

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 18 May 2004

Members

Mr W. R. Baxter

Ms C. M. Campbell

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Witnesses

Mr S. Bracks, Premier;

Mr T. Moran, Secretary;

Mr R. Ben-David, deputy secretary, sector improvements;

Ms F. Thorn, deputy secretary, policy and cabinet; and

Mr P. Hannan; chief information officer, Department of Premier and Cabinet.

The CHAIR — I now welcome Mr Terry Moran, Secretary of the Department of Premier and Cabinet, Mr Ron Ben-David, deputy secretary, sector improvement, Ms Fran Thorn, deputy secretary, policy and cabinet, and Mr Patrick Hannan, Department of Premier and Cabinet. I call on the Premier and Mr Moran to give a brief presentation on the more complex financial and performance information that is the responsibility of the Premier. After that we will allocate 2 hours and 15 minutes for questions and we will take a brief break in the middle of that.

Mr BRACKS — Thank you very much, Chair. You mentioned Patrick Hannan, who is behind me. Patrick is new to our department. He is the chief information officer, which is a new position across the whole of government and it might be opportune, if the committee wishes, for a couple of words on what that means and the implications. Could I reiterate that I am very pleased to present, as Premier, to the Public Accounts and Estimates Committee for my fifth occasion and again reiterate that I believe that PAEC provides an important accountability role in government.

In the presentation today for obvious reasons I will only be touching on the portfolio of arts which is within the Department of Premier and Cabinet and I understand that you will be having a separate session with the arts minister, and I assume that you would want to pursue that at that time. In relation to information and communication technology, again I think you have the information and communication technology minister, Marsha Thomson, but Patrick Hannan is here and obviously that is a new function and addition in government, and I am sure it will be of significant interest to the PAEC particularly given that Victoria is now the leader in Australia as the only state which has this function. Obviously key corporations have it, the commonwealth has it and we are very pleased to take a leadership role in that area.

Overheads shown.

Mr BRACKS — If I can go to community expectations of government which is the first slide. The 2004–05 state budget does reflect the government's long term vision for Victoria and is expressed within this budget. The priorities for the next decade will focus on three important goals: providing decent and responsible government; getting the balance right - good schools, quality health care, more jobs, safe streets; and leading the way to a better Victoria with education and lifelong learning as the key. We are seeking as a government to get the balance of our economic, social and environmental goals correct and to providing a basis for improving the quality of life of Victorian communities.

As to the key elements of the Department of Premier and Cabinet, the DPC has four major roles: supporting the Premier as head of the government and cabinet; providing strategic policy leadership; developing whole-of-government initiatives; and delivering services and programs in relation to government information and communication, and Arts Victoria. In relation to supporting the Premier as head of government and head of cabinet, that takes the form largely of assisting me as Premier in the management of cabinet, cabinet agenda and the coordination of government policy development and implementation — this is the broad description of the function and role of the DPC.

In strategic policy leaderships the department provides policy analysis and advice to the Premier on all matters affecting my role as head of government and providing administrative support for the operations of the cabinet, the cabinet committees and also executive government. The whole-of-government initiatives is assistance to me also in the overall administration of the state's operations including planning and implementing special projects and events. In relation to the service delivery, we do have a service delivery arm and that is principally around the arts portfolio, the arts function and to some extent also around information and communication technology, and I am sure the committee will go to that in more detail later.

We also have independent agencies who obviously report through the DPC, obviously report to the Parliament directly in most cases. We have independent agencies which include: the Office of the Governor; the Chief Parliamentary Counsel; the Commissioner for Public Employment; and the Ombudsman. Our role is really to ensure that these independent agencies are appropriately supported so that they can perform their function in accordance with government policy. That is really the primary task that we have — no operational tasks, no administrative responsibilities but to ensure that the independent office is able to function effectively and well.

One of the key initiatives in this area in the budget for the DPC is a \$1 million increase in funding for the Ombudsman. If I could just refer to that briefly before I go on to other areas, that goes to the core and base funding of the Ombudsman's office, it does not go to any particular complex matters which from time to time the

Ombudsman may require funding and support for, and if at any stage that requires some more resourcing, then we will receive a request from the Ombudsman and deal with it on that basis. The Ombudsman is aware that that is the case.

Independent arts agencies also reporting to the department include: the National Gallery of Victoria; the State Library of Victoria; Museum Victoria; the Australian Centre for the Moving Image; Film Victoria; the Victorian Arts Centre Trust; and the Geelong Performing Arts Centre Trust. You might ask the question, why do other regional performing arts centres not report through the DPC? It is a good question - this is historic, this has been the case for many years and something which I am sure you could ask the arts minister about.

Mr FORWOOD — Are you likely to get a reply?

Mr BRACKS — Of course you will. The themes of the 2004–05 budget in relation to the DPC are to: ensure that cost pressure issues are minimised and economic benefits for Victoria are maximised; respond to demand and growth pressures; and ensure sustainability of key cultural institutions, which is one of the high priorities we had for the department for the last two years. We have got a lot of cultural institutions which have now been completed. Not all of them had a comprehensive budget associated with them on their completion, and we have had to set about to make sure that they are viable and sustainable in the future, and the last stage in that is really contained in the budget itself.

The major issues impacting on our budget as I mentioned — it is a fairly small department so the major impact has really been the extra \$1 million for the Ombudsman's office, and I have already indicated that will go to the base and core level funding for the Ombudsman. In addition, as members of this committee would be aware, going through the Parliament currently are some additional powers which will be given to the Ombudsman — coercive powers which were not there previously in accord with royal commission powers, which will assist also in the office of the Ombudsman and the work of the Ombudsman in the future.

New initiatives — security and counter-terrorism — this is becoming an increasing priority of the government and an increasing priority of our department. If you look over a period of time there have been a lot of resources going into security and counter-terrorism which were never a feature in state budgets previously, and that has been a big change. We have committed in this budget an additional \$13 million over five years and an additional \$16 million for total asset investment to enhance our capacity for security and counter-terrorism. So just in this budget alone we have committed a significant amount. That comes on top of announced new initiatives which amounted to \$98 million in the November 2002 statement *Enhance Victoria's domestic security 2002* and for 2003–04. It goes to public health response and recovery capability including hospital surge capacity from an incident which might occur in the future. We need to have that capacity to respond and that is where a lot of the extra resources are going. Victoria Police forensic science capability — it goes to fire and emergency services response capacity and the Victoria Institute of Forensic Medicine and enhanced security for Parliament House and the Office of the Governor is also included. As you know, in Parliament House there is a temporary arrangement in place, but we do have the funding in this budget for a more permanent security arrangement, which is important. We have slipped behind in the security arrangements compared to every other Parliament in the country. The temporary arrangements have enabled us to tread water, but we need these works to be undertaken in the future. They are very important.

We will continue to focus on security as a priority for Victoria, and this budget includes further initiatives over and above those which have been included in the past. Included in this budget are increased public health and chemical laboratory capacity for testing chemical and biological agents and other toxins. Hospital negative pressure isolation rooms are included here; and refreshed hospital disaster kits and trauma support programs are also new. Personal protective equipment and mobile lighting towers for the State Emergency Service have been included, as well as computerised forensic evidence for the Victorian Institute of Forensic Medicine. I mentioned the further security enhancements at Parliament House. It also includes a Victoria Police intelligence and investigation technology package for detection and disruption of terrorist activity. So we have moved on this matter over the past couple of years.

I continue on the major issues impacting on the budget of the Department of Premier and Cabinet. As I mentioned, investing in our creative industries includes the cultural and heritage patronage program. We have allocated \$7.7 million over two years towards a package of measures to increase cultural tourism in Victoria and to grow the patronage of cultural and heritage attractions across the state. This has really been directed to increasing the activity overall, some more cross-promotion which can occur between, for example, the zoo, the museum, ACMI, the Ian

Potter Centre at Federation Square, the National Gallery of Victoria, to look at second and third visits in those institutions as well so we can grow the market more. We have some very good facilities, some of the best in the country, but we have to fill them; we have to get more people involved. Having these facilities is good for tourism, but we want to grow the market and that is why the \$7.7 million package has been put in place. I am sure the Minister for the Arts will expand on that in the future.

As to the 2004–05 budget, the output structure has been reviewed in light of major issues impacting on the department. That is outlined under strategic policy advice and projects, the core responsibility of the department. There is a slight increase in 2004–05. The public sector management and governance area has a \$1 million increase, which is the Ombudsman, and the matters I mentioned in art and cultural development and the increased need to attract more patronage is recognised there too.

In regard to the chief information officer (CIO) the emphasis is on putting people at the centre and developing more integrated, citizen-focused approaches to delivering services. We have established a chief information officer in Victoria so we can enhance our reputation as a world leader in the use of information and communication technology and to improve the way government works and services are delivered. The standard corporate ICT infrastructure strategy project carried out by Boston Consulting in 2002 identified ways for government to take advantage of whole-of-government opportunities to leverage efficiencies of scale and avoid duplication and fragmentation. It also recommended in that strategy the establishment of a chief information officer to provide leadership across government and we have undertaken that. This is a very important area because as well as providing better support for departments and better information to the public we can also examine potential cost savings across the whole of the public sector. Of course in every government around the country there is duplication of effort in some of these areas, and the CIO will be determining how we should refocus our activity to make sure we have a more comprehensive whole-of-government ICT strategy, that will be driven through our department, through the minister and through to other key agencies as well. We created the office in 2003 and appointed, as I mentioned, Patrick Hannan as the inaugural CIO in December 2003. A chief technology officer (CTO) role has also been established to manage and implement the strategic initiatives and opportunities developed by the CIO. The funding for the CIO will be \$33 million over four years, which was announced last year; and \$17.5 million for capital funding has been announced this year to implement the initial projects and the standard corporate ICT infrastructure strategy.

In finishing, given that this is a new development and it is an important initiative of the government, I wonder whether the committee would welcome just a couple of concluding comments from Patrick Hannan, just describing very briefly the situation, and before going to the secretary's presentation.

Mr FORWOOD — According to the departmental response ICT strategy and services are the responsibility of the minister.

Mr BRACKS — It is the responsibility of the minister and in the initial stages it will be the responsibility of the Premier; we will be transferring that over to the minister over time.

The CHAIR — We could have a very, very brief comment, no more than 2 minutes; and we can expand on it in question time.

Mr HANNAN — As the Premier pointed out, there are substantial opportunities available to enhance services and also to avoid the costs by taking a more whole-of-government approach to ICT within the state. We are starting in the central departments and principal agencies. As the Premier also pointed out there are some quite significant issues about getting this rolling, and it was felt in setting it up that it should have an incubation period within the Department of Premier and Cabinet and that it will migrate from Premier and Cabinet once the agenda is up and running. There are some fairly significant issues of cross-department coordination that really needs, if you like, the central coordinating authority of Premier and Cabinet.

Mr FORWOOD — The Premier's clout, you mean?

Mr BRACKS — Yes.

The CHAIR — Page 180 of budget paper 3 refers to the strategic policy and advice and administrative support provided for the operation of the cabinet, including community cabinet. Could you outline how the

community cabinet program performed over the past year? I am very familiar how it operated in Moreland. What is the level of community participation? Also, what processes are in place to monitor and evaluate its outcomes?

Mr BRACKS — We just held our 43rd community cabinet yesterday in the City of Stonnington. Obviously since we came to government we have regularly implemented our community cabinet program. As you mentioned, it is in budget paper 3 and it is a key part of my responsibility as Premier and the responsibility of the cabinet office and the Department of Premier and Cabinet. It is in keeping with our commitments, which we assigned in Growing Victoria Together, and which has been acquitted in the budget papers as well.

The community cabinet program is designed for decision-makers in government to keep in touch with community needs and provide people from different paths with direct access to ministers. It has been successful to date, with high levels of community participation. So far in 2003–04, 602 individual and community groups have made formal submissions at community cabinets. During these visits ministers and I also have met with local government and community leaders. We have visited schools to discuss the role of government. Relevant parliamentary secretaries host a forum for young people, business, women and other key groups. As part of the program ministers tour local operations, meeting with local volunteers, primary producers and community service providers.

Up to 500 local individuals participate in each community cabinet, so it is not insignificant in its scope. We have integrated monitoring and evaluation of outcomes, which are coordinated by the Department of Premier and Cabinet, and it does contribute to the decisions on formats of future community cabinet visits and future government decisions as well. It is now really largely a part of the established work of the Department of Premier and Cabinet, an established work of our cabinet; it has been institutionalised and it has worked very well. We have covered most parts of Victoria to date. We have refined the community cabinet work throughout that period and I think we are doing it in a much more comprehensive way now.

Mr CLARK — In relation to the issue of speed camera calibrations and faults, what work has been done on the issue within the Department of Premier and Cabinet, over what period of time, and what resources have been taken up; and have you received any advice suggesting that there may be legal issues with failure to calibrate fixed speed cameras on roads other than the Western Ring Road and the Monash Freeway, and if so what extra resources and time do you expect to be taken up within your department in dealing with that issue?

Mr BRACKS — The Department of Premier and Cabinet has played the usual role it plays on any particular issue the government deals with — that is, to provide advice to the Premier and to coordinate comments from key departments which go to cabinet. It has performed that role only. The key functional roles associated with the fixed speed cameras have been the responsibility of the Department of Infrastructure and also the Department of Justice; they have been the principal responsible agents. The Department of Premier and Cabinet provides the usual advisory role to the Premier and, through the Premier, to the cabinet as well.

In relation to other legal advice, that is covered by legal professional privilege. I have indicated publicly and reiterate that the government's advice more broadly indicates that the government is in a strong position to win these matters in the future.

Mr FORWOOD — Do you feel like apologising?

The CHAIR — Thank you.

Mr FORWOOD — Come on, I asked him a question.

The CHAIR — Apologies have got nothing to do with the budget.

Mr FORWOOD — We will just note that he did not want to apologise.

The CHAIR — Thank you. Ms Romanes — —

Mr FORWOOD — Got a nod of the head. He does not want to apologise.

MS ROMANES — Your department is responsible for managing the implementation of the government's Growing Victoria Together strategy.

Mr BRACKS — Yes.

MS ROMANES — How do the initiatives in the 2004-05 budget papers build on the government's Growing Victoria Together priorities?

Mr BRACKS — Very well. I think it has been a refinement of the budget presentation that we are reporting, as part of the budget presentation, on Growing Victoria Together (GVT). It is a key whole-of-government reporting strategy across the whole of government. And importantly it is also the framework for determining priorities, priority setting, in the lead-up to and the preparation for the budget itself. The actions have met a number of our policy objectives, which have involved initiatives by more than one government. The whole-of-government reporting against strategic policy objectives occurs through the annual report on the demonstrating progress measures contained in Growing Victoria Together. And, of course, as I have mentioned, in appendix C in budget paper 3 we have reported on the progress of Growing Victoria Together. On all the key measures, on the measures of the sustainability of the budget, it has been achieved obviously in the reporting arrangements in GVT. On maintaining a competitive tax system, which is one of the key objectives in the GVT that is reported on, we have maintained a competitive tax system as a result of the budget itself. On the attainment of more young people staying at school to year 12 or equivalent, and to have an objective of reaching that of 90 per cent by 2010, we are on the way to achieving it — and the progress report is there in GVT. In relation to reducing trauma on our roads and the road toll, we have certainly achieved the targets we have set in the GVT. So it is an important tool. It provides whole-of-government reporting over and above the key performance indicators.

Mr FORWOOD — Premier, in your opening statement you said you took seriously the accountability requirements of government, and, of course, you do have an output group to do with governance. In that context I ask: did you or your office receive correspondence from East Gippsland alleging that a ministerial adviser, Stephen Newnham — now appointed as assistant state secretary of the Labor Party — had sought to improperly influence the outcome of the mayoral election in East Gippsland?

Mr BRACKS — That is an unusual one.

The CHAIR — What has that got to do with the budget?

Mr BRACKS — I would not have — I obviously would not know every piece of correspondence that has been received. I will examine that for you. I do not know the answer to that.

Mr FORWOOD — Did you send Tim Pallas down to East Gippsland to follow this up? It is a matter of public record.

Mr BRACKS — I do not know any detail about this matter. I will get a search of that. That detail has not come through me. I will check that.

The CHAIR — Thank you. Mr Merlino?

Mr MERLINO — Thank you, Chair. Premier, I refer — —

Mr BRACKS — Where was it, sorry? East Gippsland?

Mr FORWOOD — East Gippsland, yes. Peter Bommer, Michael Freshwater, Craig Ingram — —

Mr MERLINO — I refer to the taxation table on page 31 of budget paper 4 and statements that the government is committed to ensuring Victoria's taxes remain competitive while ensuring the long-term revenue sustainability of the state. How do the tax cuts in the 2004 economic statement *Victoria — Leading the Way* position Victoria in regard to interstate and national tax comparisons?

Mr BRACKS — Very well, actually. This is a good news story in the budget. The budget has really driven a position where our taxes not only remain competitive but become more competitive in the future in relation to other states in Australia. If you look at Victoria's taxation as a share of nominal gross state product — which is an established method of assessing taxation — after allowing for the implementation of all the measures we include in this budget, we now have a tax position which is 0.2 per cent below the national average. If you look at that in comparison, for example, to New South Wales, which has a taxation share of nominal gross state product which is 0.75 per cent above the Australian average, our position is very strong.

We have achieved that in several ways, as you know. One is by reducing the revenue from land tax and taking the top rate of land tax down, adjusting some of the scales. That will be a further reduction of about \$1 billion over the next five years. WorkCover premiums, of course, have reduced by 10 per cent. One which is quite unique in Victoria's case — that is, the elimination of stamp duty on mortgages — comes into play from 1 July this year and will put us in the position of the only state in Australia that does not have a stamp duty when you take out a mortgage either to buy a home, to buy a second home or to gain finance for your business. You will no longer take out stamp duty for mortgages. So that has put us in a strong position.

Of course I should indicate that these matters are dynamic because we are going through a cycle of state and territory budgets being produced. Obviously Victoria is the first. Western Australia has brought down its budget. South Australia will bring down its budget tomorrow, and it goes through a cycle until the New South Wales budget, which I think is the last of the state budgets in the first half of this year. So we will do some further analysis, and further submit information to the PAEC once we have a concluded position. But at this stage, of course, we are below the Australian average and significantly below some of the other big states that compare to us.

Mr RICH-PHILLIPS — Premier, I would like to ask you about the staffing of ministerial offices. I understand that all staff in ministerial offices are employed through the Department of Premier and Cabinet. Would you tell the committee which output group that is accounted under, how many people are employed as ministerial staff and what the total cost of employing ministerial staff is?

Mr BRACKS — Okay. I might get a slide put up which has the three groups. This is a challenge, I know.

Mr FORWOOD — You have got Mr Hannan to help you!

Mr BRACKS — It has the three output groups, and within one of these output groups — strategic policy advice and projects is the category it comes under — in relation to the budget papers, it is budget paper 3, page 181, and it is included in the government information services and support. In relation to the number of staff, that is acquitted for in the annual report of the department each year — —

Mr RICH-PHILLIPS — Are you able to provide us with a figure now?

Mr BRACKS — I do not have a figure, but we will examine the existing reports and will get back to the committee on that.

Mr RICH-PHILLIPS — In the departmental submission does it include staff that are in ministerial offices?

Mr BRACKS — I assume it does.

Mr MORAN — Could you give me the page, Mr Rich-Phillips?

Mr RICH-PHILLIPS — Page 14 shows the departmental staffing levels — that is inclusive of ministerial staff.

Mr MORAN — There are no staff numbers at page 14 in the copy that I have got.

Mr FORWOOD — Part 4.

Mr MORAN — Page 13.

The CHAIR — Fourteen.

Mr FORWOOD — So which page are you missing?

The CHAIR — Haven't they told you something?

Mr MORAN — No, I am looking at page 13, but perhaps it has been printed differently. I think the numbers you are looking at — —

Mr FORWOOD — Four — staffing matters?

Mr MORAN — I think the numbers you are looking at on page 13 relate to the core of the department, which does not include quite a number of things, including ministerial staff.

The CHAIR — Thank you very much.

Mr RICH-PHILLIPS — You will be able to give us that figure in the costing? Can you get the separate costs? Is it possible to separate the costs out of that output group?

Mr BRACKS — We will deal with all the published information and see what we can provide to the committee.

Mr DONNELLAN — Were the recent EBAs between the government and the AEU and CPSU consistent with the government's wages policy and objectives for improving services as outlined in *Growing Victoria Together* and how do these agreements compare to agreements in these sectors reached in other states recently?

Mr BRACKS — We had the circumstance in Victoria where three key enterprise agreements were coming up for renegotiation, and all principally in the one year, in 2004. They represent a large portion of the public sector work force in Victoria. If you look at in budget terms, in the allocation in the budget education amounts for about half of the total public sector outlays. The other half is shared between nurses and public servants, so a significant portion of the work force came up all at the one time in late 2003 and early 2004. I was very pleased that the government strategy worked effectively. We had a strategy from the very start in a wages policy which included 2.25 per cent mandated and 0.75 per cent for productivity, and to have that as our bargaining position in relation to the enterprise agreements. The government's policy objectives were met on each occasion in nurses, in teachers and in public servants.

I think your question was directed towards the comparative position in relation to other states in Australia. It has been noted that the position which Victoria had on public servants, teachers and nurses was the lowest of any recent enterprise agreement in the last round that has occurred in any other state in Australia. So it was not without a degree of difficulty that we went into these negotiations. It was not without precedent. Obviously we had key enterprise bargaining arrangements which had been concluded in other states, so our deliberate strategy worked effectively, and I can say — and it is very important for this committee to note — that the estimates we had going forward are sound, they will be met, and the budget we applied for wage and salary increases is all the budget required for these in the future, and I think that is a pretty good outcome, frankly. I want to thank the key unions involved. Of course we went through a period of disputation, but in the end we drove a good position which I believe was a win-win for teachers, for nurses and for public servants, but also for a long-term sustainable position in Victoria.

Mr BAXTER — Premier, you referred in your opening presentation to one of the roles of the Department of Premier and Cabinet being to provide strategic policy leadership. So going to Mr Clark's question about the speed camera debacle, and putting aside the fact that the announcement was made last week at the height of the federal budget and Princess Mary's wedding, why did it take so long to come to that conclusion, and can you give the committee an assurance that the guidelines for compensation for those people who lost their jobs because of it will be released expeditiously so that they can be got off the hook?

Mr BRACKS — The reason it took longer than expected was because of the rigorous testing, which was undertaken by SGS in association with Victoria Police. The government was not going to — and certainly that was my position — interfere and say that we should conclude that at an earlier date because it was convenient for the government. It had to be concluded by the independent body which was testing that on behalf of Victoria Police. It did take longer than expected. You are talking about an error rate on the Western Ring Road of 0.005 per cent, and that takes a fair bit of testing to discover that, and that is exactly what they did. Once that was apparent we had to analyse that data, and we did. We faced up to our responsibilities for paying back those fines on the Western Ring Road, because we could not identify the particular cases because of the nature of the fixed speed camera system. We were not able to identify the individuals; otherwise, of course, we would have honed in on the individuals and the error rating there rather than having a comprehensive payback of everyone who had been fined on that road. But because we did not have that capacity to particularly hone in on those individuals we had to pay back the full amount for all those on the system. In relation to the \$6 million fund which has been established for those who suffered loss because of losing their licences, we will obviously be working sympathetically with the individuals

involved. We are contacting them now. I think most of them have been contacted. They will have the capacity to present through PricewaterhouseCoopers a case for reimbursement and for some ex gratia payments as a result of that. I will endeavour to get to the committee some details on that in the future.

Ms GREEN — Premier, my question is in relation to the chief information officer, whom we heard a little bit from before. Page 296 of budget paper 3 refers to the additional funding provided to that office in this current budget. Could you elaborate on what is the focus of the Office of the Chief Information Officer is and how it will spend the extra funding provided in the budget, how the OCIO fits within the government's ICT strategy and planning arrangements, and the evidence that you have that the OCIO is being effective?

Mr BRACKS — Thank you very much for your question. As well as the matters you have mentioned, we have also established a new cabinet subcommittee on information communication technology to give extra emphasis across the whole-of-government on the initiatives that will come out of the chief information officer. In addition to the \$33 million over four years that was announced last year for the establishment of the office, development of whole-of-government IT strategies and common IT facilities, the office will also receive \$17.5 million to implement the initial projects in the government's corporate ICT infrastructure strategy. Obviously we believe, on the independent report that was conducted in the establishment of the office, that we will have significant savings over time and better performance in the provision of information in the future. Briefly I will ask the chief information officer, Patrick Hannan, to comment on that as well.

Mr HANNAN — The \$17.5 million was provided as the first tranche and was outlined in the corporate ICT strategy. It is covering a number of projects. Data centre consolidation is a significant central cost saver, but more importantly it is a significant enabler to the sharing of infrastructure and the establishment of secure and robust communications, secure and robust disaster recovery and a hosting site in which we can increasingly get applications between departments shared, and where we can get them hosted on shared infrastructure.

The other aspect was content management. There is a widespread requirement across the departments for an investment in document and records management, and also investments in content management. Some funding has been provided in order for my office to initiate a whole-of-government approach to the provision of a document-records-content management system for departments. I think eight departments have indicated a need for content management and five for records management. Naturally I mention the data centre. The third project was online hosting. Where projects and departments invest independently in the establishment of infrastructure, the infrastructure tends to be scaled only to the requirements of that particular application. By aggregating a number of like applications we are able to get far more scalable infrastructure, both server and data, and we are able to invest in an appropriate management and security regime because it is shared. Those overheads are shared; they are not duplicated.

While we do not expect the savings in the first target applications, every application thereafter becomes a marginal incremental cost. We have target applications we are working through at the moment. We have a technical architecture, which we are working through at the moment. You can see there are opportunities to coordinate the three records and eight content management requirements that fall across departments, if you like. The location in which we can have shared services served from enables us to have strong disaster-recovery arrangements between redundant sites across a robust information network. You can see why they fall into a nice bundle. Clearly we have got to work with departments to identify the opportunities to leverage, and that is what we are doing at the moment.

Mr BRACKS — I have to say that there will be some enormous opportunities for economies of scale and cost savings in the future as well.

The CHAIR — My question goes to the Ombudsman. On page 296 of budget paper 3 the office of the Ombudsman will receive an additional \$1 million per annum to build investigative capacity for major issues. Premier, why has the government decided to strengthen the powers of the Ombudsman and what do you want to achieve by that additional funding?

Mr CLARK — Is the current strengthening enough in the light of recent events?

Mr BRACKS — There are two parts to the extra capacity given to the Ombudsman. One is the extra million dollars, which is in the base core level funding of the Ombudsman, with the proviso that any complex or detailed investigation will be able to seek more resources and there will not be an issue about resources for the Ombudsman's office. Secondly, it is extending the power to give royal commission-type powers to the

Ombudsman himself, which have not been given before. That comes in several forms: one is extending the power to instigate the Ombudsman's own investigation to police matters. Currently it can only be initiated by an inquiry. The Ombudsman will now be able to undertake any inquiries under his own initiative. The second is the power to require answers from police and others to any question, even if the answers could be self-incriminatory, and that is a new matter. They cannot claim self-incrimination now as a reason for not answering the questions, and that will be a significant extra power and capacity given to the Ombudsman. The third major area is the powers of search and seizure, subject to obtaining a warrant from the courts, of assets, goods and matters. Obviously this is designed to assist Victoria Police in the examination of alleged police corruption. A lot of matters are coming before the courts currently. With the Ombudsman having the power to bring those in in a much more speedy and timely way into the future, this will assist even further.

Mr CLARK — Can I return to the issue I raised previously about faults and calibration issues with fixed speed cameras and to the part of my previous question that you did not answer relating to whether the department or you or your office had received further advice about possible future problems with cameras on roads other than Monash or the Western Ring Road. I make the point that legal professional privilege is something that you as a client are able to waive if you wish, but in any event my question related to advice generally and not to legal professional privilege, and therefore I reiterate: has the Department of Premier and Cabinet received any advice about possible further problems on roads other than Monash or the Western Ring Road, and if so what resources do you expect will be necessary to be devoted to tackling that problem?

Mr BRACKS — No, we have not received any advice of that nature.

Ms ROMANES — On the establishment of the Australia and New Zealand School of Government championed by the Victorian government, what is Victoria's contribution to this institution in 2004–05, and how is the school performing in its second year?

Mr BRACKS — Yes, I think I had an opportunity last year at the Public Accounts and Estimates Committee to comment on this matter. We were just establishing the Australian School of Government at that time, and now it is the Australia and New Zealand School of Government; it has extended across the Tasman as well. It was funded through the 2002–03 budget over a period of four years. It is a company established under the Corporations Law. It is a consortium of Australian governments and universities. It is not a Victorian government authority, although the initiation for it came from the Victorian government. It now has its own institutional arrangements in place and is owned by other jurisdictions and the New Zealand government as well.

In the first year's intake in 2003 various departments and agencies invested about \$1.5 million in 59 participants, so it has had a big take-up already. It has filled a gap which has been across Australia in having an advanced school of government in place. These students took part in the executive masters public administration and the executive fellows program. It equips students for effective careers in government and promotes the idea that public administration is a profession of great social value. The school improved both the policy skills and management abilities of public service leaders. I am very pleased and proud that it now has support right across Australia. I was very pleased in discussions I had with the Prime Minister of New Zealand that she has also contributed to it, and we now have the New Zealand government as part of that operation. It has a strong base and its headquarters are here in Victoria, but joint government is right across Australia, and it is obviously now in place for many years to come.

Mr FORWOOD — Premier, my question again goes to strategic policy leadership and to the strategic policy advice output group. I refer to the work done by Allen's Consulting Group as a result of the *Greenhouse Challenge for Energy* consultation paper, which indicates that an emissions trading system equivalent to \$5 per tonne CO₂ unambiguously lowers GDP consumption and emissions for the duration of the policy shock and that an emissions intensity requirement equivalent to New South Wales would increase wholesale electricity prices by well over 27 per cent. In the light of those findings, what is the government's current intention in relation to emissions trading systems, and when are you going to make the announcement?

Mr BRACKS — Obviously we want to have the best information available before we proceed on any of these matters, and that is why that report is extremely important as well. We are developing our policy framework for abating greenhouse emissions in the energy sector. The major consultancy you have mentioned had been undertaken. We would prefer of course a commonwealth approach through this — I should say that from the outset. It is a primary Australian government responsibility, and a concerted effort from the Australian government would be a preferred position. Of course all the states and territories would want to cooperate with the

commonwealth in achieving that target and that aim. In the absence of that, we are making sure that we have the best possible information if we need to proceed on these matters in the future. We are not yet committed to emissions trading. We have a great deal of advice. As to the timetable on this, I am advised that there will be some progress on this in late 2004 when I discuss this with my other state counterparts. Leading up to that will be more advice that I will receive in the future, including that advice. Did I miss your question?

Mr FORWOOD — No, that is absolutely appropriate. I was just wondering: are you saying that Victoria will not go it alone?

Mr BRACKS — No, we will not go it alone, that is correct.

Mr FORWOOD — New South Wales has established a system already. You are not going to do that?

Mr BRACKS — No, absolutely not. We have said that from the outset. Our preference is an Australian position, but in the absence of that we will meet with other leaders and we will look at the evidence before us.

Mr MERLINO — Premier, I refer to budget paper 3 at page 295, the first two initiatives being planned by the Victorian government to help all Australians celebrate the 150th anniversary of the Eureka Stockade. Can you outline what these initiatives will achieve?

Mr BRACKS — Yes, it will be an exciting time. Many groups are celebrating their 150th anniversary this year: the State Library, the museum, the *Age* newspaper.

Mr FORWOOD — You are going to celebrate that, are you?

Mr BRACKS — I think the Victorian public would like to celebrate it! Let me go on: the Victorian railways; the Eureka Stockade rebellion, which occurred in 1854, later this year in November. Obviously that was a significant event in Victoria's history and one which led several years later to the formation of this Parliament. The catchcry on the goldfields at the time was 'No taxation without representation'. It was something that the Chartists from California brought onto the goldfields, and that was one of the key moves to having representative democracy in Victoria. We want to acknowledge that and to make sure that it is celebrated, acknowledged and recognised this year as well.

We have committed about \$1.3 million, in addition to about half a million dollars for the redevelopment of the Eureka Stockade historic precinct. That \$500 000 was undertaken for the Regional Infrastructure Development Fund. The \$1.3 million will be programmatic funding which will be given principally around Ballarat but will also be used for other events. Half a million dollars is already in capital for the upgrade of the Eureka memorial at the Eureka Stockade itself.

A total of \$720 000 has already been allocated in 2003–04, and a further \$666 000 will be allocated in 2004–05. The program includes a national congress on democracy, which will be hosted by the University of Ballarat; a major exhibition curated by the Ballarat Fine Art Gallery; a world musical program to be held in Ballarat from 1 to 5 December, reflecting the many nationalities in the goldfields and at Eureka; commissioning of curriculum materials for schools; and commemorative coins and stamps. We have had cooperation from the commonwealth agencies on those matters, which has been very good, and I am very pleased about that. The program has been implemented in conjunction with the City of Ballarat and Tourism Victoria, and details of the program will be included in the program launch, which will be held in Melbourne round about July this year when we will be launching the details and filling out that program.

All states and territories, the federal government and the state opposition are represented on the national reference group for Eureka 150 and convened by the Minister for the Arts, which reflects the national significance of Eureka and ways in which this significant event can be promoted in 2004 and beyond. It is going to be an important event, and I welcome the cooperation we have had right around Australia. I think we can look forward to some acknowledgment of a significant part of our history in Victoria.

Mr RICH-PHILLIPS — Just a simple one this time, Premier: how many staff are employed in the office of the Premier and what is the budget allocation for the office of the Premier?

Mr BRACKS — I think that is contained within the total strategic policy advice. We acquit for that in the annual report, and I am happy to furnish the committee with details of those published reports. DPC central — we

have the total amount, which is there, but I will take that on notice and ensure we can provide some material for the committee.

Mr RICH-PHILLIPS — Can you tell us how many people in your office now, in front of the committee?

Mr BRACKS — As I said, I will furnish that material.

The CHAIR — Thank you very much, Premier.

Mr DONNELLAN — Referring to the export plan, how would the funding for the new export plan announced as part of the economic statement boost Victoria's exports, and are the export targets in the plan realistic in light of the drought, the rising dollar and so forth? I refer to budget paper 3, page 31.

Mr FORWOOD — Falling dollar?

Mr BRACKS — Yes, that too.

Mr DONNELLAN — As in previously?

Mr BRACKS — Yes. There are some challenges, certainly. The sustained nature of drought and its aftermath, the Australian dollar and the competition from overseas are all key issues, but I believe it is realistic to achieve \$30 billion of export by 2010. We certainly have the plan in place to achieve that. We announced an \$11 million strategy, including the expansion of export assistance by overseas Victorian government business officers, who will have, in addition to their investment attraction function, a trade and export focus in strategic areas around the world, and the appointment of Victorian trade commissioners in key growth areas — markets including the Middle East, North Asia and India — doing, if you like, the sort of pioneering work which was done for Victoria by previous governments to identify Japan, and China in particular, as areas for growth in the future. So we are identifying areas which we know will grow. Most of these areas are growing at 8 to 9 per cent a year. They are soaking in a lot of investment, becoming the new trade centres of the world, and we want to make sure that we are there in these emerging and very important markets in the future. That expanded the program with trade missions associated with the trade commissioners.

We will have an export unit to coordinate export programs and provide a one-stop shop for export assistance. We will be showcasing Victoria's exports and industries at the six-month expo in Aichi Prefecture in Japan in 2005. I think many members of Parliament have been to Aichi in the past, and obviously with the world trade conference, the World Expo, occurring we will have our own Victorian exhibit as part of the Australian exhibit, and that will position us very well as the only state in Australia that is working for the commonwealth in making sure we have our own focus as well, which I think will be very good.

The plan will support export growth by providing companies with access to a range of new programs and to help more businesses become exporters. The target of \$30 billion is realistic, which is the key question which I know you asked. Exports from Victoria for 2002–03 were \$26.2 billion, so an annual average growth rate of 2 per cent will be required to meet the target. That is achievable despite the fact that we have had some setbacks recently through the dollar and the drought in particular. The target to double the number of exporters by 2010 is more challenging, as it will require an average growth rate of 9 per cent per annum or 1750 new exporters per year. I should note that the commonwealth has set a very similar target for itself to double its number of exporters by 2006, so we have a complementary target. It is a stretch target, but an important target as well. So I think it is realistic, and we should have these in place. It will help companies and businesses who want to export, and it will help our whole-of-government effort as well.

Mr BAXTER — Can we continue with the theme of providing strategic policy leadership in the DPC? You will recall that following the traumatic bushfires in 2003 departmental officers were prevented from appearing before or attending the fire inquiry. Now the federal Parliament is conducting an inquiry into pest plants and animals, and departmental officers including volunteer members of wild dog committees are being prevented from making submissions to that committee. What is the strategic policy rationale for preventing that interface between departmental people and an inquiry that might actually lead to some useful recommendations?

Mr BRACKS — What is the title of the new inquiry? Pest — —

Mr BAXTER — Inquiry into pest plants and animals.

Mr BRACKS — I might see if I can get some advice while I am talking, or before the end of the meeting. I am just not aware of that particular committee. I will just go to the rationale for the examination or inquiry into the recent large bushfire events which was undertaken by the emergency services commissioner, Mr Esplin. This goes back to the Council of Australian Government meeting that was held in Canberra with the Prime Minister. The Prime Minister sought the cooperation of the states to have an inquiry into the recent bushfires conducted by COAG. We agreed to that — I agreed to that; other state and territory jurisdictions agreed to that. In agreeing to that we had indications from the Prime Minister that that would be the only significant commonwealth inquiry that would be held into the bushfires, and that left us in the position of being involved with that inquiry and also conducting under our own legislation our own inquiry, as Victoria as always done and we did that with the Esplin report.

Separately, we were not informed that the resources minister, Wilson Tuckey, took a motion to the House of Representatives and set up a parliamentary inquiry without reference to the states, without reference to the previous decision from the Prime Minister to have a COAG inquiry, with no communication at all with the states that this was happening, and he put in jeopardy the cooperative arrangement which was there with the Prime Minister, the premiers and the territory leaders to have a properly conducted cooperative effort resourced by COAG — that is, by the commonwealth and the states and territories to undertake that. This was a pre-emptive strike which was undertaken around the country for political purposes. It was done for political purposes, and the reason we did not get involved was that this was politicising something which was very, very important. And that is what the parliamentary committee was doing.

I believe the Esplin report was a very good report. If you look in the budget now, we are bringing into this budget funding for the recommendations in the Esplin report including significant extra resources for extra firefighters, for controlled burns, right around the year, to better meet the targets which have been set. That was one of the recommendations that he made. He made some other key recommendations on coordination that have been followed, and a state emergency centre, a physical centre, which we are also following. We are bringing that into the budget. It was a very sensible and very comprehensive examination. I think anyone who participated in the Esplin inquiry would testify to that. Contrary to that, the House of Representatives inquiry became simply a Star Chamber in order to vilify the states, and that is all it was. It has had no positive or effective outcome in jurisdictional firefighting around this country. It put in jeopardy the good work that COAG had done between the Prime Minister and the premiers and territory leaders, and frankly it was a disgrace.

Mr BAXTER — Can I have a supplementary question?

Mr BRACKS — Please do.

Mr BAXTER — I mean, be that as it may, and I am not going to get into that argument — —

Mr BRACKS — Well, why not? You should know the history if you are going to do it.

Mr BAXTER — It did some useful work in my area, and you will take a fair bit to convince my electors that you are right, but can I have an undertaking then that you will get back to the committee as to why directions have been issued on the wild dog inquiry?

Mr BRACKS — I will get back to you on that. Honestly I do not know about that one, Bill. I will check that for you.

Mr BAXTER — Because this is setting a pattern in north-eastern Victoria where the Victorian state government refuses to cooperate with the inquiries.

The CHAIR — The Premier has said he will get back to us.

Mr BRACKS — It is a fair question. I will certainly find out about that. I am honestly not aware that there was such an inquiry in place. I will examine that. I am not aware that it was in place. I will check it, and we will have a response on that.

Ms GREEN — Premier, my question relates to the Melbourne convention centre. In budget paper 3 on page 31 there is a commitment listed of up to \$367 million in state funding for the Melbourne convention centre. Could the final investment by the state in this project be a different amount to this?

Mr BRACKS — Yes, this was part of the budget and the lead-up to the budget in the economic statement. We announced the construction of a new 5000-seat convention centre.

It will bring significant benefits to the state, as you know, including additional gross state product of around \$197 million per annum, and the equivalent of about 2600 new full-time jobs over the 25 year life of the facility. It will be delivered in conjunction with the Melbourne City Council that has contributed — subsequent to our announcement, which is good news — \$43 million under our Partnerships Victoria project. I want to congratulate the City of Melbourne; the government does work well with it. The council has delivered on a cooperative approach to the development of the convention centre and, of course, it will help the whole of Victoria, but it will have a particularly skewed benefit for the centre of Melbourne where it is located, and all the hotels, restaurants and support services around the convention centre.

The business budget funding of \$367 million is there in the 2004–05 budget. The business case estimated that it would cost \$367 million if the project was to be delivered as a public project. I can report to the committee that there was already strong private sector interest in the construction and operation of the project. The final cost to the state will depend on the outcome of the competitive tendering process and proceeds from related site developments. We also have the contribution from the City of Melbourne, so we are hoping to drive a better outcome, frankly, if we can; but we do have the allocation if we need to pursue a public sector bill. However, given the competition there, given the contribution of the City of Melbourne, we think we can get an even better outcome.

The CHAIR — Premier, I would like to take you to page 180 of budget paper 3 where reference is made to strategic policy advice, including the area of population policy. Over the past year our population growth has exceeded the national growth rate, which you have already outlined. Do you expect that to continue, and what will the government do to promote our population growth in the current financial year?

Mr BRACKS — Thank you for that question. We have had significant growth in population, particularly over the last five years. We have been growing at a rate which is greater than the average growth rate of the rest of Australia. We have seen, more recently, some moderation in that growth rate in relation to interstate migration, but we have also seen a consequent increase in overseas migration that has compensated for the smaller increase in interstate migration. So we are still on-track and on-target to achieve the sorts of outcomes we want in the future. This is obviously a population increase to 6 million by 2025, and a regional growth rate included in that of 1.25 per cent which is a bit higher than the current regional population growth rate.

Progress has been made towards that target. We have grown our share of Australian skilled migrant intake — which I talked about earlier in a previous portfolio — from 18 per cent in 1996–97 to 24 per cent in 2002–3, just under our population share. Regional population grew by 1 per cent, and this is encouraging because we had real regional population decline at some stage, and we are now growing by 1 per cent to the period ended June 2003. Many regional cities have experienced particularly strong growth. Victoria's annual population growth rate of 1.33 per cent in the 12 months to September 2003 exceeds the national growth rate, and obviously some of the things we are pursuing, particularly the skilled migration program, are really designed to attract some international migrants to Victoria.

If you like, in the future, it will be a two-pronged approach. One is to ensure that we make Victoria an attractive place for people in Australia to move to, to live, to work and to raise a family. The quality of life issue is still very important in Victoria. The fact that we are rated consistently as the most liveable city in the world is a good attribute to have and is something we can sell. The fact that we are a state which has good services, good quality of life and a low crime rate is an attractive thing to people who are settling here. We want to keep that. We know from the work that has been undertaken in government that having a strong labour market and good employment growth is one of the things that attracts people to your state, so continuing to have a strong employment growth rate and a strong market for high skilled jobs is very important. We want that, but we want in tandem with that a more vigorous effort to attract overseas migrants. The two things have to go hand in hand. The two things are complementary as well, because the very qualities of the most liveable city in the world are attractive to both interstate and overseas migrants. We will certainly be lifting our efforts, particularly on the overseas migration, continuing to make sure it is a good place to live. Those things combined I think will enable us to reach those targets in the future. But they are ambitious targets and we need a concerted effort across the whole of the community to achieve them.

Mr CLARK — Could you tell the committee what advertising companies have been commissioned to date to produce TV, radio and print advertisements for the state government for 2003–04 and 2004–05 and what the campaign topics and the estimated costs are for each of those years?

Mr BRACKS — That is everything — TAC, WorkCover, all the things? I will do my best on that one.

Mr CLARK — Provide us with what you can now, and if you would not mind taking the rest on notice.

Mr BRACKS — Sure. Our expenditure on advertising media is currently reported on a calendar year basis. That is the traditional practice of the media industry. For calendar year 2003, Victorian government expenditure increased by 2.7 per cent. That is pretty well in line with inflation, I think — pretty well on inflation. Inflation was 2.77 per cent over the 12-month period to 31 December. Total expenditure for 2003 was \$72.9 million, compared to \$71 million in 2002, so that is the comparison. There is not much change between those years.

The spending on advertising media, just to go to some of the aspects of the campaign, reflects obviously the key priorities of the government. One of the main areas we increased our expenditure in was for the usually successful water savers campaign. Interestingly the last thing that people remember about a water campaign is ‘Don’t be a Wally with water’, and that goes back a long, long time. There has not been any significant campaign in conserving water since that old campaign that is still in our memory. The water savers is a new campaign — ‘I am a water saver and I am proud of it’ — which hopefully will live in the memory of Victorians for a long time as well, and that is certainly something that we are pushing. That added about \$5 million to the total expenditure this year — one of our bigger ones — but it also, I have to say, was money well spent, because we have had a significant reduction in water usage across Melbourne, where this was targeted principally. There are already strong conservation measures which are being taken in our regional centres in country Victoria, but the awareness in Melbourne is much better than it was, and that has helped enormously. I am grateful for the cooperation of the water companies in the conduct of that campaign.

There was also substantial growth in spending on outdoor advertising in regional areas, more than we have done in the past, as a result of the Transport Accident Commission’s increased focus on promoting road safety on country highways. We identified last year that if you look at the road toll figures, we had a reduced road toll — 333 — which was the lowest road toll on record, but we still had an issue to deal with significantly in the country, and we wanted to step up our efforts in country Victoria in that area as well. That is why we have emphasised a lot of the public education and advertisements in that area.

There is also a substantial increase in ethnic media advertising, and I think I reported that on a previous occasion and at previous hearings, which accounted for 4.2 per cent of total spending. Also regional media increased the share of our expenditure in 2003 from 9 per cent to 12 per cent, and that is largely to do with the TAC, I have to say. We are working to drive down the cost of recruitment advertising, which fell by approximately \$3.3 million or 13 per cent in 2003. As you know, there has been a trend to change the nature of recruitment advertising. There is much more now done through the Internet and direct advertising. That has been a trend which is happening in all enterprises in all governments around the country.

It is also worth noting that our overall spend in 2003 was inflated by the addition of several new government entities which previously did not purchase their media through our master contract but are now accounted for in the 2003 figure. These include several major hospitals and two universities, so they want to get the cost benefits of being a part of the master contract, which added approximately \$2 million to their overall total. Overall, the media expenditure was about 6 per cent lower than that of the Queensland government and 45 per cent lower than the New South Wales government, according to the figures published by ACNielsen. Sorry, I should have read that before. That is interesting.

Mr FORWOOD — You plead guilty, but only by degree.

Mr CLARK — Thanks for that, Premier. Will you come back to us on the other aspects of the question?

Mr BRACKS — Whatever else I can, but I think that was as comprehensive as I can be.

The CHAIR — Thank you very much for that.

Mr RICH-PHILLIPS — Could I seek clarification on something the Premier said then?

Mr BRACKS — Sure.

Mr RICH-PHILLIPS — You referred to 4.2 per cent spent in the ethnic media. How does that reconcile with the 5 per cent you spoke about earlier?

Mr BRACKS — It was 5 per cent. We had achieved a 5.2 per cent target.

Mr MORAN — There was a final quarter figure.

Mr BRACKS — You are right. I was reporting on the last quarter. We had lifted our effort in the last quarter, and that is what I was reporting on.

Mr RICH-PHILLIPS — So 4.2 per cent is the annual figure?

Mr BRACKS — Before the last quarter, and I reported in the previous portfolio, in the last quarter, that we had reached it. When I report next, we will be over 5 per cent.

Mr RICH-PHILLIPS — The figure you gave in answer to Mr Clark's question — —

The CHAIR — Was the calendar year.

Mr BRACKS — I was doing it all on the calendar event.

The CHAIR — Thank you.

Ms ROMANES — Premier, on page 24 of budget paper 3 there is reference to the additional output funding for the whole-of-government security and counterterrorism initiatives totalling \$13 million over five years. How will this funding deliver new capability and strengthen statewide counterterrorism preparedness, and in your answer could you also make reference to which is the lead agency for this initiative and other agencies responsible and what their roles are, as well as accountability and reporting arrangements for this initiative?

Mr BRACKS — I might ask the secretary of the department to add to that, as it is an important matter and I know that the secretary plays a coordination role across government.

As I mentioned in the preamble, in the budget we have announced some new additional funding for counterterrorism activities which has been provided to individual agencies with specific expertise and responsibilities in these areas. In the preparation for the budget the Department of Premier and Cabinet coordinated the particular bids from individual departments for extra funding for counterterrorism activities. We determined that as it was a whole-of-government initiative we wanted to make sure we had a proper response to that and the principal responsibility in the state with the commonwealth in coordination matters for counterterrorism resides with the Premier, and therefore the Premier's department, and these matters are driven by COAG in agreement with the commonwealth. That is why we consolidated the preparation for our counterterrorism activities through our own department.

The agencies are responsible to their ministers for the implementation of these counterterrorism, prevention and response capabilities. The Security Emergencies Committee of Cabinet, which is our principal cabinet committee which deals with these matters, is chaired by me and leads the whole-of-government coordination of Victoria's security and counterterrorism effort. This committee will provide an ongoing review of the state's counterterrorism capacity so it evolves with the changing nature of the terrorist threat and is sufficiently robust to meet new challenges. As I mentioned before, we have committed \$13 million over the next four years on counterterrorism output initiatives, which covers \$4.87 million to enhance public health laboratory capacity and trauma support programs in the Department of Human Services, \$1.4 million for the state chemical laboratory to test agents and toxins and \$6.626 million in the intelligence and investigation technology package for Victoria Police to assist in disrupting planned terrorist activity.

In addition we have committed \$16 million over the next four years towards counterterrorism asset initiatives including \$5.4 million on hospital negative-pressure isolation rooms and refresher disaster kits. There is \$600 000 for improvements to the state chemical laboratory capacity for testing agents and toxins — that is within the

Department of Primary Industries principally. There is \$6.821 million for the intelligence and investigation technology package for Victoria Police; \$2.1848 million for the Victorian Institute of Forensic Medicine's computerised equipment; \$850 000 on mobile lighting towers, personal protective equipment and spine boards for the Victoria State Emergency Service; and the money for Parliament House I cannot identify — there is \$250 000 on further security upgrades to Parliament House. I am going to ask the secretary to elaborate a little.

Mr MORAN — I think the point I was going to make was about the lead issue. There was one point at which the bids into the budget process were assembled, and that is through DPC. It was considered as a whole, but then most of the money was appropriated to individual departments in line with initiatives the Premier has mentioned.

Mr FORWOOD — Premier, I refer you to PAEC's report on 2002–03 outcomes. In chapter 10, page 347, I have a request and a question. Throughout the DPC chapter we say:

The department is requested to provide further information —

about this matter —

but no response was received by the time this report was finalised. The committee intends to follow up this issue in its review —

of the estimates. There are a dozen or so examples of that. We tabled this report on 22 April. We had sought this information before that, back in March my memory tells me, then when we wrote to you, Premier, we asked if we could have the information in time for today, and it still has not arrived. We are very keen to get this information.

Mr BRACKS — I am just checking to see where it is. Okay, that is a request, and I am happy to provide — —

Mr MORAN — I think we have provided the information.

Mr BRACKS — Well I am happy to furnish that. It may have been delayed, as you mention, but I am happy to furnish that. If we have not, I will ask the secretary of my department to furnish that information.

Mr FORWOOD — My question goes to the issue on page 355:

The committee is surprised that all executive officers at the EO2 classification were paid a performance bonus —

and the performance bonuses in your department were \$414 000. I make that point: every one of the EO2 officers got a performance bonus, and given that your guidelines say they are only paid when performance is exceptional or substantially above competence, I wondered if you think that is possible.

Mr BRACKS — I am very happy to answer this, and the secretary does have a lot of detail on this.

Mr MORAN — I think the Premier's guidelines also provide for a certain proportion of EO officers to be paid a bonus, a maximum number in an ideal world, and we are reasonably close to that average, so the question is really about more of the EO2s than the EO3s getting — —

Mr FORWOOD — Only 25 per cent of the EO3s?

Mr MORAN — No I think it is a greater number than that, but it has to do with a number of things, including a continuing turnover of people at EO level in the department, so some of those EO3s would, I think, be relatively new appointees, and you would not necessarily expect them to go to the effective level immediately. For a while we had a fair amount of stability at the EO2 level, and therefore that would be reflected in how they were treated. Overall we keep within the performance pay budget that the Premier sets. He sets what we spend as a proportion of our EO salaries, and we keep within that, and we are slightly over the total proportion of EO officers who should get any bonus at all, but not so much as to be a worry. As I think might have been mentioned on a previous occasion, we have developed some reasonably elaborate techniques for assessing performance, including 360 degree feedback, which came up previously. That is still in use. What we tend to find, frankly, is that through that mechanism and through other evaluative techniques we rate people at a higher level than we reward them with bonuses. So there is now in DPC a two-level approach: I tell people on the basis of the technology that we have introduced how they appear to be performing, and then I say, 'We have a budget to meet and you are not going to

get a bonus at that level, it will be at a lower level'. I think people accept that it is one of the constraints that necessarily we should work within.

Mr FORWOOD — Are you rolling that out through other parts of the public sector?

Mr MORAN — I have commended it to other secretaries, but it is their call — — .

Mr FORWOOD — But you are not going to recommend it?

Mr MORAN — Well, I am not in a position to do that, and I would not dream of trying to do that.

Mr BRACKS — He should ask the other departments about that!

The CHAIR — On that happy note we will move to Mr Merlino.

Mr MERLINO — Premier, in November last year you called for the commonwealth and state governments to jointly establish a national public-private partnership council, what support is there from other governments for the establishment of this PPP council and what progress has been made?

Mr BRACKS — There has been some significant progress, and I am very pleased that most other states have now joined with the Victorian government in the establishment of a national ministerial council on public-private partnerships. All jurisdictions except Tasmania supported the initiative, and I do not think Tasmania has any significant project on the public-private partnerships and it is probably a critical mass issue there.

The first meeting of the council was held on Friday, 14 May, in Brisbane. Our government proposal to establish the council was commended by the recent independent review into Partnerships Victoria. The aim of the council was to build better coordination and support for public-private partnerships amongst governments by facilitating greater information sharing, creating larger networks and fostering expertise and providing a consistent national approach to these projects. This will help with increased national cooperation in streamlining the bidding process and better coordination of pipeline projects going to the market. We will also benefit from a more competitive market. Of course, if you get cooperation from other states, you get businesses responding, and international businesses sending over their key executives. Often with these sorts of projects it is not economic for them to undertake one project in one state, but if they know there are other projects coming up in other states they will invest their team in assessing that and look at that consequent investment in other states as well. We are developing a national PPP market to make Australia more attractive to international investors in infrastructure. It has been a positive development. Victoria has led it, but other states are now part of it and there are some significant projects now in New South Wales and Queensland in particular.

Mr RICH-PHILLIPS — I would like to take you back to the issue of the security and counter-terrorism initiatives. I note that the slide that you put up earlier related to issues impacting on the budget of the Department of Premier and Cabinet. I assume from what Mr Moran said earlier that it is not actually impacting on the DPC's budget because it is disbursed among the other departments. What I would like to ask you about as an agency with a coordination role, what threat assessment work is undertaken by the DPC, particularly with respect to the Commonwealth Games, and which of these initiatives that you have announced have been developed with the target of the Commonwealth Games in mind?

Mr BRACKS — The threat assessment issue is very important, and no one state or territory should be or is in a position to undertake its own assessment of what constitutes a threat. We have to rely on the intelligence that we receive from the commonwealth, from the Australian Security Intelligence Organisation, from commonwealth agencies and from the Australian Federal Police. There is a new coordination system in place with the Prime Minister, the premiers and the territory leaders to undertake that exercise in the future.

The general threat level and any specific threats are really matters which we will work on in close cooperation with the commonwealth on from time to time. We will not unilaterally — and we are not in a position to unilaterally — undertake it ourselves. That is the case for the Commonwealth Games as well. Whilst we will accumulate all the evidence and get together all the logistical requirements, in the end it will be a matter which has to be determined between ourselves and the commonwealth, with the commonwealth providing the significant intelligence required about that event in the future. That is the general issue. You also went to some other matters.

Mr RICH-PHILLIPS — In regard to the initiatives that have been announced, how many of those are directed specifically at the Commonwealth Games; are they games related?

Mr BRACKS — In a general sense they are, but there is nothing specific for the Commonwealth Games. They will apply to other major events in Victoria as well, so there is nothing specific. In relation to the funding issue, which you also mentioned, whilst most if not the overwhelming amount of the budget is in line agencies, there are still some coordination roles that the Department of Premier and Cabinet undertakes, and that is part of the funding that it requires.

Mr MORAN — That is correct, so some of the funds for counter-terrorism are observed coming into the DPC but, for instance, where an agency is buying protective equipment or spine boards and so forth, that funding would go directly to it.

Mr DONNELLAN — What work is being undertaken by the department in 2003–04, and what is planned in 2004–05 on the governance arrangements in the public service?

Mr BRACKS — We have indicated for sometime now that will re-examine the Public Sector Management Act. We are committed to revamping the act and looking in contemporary terms at some of the key reform initiatives which have been developed over time being brought into a new consolidated act which will come into Parliament, and hopefully that will be able to come into Parliament within the next couple of sessions.

We are looking at a range of additional measures to promote key public sector principles of merit and integrity, and that is obviously one of the principles of the development of a revamped Public Sector Management Act; further improved public sector effectiveness, efficiency and accountability; giving greater coherence to work force development; and improved governance of non-departmental public entities. That last one is really a quite important area. It is not captured by the current Public Sector Management Act. We would like to see that examined in the redevelopment of an act which can come before the house in the future. At this stage we are not ready to release those details; we are still working on it currently, but we are getting closer to it.

Mr FORWOOD — Mr Moran came and talked to us about that in terms of the governance.

Mr BRACKS — That is good. Obviously input from this committee will be important in the development of that act as well.

Mr BAXTER — Reverting back to the high country bushfires, now that most of the restoration work has been completed, has a whole-of-government cost been calculated, and if so what is it; and in terms of the strategic policy leadership from the Department of Premier and Cabinet, and in light of the Esplin recommendations, is an overview being exercised by the DPC into the future to make sure that preventative burning targets are being met, that preparedness for a rapid response is in place and so on?

Mr BRACKS — Yes, obviously. We drove the budget, we drove the resources, and we drove the government's response to the recommendations of the Esplin inquiry. We will also be ensuring that we play a role with the different departments that are responsible for delivering that in the future with the extra resources that they have. In relation to the cost of fighting the fires, there were two parts of the question, were there not — the cost of — —

Mr BAXTER — Particularly the high country fires, separate from, say, the sunset country or something.

Ms THORN — We would have to get back to you on the total cost of firefighting. It was approximately \$80 million for fire suppression recovery.

Mr BRACKS — The actual recovery work was \$80 million, but I would be very happy to get more detailed costing back to you. Obviously that was a matter which took up a large amount of the contingency last financial year, but we are happy to get that back for you. It was expensive, of course, and I am not sure if we can disaggregate to the north-east, but we will try to do that.

Ms GREEN — The 2004–05 budget provides funding for various whole-of-government initiatives, and I refer you to budget paper 3, service delivery, at pages 268 to 269. What progress has the government made in implementing whole-of-government reporting on initiatives that are shared across a number of portfolios and departments?

Mr MORAN — I think you are probably referring to the reporting on a whole-of-government basis against the measures in Growing Victoria Together? If that is so, in the budget papers there is an up-to-date report on those measures and the progress that has been made over a period of time. It shows that generally speaking the measures are improving in line with what was said in Growing Victoria Together.

Mr BRACKS — That is principally where it has occurred. It is probably unique in Victoria's case that we do have whole-of-government reporting. Our GVT does that. It does have some key performance targets as part of that, and it is over and above the individual departmental targets which are set. That is acquitted for in budget paper 3, appendix 3. That is a regular feature of the budget now, and it will be in the future as well.

The CHAIR — I want to go back to the public service work force. If you look at the output for public sector employment and conduct services, that area has performance measures titled 'Proportion of organisations complying with significant elements of executive remuneration policy'. The target established for this performance measure for 2004–05 is 90 per cent. In light of the question earlier by Mr Forwood in relation to performance pay and bonuses, would you care to expand a little on that output measure?

Mr BRACKS — The target of 90 per cent is set in recognition of factors that would make a 100 per cent target impractical. They include legacy issues where individual contractual arrangements predate the existing requirements, so we have to deal with that, and the need to grant exceptions to the policy guidelines where specific recruitment issues arise.

Can I just go back to the performance measures generally? They include some of these aspects: compliance with the requirement to manage CEO total remuneration packages within a plus or minus 20 per cent of the work value practice line; compliance with the requirement that other executives do not exceed 75 per cent of that for the CEO of the organisation without Government Sector Executive Remuneration Panel (GSERP) approval — and that does come to me for approval as well, through the Commissioner for Public Employment; and compliance with the requirement that the CEO employment contracts do not exceed five years — so it is really for practical reasons. Do you want to talk about that, Terry?

Mr MORAN — The area covered by GSERP, as it is called, is to be distinguished from the public service proper, which was the focus of the earlier question about performance pay. GSERP is a much broader range of executives including people in TAFE, people in hospitals and a very large number of people in non-departmental public entities that were also referred to by the Premier in respect of another question.

The CHAIR — That is very helpful.

Mr BRACKS — There is another issue here that I am sure is probably on the radar screen of the Public Accounts and Estimates Committee — that is, the comparative salary position of senior executives in relation to other states, the commonwealth and the private sector. The secretary previously referred to the fact that we had a greater turnover of executive officers, I think, in the recent period than there we did previously. A lot of that is to do with people being attracted to the private sector because of salary and conditions. It is an issue.

Mr FORWOOD — Are you going to pay them more?

Mr BRACKS — No, I am just identifying it as an issue, and I think — —

Mr FORWOOD — Like judges?

Mr BRACKS — We could talk about the judges if you want to. But it is an issue, and it is true that the private sector can attract some of the best and brightest. They are trained up in the public sector, and you tend to lose them. That has been the case for a long time; we have to acknowledge that. That is why we have to be vigorous in our recruitment at the entry level, tertiary level, as well — to build loyalty, build support and build the notion of public service as well.

Mr MORAN — That is right.

Mr CLARK — Has your office or the department commissioned any taxpayer-funded polling on the following issues: tolling of the Scoresby freeway, community safety, the multipurpose taxi program, road safety and speed cameras, and pay claims by nurses and teachers? If so, in respect of each of those, how much cost was incurred by such polling?

Mr BRACKS — We do not conduct party-political polling.

Mr CLARK — I did not ask about party-political polling; I asked about polling in general, and taxpayer-funded polling.

Mr BRACKS — We do not conduct specific things in those areas. As you know, all governments check, as we need to for Growing Victoria Together, the performance — how we have achieved things. We need to have public performance indicators to determine whether we have achieved certain targets, and we need to do that — —

Mr CLARK — So there has been no polling on those topics?

Mr BRACKS — Not on those specifics, no.

Mr CLARK — What do you mean ‘not on those specifics’?

Mr BRACKS — You went through some details and I said no — —

Mr CLARK — Did you cover them in more general terms?

Mr BRACKS — No. I said no. I do not know what I am supposed to say here — no.

Ms ROMANES — Premier, in regard to budget paper 3, page 185, the output of public sector employment and conduct services shows an estimated decrease of \$400 000 in output cost in the coming financial year. Can you provide the committee with the reasons for this budgeted decrease in the output cost? Will the decrease affect services to be delivered from this output?

Mr BRACKS — That is on page 185?

Ms ROMANES — Up the top, under ‘public sector employment and conduct services’.

Mr BRACKS — I am up the top of 185.

Ms ROMANES — ‘Total output cost’.

Mr FORWOOD — ‘Total output cost’.

Ms ROMANES — From 2.3 down to 1.9 million.

Mr BRACKS — Okay. Sorry. That is largely due to the transfer of functions of work force development. That is a transfer within government. There has been no impact on the service provision as a result of this transfer. So it is a machinery-of-government change, principally, that has occurred here. Do you have anything to add, Terry?

Mr MORAN — There are two groups within the Premier’s department that perform like services and incrementally over time we are seeking to rationalise them between the office of the Commissioner for Public Employment and the Office for Workforce Development. The movement is, as the Premier said, simply part of that.

Mr FORWOOD — Premier, I refer you to page 5 of the department’s response to the estimates questionnaire. Under 1.7, at the bottom, the question asked is:

What are the key risks for the department and its portfolio agencies in 2004-05 and what strategies have been developed to address these risks?

The department’s response is:

The department does not foresee any major risks that would impact on its work in 2004-05.

My first comment is that I think that is a very complacent response and it does raise my eyebrows. The question I have is: what is the risk-management process of the department and how much funds are spent on risk management in what is a key agency, obviously, of government?

Mr BRACKS — That is a good question. The risk assessment is specified in the budget papers. As you know, we do acquit for that, and we do account for the fact that certain circumstances — changes in the world economic climate and other issues — will impact on the Victorian government's position. That is specified in the budget itself, and that is really the principal specification of those risks which apply also to the Department of Premier and Cabinet. In relation to the risk-assessment procedures — Terry, if you could add to that, please.

Mr MORAN — The focus for considering risk management is through our audit committee, which comprises a majority of independent members, chaired by a former audit partner in a large accounting firm. Also it comprises amongst its members the former Auditor-General, Ches Baragwanath, for example.

The principal risk in a department like DPC, apart from arts-type matters — putting those aside for a moment — is really in the quality of policy advice. We have ever more exacting quality-assurance arrangements within DPC to guard the quality of advice wherever possible and are investing more money in training young policy officers through a policy skills program so that they are more quickly better able to provide quality policy advice. Right at the moment, given that most of the capital projects in the arts area are near completion, the risks on the capital side are not too great, and most other big risks in the arts are actually subject to insurance arrangements as well, as you probably know. That is, of course, where the government carries the risk, because in many cases that risk lies with independent bodies which are in receipt of some funding from government but not sufficient to cover all their costs.

Mr BRACKS — That is right. We are not a line agency, but obviously there are some line functions, and we will examine that reporting procedure to PAEC in the future. But there is, of course, in budget paper 2 the statement of risk — which is a whole-of-government statement of risk — which is specified in chapter 6, which goes through some of the circumstances that would occur in changed economic and other outlooks as well.

Mr DONNELLAN — Premier, you recently travelled through the Middle East with the Treasurer. Would you happy to tell the committee what benefits Victoria gained from this travel and what initiative exports may come from this travel as well?

Mr FORWOOD — And did you enjoy the meal we saw?

Mr BRACKS — I do not think I will mention that in the Public Accounts and Estimates Committee. When you have got someone who is worth more than the GSP of Victoria, you eat what is there!

I have to say it is an area of enormous opportunity for Victoria. The Gulf region more broadly is an area that is growing at about 7 to 8 per cent per annum. We have a major trade relationship with the Middle East and, in particular, with the Emirates and Saudi Arabia, which are two of the areas which a lot of our manufactured products are exported to. We also have a strong export of dairy and dairy-related products, as well as manufactured exports including motor vehicles. The purpose of the visit was to enhance our potential for further export and trade, and to open up new opportunities in the future. There are two principal areas in which there is enormous opportunity and where Victoria can do a great deal: one is education, the other is health.

In education Victoria already takes one of the biggest shares from the Middle East of any place in Australia of overseas students studying here. We can increase that even further. Australia is seen as an important destination for young people to come and to pursue their studies and that brings related benefits. It brings the benefits of their families and friends discovering Australia and recommending Australia, and Victoria in particular. It can also lead to significant investment, and we also in some circumstances can retain those skills in the future. As a consequence of the visit we are placing some education managers in certain offices overseas. Particularly we will be looking at Dubai as a base in the Middle East for attracting overseas students to Victoria.

In relation to health, obviously we have a lot to offer in the export of health services, some of our expertise in information technology related to health and to some of our management procedures, which are seen as some of the best in the world. Obviously we are pursuing that cooperatively with the kingdom of Saudi Arabia, with the Emirates government and to some extent with Qatar. These are important areas for us.

There are several levels. One is reinforcing the existing trade relationship we have, particularly for manufactured products in existing markets, and there is great potential for those to grow. Then there is capitalising on the service industries. As these economies grow they want to enhance education and health, and we will be there because of our other relationship to support that in the future. Also, as I mentioned before, our export drive will have a new commissioner for the Middle East. One of the trade commissioners will be undertaking trade missions to the

Middle East as part of our efforts. We are also putting extra resources into the Victorian Government Business Office in Dubai with personnel, an education officer and extra resources. I think we will see some strong and robust outcomes. Interestingly — and I want to place this on record — it was a good initiative of the previous government to open the Dubai office. It was a very good initiative. It has worked well and has positioned Victoria ahead of most other states. Interestingly in the last year Western Australia and South Australia have opened up offices in Dubai as well, in the same location. Obviously we have a significant advance on them. It has been a good effort by both governments, and we want to capitalise on the previous government's efforts in this area as well.

The CHAIR — They cannot match us on our multicultural focus.

Mr BRACKS — No, they cannot, but they are competitive.

Mr RICH-PHILLIPS — I seek some clarification about the departmental submission. On our page 7 — I have no idea what page it is on yours — is a table of new output initiatives for 2003-04. At the bottom of that table is a footnote which relates to most line items. It states that the CSF cash flow for this project was renegotiated after publication of budget paper 2. It shows the difference between what was published and the renegotiated amount. Given that has occurred with no less than 16 separate line items, can you explain what the circumstances are that led to these projects all being renegotiated after the publication of the budget papers?

Mr BRACKS — It is a phasing issue over financial years, principally. They are projects which have been funded — — Is that right?

Mr BEN-DAVID — Yes.

Mr BRACKS — But not completed in the one financial year. It has to be carried over into the new financial year. That is principally the reason for that.

Mr BEN-DAVID — The timing and the delivery had to be re-phased between financial years.

Mr RICH-PHILLIPS — So you anticipated these projects being finished in that financial year?

Mr BEN-DAVID — Yes.

Mr BRACKS — They were not finished at the acquittal date at the end of the financial year, and we had to carry those over into the new financial year. That is what has been done here.

Mr RICH-PHILLIPS — Why has it occurred with so many though?

Mr BRACKS — The Community Support Fund is community organisations, and some of them take some time to get going. The choice governments have is to remove the funding or to stick with them and continue that, and these are always difficult choices. But these cases are seen as good, worthy and appropriate projects, projects we are convinced through the CSF secretariat can be completed. Sometimes the business case and the preparation work take a bit longer than they would otherwise have expected.

Mr RICH-PHILLIPS — I want further clarification. There are some where the funding actually increased after the budget papers. I assume they were projects funded over two years that were brought forward to one year?

Mr BRACKS — Could I check that?

Mr RICH-PHILLIPS — For example in footnote 4?

Mr BRACKS — Yes, we will check footnote 4. Renegotiated — —

Mr RICH-PHILLIPS — The renegotiated amount is higher than the original budget amount.

Mr BRACKS — I would like to confirm that, and I will try and get back to you during the hearing or straight after.

Mr FORWOOD — I have a quick follow-up question on the general issue. Do you have any idea how much of the 2003-04 allocation to your department will be carried forward into the 2004-05 year on 30 June?

The CHAIR — That is a separate question. We will take that as one of your questions.

Mr MORAN — There are Treasury-determined limits on how much can be carried forward in any one year; I think it is 3 per cent of the recurrent budget. At this stage I could not say precisely how much we would be seeking to carry forward to the next year because, particularly in the arts — and this is the issue that goes to part of the issue raised by Mr Rich-Phillips — there are lots of grants programs. Even when grants have been approved, where contracts have been negotiated within a certain period of time and the money, subsequent to signing, is sent out is always an administrative issue, and that affects both carried-forwards and, in the case of the CSF, the phasing of the money. So what the CSF has done is become more attentive to the actual cash flow through recipient departments to ensure that it does not have money lying in its accounts earning interest when it could be better used elsewhere from the CSF's perspective.

Mr BRACKS — I have an answer on Mr Rich-Phillips's question. There is no increase in the funding, so it is as you indicated. It is carried forward.

Mr RICH-PHILLIPS — Thank you.

Mr MERLINO — Premier, I refer to your slide presentation and the new initiative of the cultural and heritage patronage program. That is also referred to on page 38 of budget paper no. 3. Given the high level of investment in the arts over the last few years why is this new initiative needed and what do you hope to achieve out of this program?

Mr BRACKS — It is necessary. We were faced with a situation when we came to government of a significant amount of investment in the refurbishment or rebuilding of large statewide public institutions. I will go through some of those that were going through a refurbishment or a rebuild. They included the National Gallery of Victoria in St Kilda Road, and the whole of Federation Square, which included two key agencies — that is, the Australian arts exhibition at the National Gallery of Victoria, and the Australian Centre for the Moving Image, including the completion of the museum at the start of our term. They were the principal ones which were coming on stream. What was not in place was a sufficient budget for the operation of those assets, or a plan to look at their patronage. In a sense historically there was a position where they were competing with each other. The very same people who were competing to get more custom at the zoo were competing with the same people who might have gone to the central museum, the Scienceworks museum and the National Gallery of Victoria, therefore it was very important for us to look at the long-term sustainability of these public institutions, to make sure they had the right operational budget and to make sure we had the right attraction programs for them to support each other. That was really the reason why we commissioned that major piece of work.

We announced as part of the economic statement in the lead-up to the budget that we would allocate \$7.7 million over two years towards a package of initiatives, which is the outcome of all that work undertaken in government over several years to increase cultural tourism in Victoria and to grow the patronage of public attractions. These included a new brand mark for Melbourne and a marketing campaign strategy focused on Melbourne's cultural vitality, so you have a lot of cross second and third-type visitations, and that is part of it, and you attract people not only to one place but to a suite of places that we have in Victoria.

There is a fund to encourage attractions to develop new content. Part of that, as you know, was the fund for the museum to increase its exhibitions and to have more use of the space as well. That was included in the budget, and it has been pretty successful. If you get a chance to go to the Melbourne Museum and see the Bugs Alive exhibit it is spectacular. I saw it recently. Some of the live exhibits and the preserved historic exhibits of all sorts of insects and spiders and others are world leading. It is a great exhibit.

The ultimate success of these initiatives will be reflected by increased patronage and revenue at Victoria's major cultural heritage attractions. That is the ultimate aim: to get a better turnover, a better revenue base, less call on the budget, and therefore the investment up front will lead to a better recurrent position in the future as well. We want to increase the number of tourists who come to Victoria at least in part because of the state's culture and heritage. Our future prosperity depends on creating and promoting ourselves as a location that is attractive to global knowledge workers and global visitors. This is, of course, a strong part of it, and it is integrated into what we want to do in growing the population and making this an attractive place in the future.

In answer to your question, it is important, it is crucial, it is the product of several years of work, and it will mean that we have better cooperation between our institutions in the future to attract more visits and more complementary visits.

Mr CLARK — I refer you to page 81 of budget paper 4, the statement of finances. This page sets out the estimates for DPC's revenue and expenses. I refer you in particular to employee entitlements which shows that for next year you have budgeted \$135.1 million compared with \$110.6 million actual in 2002–03. On my figures going back to 1999–2000 there is an actual employee entitlement figure of \$86.1 million, so that would appear to be an increase of approximately \$49 million, or 57 per cent, since 1999–2000 and a substantial increase even over recent years. Some of it may be due to departmental restructuring, but can you outline to the committee what the components of that increase have been and what has been achieved with increases in real staffing levels?

Mr BRACKS — The biggest component of that would be in health. Within that is the injection of \$1 billion extra into the health system.

Mr FORWOOD — We are talking about the Department of Premier and Cabinet.

Mr CLARK — This is page 81 on statement of finances.

Mr BRACKS — Sorry, so is this under the expenses from ordinary activities?

Mr CLARK — Yes.

Mr BRACKS — Sorry, I apologise. So it is related to DPC in particular. Yes, this is some of the reallocation of responsibilities into DPC as well. I will ask the secretary to report on that.

Mr MORAN — There have been a number of changes over the last couple of years. A number of branches within DPC moved to the new Department for Victorian Communities, but in addition there has been the establishment of the Office of the Chief Information Officer with the budget funding that was discussed before and, more recently, the policy and strategic projects branch, which has been the subject of some additional funds as well as staff coming into the department. In addition to that a number of ministerial staff were consolidated into the department for efficiency purposes, which is reflected in the costs relating to salary expenses:

Mr BRACKS — Which were previously in different departments. We will do our best. I know what you are going to ask me. Can we break that up? We will do our best.

Mr CLARK — If you could provide us with the reconciliation over the last few years.

Mr BRACKS — I will see what we can do.

Ms GREEN — I refer you to the new non-executive officer career structure which was recently implemented in the VPS. What is your assessment of the implementation of this new career structure, and do you consider there are any outstanding issues associated with it?

Mr BRACKS — This was to simplify the career progression steps in the VPS. It will bring rigour and transparency to classification progression that was missing in the previous structure. Implementation of the career structure is progressing satisfactorily. We have the full involvement of the Community and Public Sector Union as part of that progression arrangement. According to the requirements of the order made by the Australian Industrial Relations Commission when it agreed to implement this matter there are some issues that remain to be resolved, including the adaptation of the structure for staff in specialist categories of work where the general structure is not a great fit. Discussions between the government and the CPSU continue on this matter. Implementation of the structure provides that the roles that employees are required to play can be assessed against a career structure framework. This may result in some roles being over the grade, and this process is continuing. We believe there is continuing goodwill from the parties towards the implementation of this new simplified career structure, and we believe we will have success in that in the future. Costs associated with the introduction of the career structure are anticipated to be met within the parameters of the funding policy for the industrial agreement, so there is no extra funding over and above what was already in the wage agreements.

The CHAIR — I would like to ask a question that you may wish to get back to the committee on. It is in relation to strategic policy advice and projects and the bicycle path network, which is part of the state's forward agenda.

Mr BRACKS — Sorry?

The CHAIR — The Great Victorian Bike Ride — I know it is a very important tourist event in this state and one that many people in this place take a great interest in. I wondered if there is any advice being provided in relation to the state's cycle path network. As I said, you may like to get back to us; it would be a matter of great interest.

Mr BRACKS — I might get back to go you on that. Chair, at this stage, I am sorry that Mr Baxter is not here, but I have some information I could furnish to the committee on the wild dog inquiry. I am happy to furnish that now if that would be suitable.

The CHAIR — Yes, that would good.

Mr BRACKS — It is about the House of Representatives inquiry into wild dog management. The focus of the inquiry is, 'Adequacy of state government funding' — that is, the House of Representatives committee has determined that as the topic for its inquiry, which is an interesting and narrow description of what it wants to undertake. In that respect we are, in conjunction with other states, re-examining whether that is appropriate, given this is directed on a very narrow basis towards another government's funding priorities rather than addressing the whole problem; but I will certainly furnish more material in the future as well.

The CHAIR — Thank you.

Mr FORWOOD — I refer you to page 13 of the department's response, and particularly to question 3.3, which asks if the department could indicate the performance measures and targets that incorporate or use national or international benchmarks in the budget papers for 2004–05. Again, I would categorise the response as a non-response; all it says is that they do compare. What I want to know is whether in the budget papers for 2004–05 any of the performance measures or targets have been established against benchmarks, and if so which benchmarks they are?

Mr BRACKS — We developed the performance measures in 2003–04 using other states and territories as a benchmark. We obviously have determined certain areas which we know are internationally based comparisons, for example, completion rates to year 12 education. Retention rates in our schooling is a benchmark, which is applied internationally in the OECD countries and in Australia. Literacy and numeracy rates are applied internationally. We determine the ABS as one of the source materials for most of our benchmark issues. I think we can expand on that answer, frankly, and I would be happy to do that and to give you more detail on how we determine some of our benchmarks and how we establish some of the internationally established benchmarks, the Australian benchmarks and some of the source material for that. I can certainly make sure that we furnish the committee with that material.

Mr MORAN — I can add to that. With respect to the Department of Premier and Cabinet itself this is an issue that came up last year or the year before where the observation was made that the previous output measures for DPC were actually input measures — that is, how many hours were spent on policy work. You might remember that debate, possibly? And so we looked at New South Wales, Queensland, Western Australia and the federal sphere to try and come up with something that was a bit closer to a set of output measures for DPC and that is what led to the change in our reporting arrangements which you drew attention to either last year or the year before. But it is not that we wrote a detailed paper and so forth. People in the department just surveyed what others were doing and on the basis of that constructed the measures that we have now got. They have been fairly conservatively drawn so with many of those measures you will notice we consistently exceed our target, and we have adjusted the targets slightly this year upwards in line with the government's requirements for wages policy compliance flowing from the EBAs that the Premier mentioned before.

Ms ROMANES — Premier, within the outputs for 'Workforce Development', which are outlined on page 182 of budget paper 3 for various service delivery components, one expected output is to conduct six projects reviews in 2004–05. Could you provide us with details of these projects?

Mr BRACKS — These are very useful in the priority setting that the government does to determine the outcomes of these examinations. The Office for Workforce Development made a significant contribution to the Victorian public service employment and development and structural change during 2003–04. The projects to be undertaken by the office have had their foundation in the government’s commitment to strengthen the capacity of the public sector to deliver high-quality responsive, successful and efficient public services. To achieve this the priorities for 2004–05 — and this goes to your question — are to conduct a review of graduate employment. As I have mentioned before, this is a pretty important matter given we want careers to develop in the public service and to build loyalty in the service in the future; secondly, to develop a new recruitment model and processes for the Victorian public service providing for enhanced on-line recruitment, recognising that that is occurring in other industries; improved data management to ensure accurate, up-to-date consistent work force data capture and reporting for the public sector; to finalise key unresolved matters stemming from the career structure and work organisation review; to conduct a review of work-life balance within the public service including quality part-time work as part of the action agenda for work and family balance — obviously this is a policy objective of our government and our own work force should be a part of it in the future as well — to develop processes supporting executive succession management; and implementing the executive review outcomes. So there are some of the key priorities for the office for 2004-05.

The projects in the 2004–05 year address current and emerging issues combining setting the foundation for future employment. The projects advance the goal of developing a service-wide, sustainable work force to deliver the current and future requirements of the government and also for the people of Victoria. These are very important output examinations that we will undertake.

MR CLARK — Can I come back to the reply you gave to Mr Baxter about the inquiry into the impact of agriculture on pest animals and plants and the terms of reference on the Internet? It appears to me that the terms of reference you quoted is one of five terms of reference and that the lead term of reference is to identify nationally significant pest animal issues and to consider how existing Australian state government processes could be better linked for more coordinated management of these issues across state boundaries. I put it to you that this and the other terms of reference are highly relevant and important for rural Victoria and I repeat Mr Baxter’s question, notwithstanding all the quibbles about one of the terms of reference: why will the government not allow Victorian public servants to take part in this inquiry?

Mr BRACKS — I will examine it very closely. Our practice is to involve ourselves — and I sign off all the time the authority for ministers to submit to parliamentary inquiries, you know, Senate inquiries and House of Representatives inquiries. It is very rare that we do not. I assume that the advice I have received in this case is that leading up to a federal election this is a matter which is politically charged and loaded. I will examine that closely to see if that is the case. I actually have not signed off on this one. I cannot remember it, I am not sure what has happened to this one, but I will examine it closely and I will get back to you. Generally we do support submissions to parliamentary inquiries. It is only when we have a view, and clearly they are disingenuous that we would question them and question the resources of the state going into the submissions. I will examine that closely.

Mr FORWOOD — Thank you for that. My view is that if you wished you could say, ‘We are not going to buy into this issue and we think they are inappropriate terms of reference. but this is an important issue and — —

Mr BRACKS — I think it is a possibility, yes. And we could submit certain material that we already have on this area. I think it is a good suggestion.

Mr MERLINO — I will finish up on commonwealth-state relations. My question is about the recent announcement of the review of the Commonwealth Grants Commission. What do you expect to come out of this review, or rather, probably more appropriately, what do you hope to come out of this review in relation to Victoria?

Mr BRACKS — A better, fairer outcome, really, for the whole of Australia, including Victoria which is our current focus. It is quite important and historic that for the first time in many years the states, territories and commonwealth have agreed on an examination of the existing grants commission formula. This is quite historic, and while it is only one small step it is an important step. Out of this we hope there is a fresh and frank approach to determining which states require a cross-subsidy, what states have changed in their economic development over the years since the grants commission principles and support mechanisms were put in place, and a recognition that there needs to be a readjustment.

We are not arguing — and I do not think New South Wales is arguing — that there is not a role for the major states, the bigger states of New South Wales and Victoria in particular, to cross-subsidise and assist development structure. There is no argument about that at all. The argument is about the formula and what has happened in some of the other states, particularly in Queensland. We know that one of the biggest growth areas in the country is the corridor between Brisbane and the New South Wales border. It is one of the biggest growth areas with enormous economic growth happening there and it has been happening for some time. I do not think the grants commission has taken into account comprehensively in its examination what cross-subsidy is required in the future. That is what we are hoping to get out of it. We realise that we will never be in a position where we will not be providing some subsidy or grants or services to other states, but we do want a fresh and better approach, and notwithstanding the Deputy Chair's former position in the Northern Territory we would like to see a better deal for Victoria.

Mr RICH-PHILLIPS — Just a clarification, Premier. On page 20 of the departmental submission there is a financial position for the department. I will acknowledge at the outset that this is our pro forma that your department has filled in. But on the list of non-current assets, the single biggest item is listed as 'other'. It is \$2.5 billion and is roughly 70 per cent of your departmental assets, so I am wondering if you can provide a bit more of a breakdown than 'other'?

Mr BRACKS — Yes, we will. We will provide a breakdown. Do we have any details at this stage?

Mr MORAN — It is the arts.

Mr BRACKS — The arts. We will find you a breakdown on the arts. They are the most expensive in our department.

The CHAIR — And Mr Rich-Phillips, we do acknowledge that this is the template questionnaire.

Mr BRACKS — We are happy to provide that.

Mr MORAN — The value of the collections within the major arts agency would be by far the greater part of that figure.

Mr BRACKS — There was a re-evaluation of the collection for the first time in many years and that would be one of the biggest contributors to that, but we will get you some detail on that.

Mr MORAN — I think the NGV's collection would be between \$1.6 billion and \$2 billion in value alone. The museum has a very valuable collection, and the library has a very valuable collection of books, among other things. That is largely how one would account for that figure.

Mr RICH-PHILLIPS — Thank you.

The CHAIR — Thank you very much. That concludes the consideration of the budget estimates for the portfolios of Premier and cabinet and multicultural affairs. I thank the Premier, Mr Blacher, Mr Moran, and departmental officers for their attendance today. It has been extremely useful, Premier and departmental officers, and we thank you for your time. A copy of the Hansard transcript will be sent to you, and any follow-up questions and items you have taken on notice.

Committee adjourned.