labor Party in opposition made a commitment that we would actually try to tighten down, both in terms of the amount of money that is spent in this area, particularly in TV advertising, but also in terms of trying to build some public confidence that in fact whatever money is spent is actually spent in an appropriate fashion to provide them with better information so they can get about their daily lives. We want to apply a bit more of a test than might have been applied in the past.

It is not necessarily an easy thing to deliver immediately coming to government, but we did make a commitment to reduce our expenditure by \$38 million. We have embarked upon a process to try to identify the ways in which we can tighten that expenditure down right across the public sector, and we are working through it with agencies at the moment. I am working with DPC in terms of trying to find ways in which we can bring those savings and then very importantly beyond that to try to have a look at the guidelines to make sure that they are contemporary and rigorous to actually provide the community with confidence about the health and wellbeing of the community, that public information is actually public information that has community benefit as distinct from the sales spin of a government. That is a test, and we are actually happy for the Auditor-General to have a look, sign off in the sense of validating that rigour, and for us to be subjected to it.

**Mr T. SMITH** — I refer to pages 113 and 166 of budget paper 3 relating to output movements as a result of machinery of government changes. What costs have departments been required to absorb as a result of the machinery of government changes implemented by your government on 1 January 2015, including costs such as purchase of new stationery, publication updates, workspace reconfigurations and redundancies?

**Mr JENNINGS** — I am not in a position to be able to talk about the stationery costs, but I am in a position to be able to tell you that in fact it has not been driven on the basis of staff reductions — or increases for that matter. It has been on the basis of redesigning the appropriate scope of agencies to reflect the government's priorities in service provision in some cases, which is the Health and Human Services one or in relation to our economic performance in terms of industry sectors and the infrastructure needs of the Victorian economy through the integration of the economic development, jobs, transport and resources department. That has been the driver — the integration of that effort.

In terms of bringing those elements together, I am sure that there may be some modest stationery costs that have been accrued because of that, but they have not been drawn to my attention. I would tend to think that in the scheme of things they will not amount to a great deal. But I am happy, if the committee believes that that is a major concern, for us to have a look at the ways in which we can account for that over time.

**Mr T. SMITH** — Could that be potentially provided on notice, Chair, through you to the minister?

**Ms SHING** — Just further to that request, what are you asking for — stationery to be listed?

**Mr T. SMITH** — Stationery, publication updates — the items I listed in my question.

**Ms SHING** — All of the items, not just stationery; okay.

**Mr T. SMITH** — All the items, yes.

**The CHAIR** — I think that the time and resources to comply with such a request might well exceed the cost of the initial changes, Mr Smith.

**Mr MORRIS** — On a point of order, Chair, it might be okay to trivialise the question by harping on stationery, but workspace reconfigurations, where you have got departments combining and being separated, and people being shifted all over the city or further, do not come cheap. I think it is an entirely legitimate question. If the matter is to be placed on notice, then it is stationery, publication updates, workspace reconfigurations and redundancies, if any.

**The CHAIR** — Again, I am not quite sure how robust the internal systems of these various departments might be to quantify to that minute level that level of cost. I think I heard the minister say in his concluding remarks that he might be pretty happy to provide some information to the committee in due course, or prospectively, in terms of how these changes are rolled out. I am not seeking to verbal the minister. I think I heard the minister say something along those lines. So I would be in part guided by what the minister thinks might be realistic and achievable in relation to the question from the member.

**Mr JENNINGS** — I thought your body language was telling me you are about to interject before I started.

**Mr T. SMITH** — Me? Never.

**Mr JENNINGS** — Again in relation to whether I had answered the substantive question in the first instance in a trivial or satisfactory manner, the committee can make its view, but I actually talked about the human costs, which are in fact the major costs, in relation to the staffing issue when there is no driver of costs through the basis of the people who work within the public sector, in terms of the redesign and reconfiguration. In terms of what might be the incurred costs through some movement of people within the buildings or across the public service and in terms of the slight reconfiguration of office accommodation, those things often happen during the course of normal business. They certainly took place during the course of the machinery of government measures that were made by the previous government. They certainly, in terms of the changes that have occurred on this occasion, are comparatively minor about the shift of individuals across different office spaces and accommodation. If it sounds as if I was trivialising it, I think in most instances the cost of stationery, which is renewed regularly right across the public service as a matter of normal business, it would be extremely hard to identify what the net value of that may be.

Indeed because of these things, in terms of the change of work patterns, behaviours and locations that could be taking place each and every day across the breadth of the agencies we are actually talking about, I tend to accept the Chair's interpretation that the analysis may be more costly than any of the items that — —

**Mr T. SMITH** — Are you honestly trying to tell us, Minister, that there is no cost to — —

**The CHAIR** — Order! The minister is answering your question.

### **Members interjecting.**

**Ms SHING** — On a point of order, Mr Smith, you started by indicating just now, 'Are you honestly trying to tell us that there is no cost to'. The minister has already indicated in his answer that there was no human cost in relation to the changes, and he has also indicated that whilst there may be — —

**Mr T. SMITH** — I want to know — —

**The CHAIR** — Order! Mr Smith!

### **Mr Smith interjected.**

**The CHAIR** — Order! Members are entitled to have a point of order heard in silence.

**Ms SHING** — Whilst there may be costs associated with changes that occur throughout government as part of the everyday functions of government, it is not necessarily reasonably within the scope of government to provide information which is directly arising from machinery of government changes, as set out in budget paper 3, page 114 onwards.

**Mr T. SMITH** — They were sweeping changes.

**Members interjecting.**

**Ms SHING** — Sorry; I have not finished my point of order. On that basis, for you to begin to verbal the minister is actually not productive. Again, you might be more usefully able to rephrase the question so that you can get the information you are after.

**Mr MORRIS** — On the point of order, Chair, the human cost is obviously a concern that people should have. But this is the Public Accounts and Estimates Committee, we are interested in money. We have a minister who is sitting here telling us that the biggest reconstruction of machinery of government in a decade or more is basically coming at the cost of normal business. It is clearly absolute nonsense. The minister may not know the answer, but if you ask the departments, the secretaries will be able to tell you what it costs them to shift their staff around. They will know. As the Public Accounts and Estimates Committee, a substantial reconstruction of government, which the government is entirely within its right to pursue and I have no argument about it, we are seeking the cost of that reconstruction. That is all we are asking for, and for the minister to sit there and say, ‘It is just business as usual’ is clearly wrong.

**Mr T. SMITH** — It is too hard. It is just money. It is just taxpayers money.

**The CHAIR** — Order! Mr Smith, you are not helping.

**Ms SHING** — Further to the point of order, again I take it from what the minister has said that he is not saying that it is too hard. He is actually saying — —

**Mr D. O’BRIEN** — That is pretty much what he said.

**The CHAIR** — Order! Mr O’Brien.

**Ms SHING** — I am saying what I have taken from it, Mr O’Brien. He is saying that in the course of the everyday work of business that it is not reasonably practicable to disaggregate that from the machinery of government changes which are set out in the budget papers.

**Mr MORRIS** — What he is saying is he is not prepared to tell us. That is what he is saying.

**Members interjecting.**

**The CHAIR** — Order!

**Ms SHING** — On that basis, it is my concern that again you are verballing the minister in relation to the response that he has provided.

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

**Mr MORRIS** — No, the minister has not answered the question.

**Members interjecting.**

**The CHAIR** — I am ruling the minister has answered the question. Would you like to ask a supplementary question?

**Members interjecting.**

**The CHAIR** — Order! Ms Shing. I am satisfied that the minister has answered the question. Would you like to ask a supplementary question?

**Mr T. SMITH** — No. It is not worth it.

**Members interjecting.**

**The CHAIR** — I would like to thank the witnesses for their attendance today: the Special Minister of State, the Honourable Gavin Jennings, MLC; Mr Chris Eccles, secretary; Ms Peake and Mr Phillips.

I would also like to thank Dr Carling-Jenkins for her attendance over the last couple of weeks. Dr Carling-Jenkins is off to a conference tomorrow in Adelaide and will not be with us on our very last day of hearings. Safe travels, and thank you for your tireless work and help over the last couple of weeks.

**Ms SHING** — And for lifting the standard overall, I would suggest.

**Committee adjourned.**