

PROOF VERSION ONLY

STANDING COMMITTEE ON ECONOMY AND INFRASTRUCTURE

REFERENCES COMMITTEE

Inquiry into commonwealth payments to Victoria

Melbourne — 10 October 2012

Members

Ms C. Broad
Mrs A. Coote
Mr D. Drum
Mr B. Finn

Ms J. Pulford
Mr S. Ramsay
Mr A. Somyurek

Chair: Ms J. Pulford
Deputy Chair: Mrs A. Coote

Staff

Secretary: Mr R. McDonald
Research Assistant: Mr S. Marshall

Witnesses

Mr G. Rich-Phillips, Assistant Treasurer,
Mr G. Hehir, secretary,
Mr B. Flynn, deputy secretary, economic and financial policy,
Ms M. Cavar, director, tax and intergovernmental relations, and
Ms T. Stewart, assistant director, intergovernmental relations, Department of Treasury and Finance.

**Necessary corrections to be notified to
secretary of committee**

The CHAIR — Good evening, one and all. I declare open the Legislative Council Economy and Infrastructure References Committee public hearing. Tonight's hearing is in relation to commonwealth payments to Victoria. I would like to welcome the Assistant Treasurer, Mr Gordon Rich-Phillips, and representatives from the Department of Treasury and Finance. Thank you for joining us.

All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and is further subject to the provisions of the Legislative Council standing orders. Therefore you are protected against any action for what you say here today, but if you go outside and repeat the same comments, they may not be protected by that privilege. All evidence is being recorded. You will be provided with proof versions of the transcript within the next week. Transcripts will ultimately be made public and posted on the committee's website.

We have allowed about 5 or 10 minutes if you would like to make an opening presentation, and then if you like, we will spend the rest of the time on some questions we have in mind.

Mr RICH-PHILLIPS — Thank you, Chair. Can I say I appreciate the invitation to give evidence before the committee on this inquiry. The government regards this as an important inquiry, and I am very much looking forward to seeing the committee's report in due course because it is a significant area for us.

Just in terms of the people we have here with us, I have with me this evening Grant Hehir, Secretary of the Department of Treasury and Finance; Brendan Flynn, deputy secretary, economic and financial policy within DTF; and Mary Cavar, director, and Teresa Stewart, assistant director, in the NP branch, who are the experts on the subject matter. In terms of an opening presentation, the committee has received the government's written submission, and then we had the briefing in April, I think it was, on the terms of reference, so if the committee is happy, I am happy to proceed to questions and any particular issues that the committee would like to discuss.

The CHAIR — I will start with a question about the submission and some of the issues we have canvassed in correspondence between the committee, yourself and Mr Hehir. The submission to the committee was received a few weeks late — about three weeks late — and then it was placed on the DTF website before being accepted by the committee. Details of the submission were also provided to the media. In our correspondence received from Mr Hehir it states that putting the submission on the DTF website is the regular practice of the Victorian government when making submissions to external inquiries. Is that your understanding of the practice?

Mr RICH-PHILLIPS — That is my understanding of the practice based on the correspondence that Mr Hehir has sent to the committee.

The CHAIR — Thank you, Minister. Are you aware that the Victorian government guidelines for submissions and responses to inquiries, which was issued back in October 2002, are still listed as the current guidelines on the DPC website? They state at paragraph 88:

Once a submission has been formally received by a parliamentary committee, it becomes the property of the committee and may not be published or disclosed elsewhere without the committee's authorisation.

How does DTF's practice of publishing submissions and your understanding of the practice sit with the DPC guidelines?

Mr RICH-PHILLIPS — I would have to have a look at those guidelines. You have obviously read paragraph 88. I do not have those guidelines with me, but if that is a variation from what I understand has been DTF's practice, then we will obviously be cognisant of those guidelines. If they are still the current guidelines, we will take them on board.

The CHAIR — It is probably appropriate to state for the record our disappointment to be reading about the details of the submission in the newspaper before we had considered it and decided as a committee to publish it.

Mr RICH-PHILLIPS — That is noted.

The CHAIR — Thank you. We can now move on to the substantive questions that relate more specifically to our inquiry. I will invite Mrs Coote to open the batting.

Mrs COOTE — I would first of all like to thank all of you for being here tonight with us. It is a really important process. This is the third inquiry that we have been involved with, so it is particularly interesting for us as a committee to have the calibre of the submission and the work that each of you, as experts, is doing. I particularly wanted to thank you personally for being here with us tonight and for the submission that you have given us. It is really comprehensive. My particular question is to Mr Rich-Phillips. Is there a particular category of the national partnership funding of which the Victorian government believes Victoria is not currently receiving its fair share?

Mr RICH-PHILLIPS — One of the issues that we are dealing with through this inquiry is, firstly, establishing what is the fair share. That is one of the fundamental threshold questions that we are asking the committee to give consideration to. Obviously that may vary depending upon the categories of national partnership funding we are considering, but one example where Victoria is receiving and has received substantially less than its fair share would be infrastructure funding, where over the last decade we have averaged funding of around 17 per cent of the total pool committed by the commonwealth coming into Victoria, notwithstanding that we have approximately 25 per cent of the population — 24.9 per cent of the population. It has varied around that average of 17 per cent. Some years it has been higher, some years it has been lower. At the moment it is sitting around 19 per cent. Some years it has been of the order of 15 per cent, but it is consistently, over the last decade, substantially below 25 per cent which, if you take population share as the basis, is where it should be sitting.

Mrs COOTE — Do you have any other examples aside from the infrastructure that would be relevant to us?

Mr RICH-PHILLIPS — We also see it in housing — some of the affordable housing NPs — where there is a focus on issues such as Indigenous population and remote population, where obviously Victorian is not overrepresented in terms of the national share, and as a consequence we see a smaller share of funding in that area as well.

Mrs COOTE — It may be somewhere here in the documents where I have not seen it, but could you just explain where we sit in relation to some of the other states; for example, in both of the examples that you have given?

Mr RICH-PHILLIPS — I do not know if we can give you the state comparisons now; I do not know if we are able to take them on notice. One of the challenges is that we do not necessarily have all the data, particularly in terms of cross-jurisdictional comparisons, but if we are able to get that, we will certainly provide it to the committee.

Mrs COOTE — That would be particularly good, and if there are some other indicators of areas other than infrastructure and housing, that comparison would probably be very useful for our committee, if that would be possible.

Ms BROAD — Through you, Minister, can I thank Treasury and Finance for the document which we are now addressing in this hearing tonight. I am sure you are aware of the terms of reference and the extent to which they address national partnership payments amongst other commonwealth payments to Victoria. You would also be aware that the Leader of the Government is proposing a further reference, if the house agrees to it — which usually it would — to address this area of national partnership payments. It is unclear why, given this reference — which as I understand it you have been instrumental in — there is a further need for the committee to address the area of national partnership payments. Are there areas perhaps which are important to the Victorian government which have not been covered by the submission but which you think we should or could get further information on in order to address this matter, and which at least the Leader of the Government seems to think we are not adequately addressing through our current reference, and presumably through this current submission, which I expect he would be familiar with?

Mr RICH-PHILLIPS — I do not have the proposed reference in front of me. My understanding of that reference is that it seeks to monitor, on an ongoing basis, our position with respect to national partnerships. Obviously this reference to the committee that we are considering today is very much benchmarking where we sit, where we should sit, and the committee's views on what is an appropriate level of funding. But my understanding of that other notice of motion on the notice paper is that that is referring to looking at ongoing future levels of funding rather than assessing the appropriateness of the current framework.

Ms BROAD — To follow up the question, then, presumably Treasury and Finance does monitor the progress of NPs and the agreements that govern them, including when they are lapsing and how adequately or not they address Victoria's needs. Presumably this is information that Treasury and Finance would readily have available.

Mr RICH-PHILLIPS — Certainly Treasury definitely monitors the progress of partnerships, and indeed is very cognisant of when they are ending and the potential implications of them ending. But in terms of the alternative reference, as I say I do not have it in front of me and it is obviously something that, if the house chooses to pursue, those matters would be fleshed out through the course of adopting or not adopting that reference, but in terms of this reference and where the committee is going with this, this is very much getting the committee's views on appropriate levels of funding under national partnerships and where we sit against those appropriate levels.

The CHAIR — We might come back to that because I have just asked the secretary if he could grab a copy of those words because I think it is a reasonable assumption that that might enjoy the support of the house, given that it has been moved by the Leader of the Government, and it certainly looked terribly like the work we were already doing this year, that you are wanting us to do again next year. We will come back to this in a minute.

Mr DRUM — Thank you, Minister, and feel free to ask your colleagues on your side of the fence if they would like to assist, but with your submission you point out how about 48 per cent of the total grants are tied, whereas approximately 52 per cent are untied. Would we be getting better value for money if there was a greater push toward untied funding, whether that be block funding or otherwise, and does this higher level of specificity in a whole range of different partnership programs actually take away from our ability to produce value-for-money projects?

Mr RICH-PHILLIPS — Certainly in terms of untied funding the government has a submission with the commonwealth and with the GST review around the allocation of GST to Victoria, and obviously if the Victorian government's position was supported, we would expect to see a larger share of the GST pool and therefore a proportionately larger level of funding as untied versus tied grants.

One of the things with tied grants and one of the issues that is identified in the submission generally, depending on what controls are put in place with tied grants, is the potential for those controls to limit innovation in program delivery. One of the things we seek to do in Victoria, and indeed the Victorian government has been recognised for over a number of years — two decades or more — is delivering programs in an innovative way and efficiently. In many areas of program delivery Victoria is recognised as a leading jurisdiction.

One of the challenges we face with tied grants, depending on the conditions that are on those grants, is that those conditions have the capacity to actually limit the state's capacity to innovate in program delivery and drive more productive program delivery. That is where an untied grant obviously gives the government a lot more flexibility in terms of more efficient program delivery.

Mr DRUM — If you extrapolate from that answer, what sort of response to we get from Canberra when we raise these tied grants that stifle innovation? Are they caught up with their reporting procedures? Are they caught up with their processes? Is it just a safer way for them to account for their funding if they tie the whole thing up? What sort of response have you got? As you said, it has gone on for 20 years, so it has gone beyond the colours of the various governments.

Mr RICH-PHILLIPS — Certainly it has, and I think it is a fair point to make that in federal-state relations there are similar challenges irrespective of what political persuasions are in place at either a state or a federal level, and in terms of the conditions around partnerships there are protocols in place as to the way in which partnerships should be drawn up. One of the issues is whether in practice those guidelines are actually adhered to in terms of having input controls or other conditions put in place on partnerships.

The question was: what is the commonwealth's response? I do not know that we are in a position to say what the commonwealth's view is, but certainly we have seen that the guidelines which are in place and which should determine how a partnership is put together and how the conditions are put together in the partnership are not always met, and we see more onerous conditions being imposed, as opposed to what you would expect under the guidelines which have been agreed at a COAG level.

Mr DRUM — Would you then be pushing for — just to pluck an example — a partnership in housing where any state would in effect do a deal with the federal government for 200 units of social housing and there would be a bucket of money made available to the state for a desired outcome? How that outcome is achieved leaves the Victorian government with a fair amount of flexibility. Would you be pushing for a broader context that each of these partnerships are framed within?

Mr RICH-PHILLIPS — Certainly if the desired outcome of a partnership is clear, then the capacity for and the flexibility of the state to deliver that is valuable because the way the commonwealth might think it should be delivered may not be the most efficient way in which it can be delivered in Victoria. So if it is clear that the outcome is housing for 200 families or 200 people, then as long as that is clear, the method of delivery is something that the state should be able to determine.

Mr DRUM — In your opinion, would that be a strong recommendation from this committee?

Mr RICH-PHILLIPS — That is something that is probably not for me to say.

Mr DRUM — I am just asking for your opinion.

Mr RICH-PHILLIPS — Certainly it is the government's view that limiting those input controls and allowing flexibility in delivery under national partnerships is important and is a desirable outcome.

Mr DRUM — It would give us better outcomes.

Mr RICH-PHILLIPS — Yes.

Mr SOMYUREK — Just on outcomes and inputs, minister, the government has chosen to focus this inquiry on the level of commonwealth expenditure as opposed to outcomes. The new public management reforms instituted by the Kennett government in the 1990s — and we were the world leader in the NPM reforms — shifted the focus from the old public management to a managerial way of doing things, and an intrinsic part of those reforms was the shift from input and process to output and outcomes. You seem to be reverting back to the input process model with this inquiry. Why is that?

Mr RICH-PHILLIPS — You say that because of the focus on dollars?

Mr SOMYUREK — Yes, because of the focus on dollars rather than outcomes and effectiveness.

Mr RICH-PHILLIPS — There are a couple of points there. One is certainly the focus on outcomes. Efficient delivery of outcomes is a key focus of the government, and it has been, as I said before, recognised that successive Victorian governments over the last two decades have been focused on efficient delivery of outcomes. One of the realities is that we rely on the commonwealth for 50 per cent of our revenue, or thereabouts, and we need to ensure that we are getting as large a share of commonwealth funding as possible.

One of the disincentives, if we focus the funding at a certain level of outcomes, is that because Victoria is efficient we are actually not benefiting from being efficient. If we are being funded for the efficient delivery of outcomes in Victoria, we are actually getting less commonwealth funding because we are efficient, whereas if funding is allocated on a people per capita basis and we deliver a program more efficiently in Victoria than it is delivered in other jurisdictions, we actually get a benefit; it is an incentive for Victoria to deliver the program more efficiently. So we certainly believe programs should be delivered efficiently and we should drive productivity improvements in program delivery. That remains a central focus for us, but if we are not funding on a people per capita basis, there is actually not a lot of incentive for the state to deliver more efficiently if we are not benefiting from that efficiency.

Mr SOMYUREK — So you are saying it is like a reward system: if you deliver efficiently, you essentially get more bang for your buck.

Mr RICH-PHILLIPS — To the extent that you are funded to this level and we manage to deliver service at this level. We manage to deliver the required service with this level of funding, and therefore there is a net benefit.

The CHAIR — Can I just follow that up by referring to your earlier comments and the example you gave of Victoria receiving a smaller than 25 per cent share in housing, for example, for members of Indigenous communities. That being the case and given the great difference that exists across the commonwealth, do you think it is a reasonable thing to compare aggregate funding, or do you think that comparing aggregate funding and total dollar amounts can be a little misleading given the geography of the different states in the commonwealth and some of those population differences?

Mr RICH-PHILLIPS — We certainly recognise that there are differences in terms of need and in terms of disadvantage across different jurisdictions, and that is going to be reflected in individual national partnerships. But equally the aggregate numbers are important because, going back to that point I made before with Mr Somyurek, we do rely on commonwealth for around 50 per cent of our funding and we do need to be receiving a fair share here in Victoria. But I certainly take your point that there are differences in need and that will be reflected in various partnerships. We accept that, but the aggregate remains important.

The CHAIR — There are a number of regional development policy enthusiasts are among us on this committee. I just wonder how you reconcile a population as the most important basis for funding allocation and how you might apply that consistently within Victoria.

Mr RICH-PHILLIPS — I have to say the Victorian government does not seek to apply it within Victoria, and I do not think that has been the practice of previous Victorian governments either.

The CHAIR — No, that is fair enough too. You are comfortable with the inconsistency of those positions?

Mr RICH-PHILLIPS — For Victoria on a comparative basis with other states, the people per capita basis is a reasonable one. Of course this is one of the questions the terms of reference poses for the committee as to whether in the committee's view that is the best method of assigning funding and indeed whether that method should be different should be different in the different funding areas.

Mr RAMSAY — I would like to thank you all for coming out. It is not much fun being out at 8 o'clock at night, so I appreciate the effort you have gone to in being here. My special interest is in relation to financial assistance grants to local government, and coming from regional Victoria it has certainly been an interest of mine for many a long year.

Mr RICH-PHILLIPS — As a regional member.

Mr RAMSAY — Also obviously having local government starved of funds over a period of time for a range of services they have to deliver. The question to you, Minister, is I understand your submission indicates concern about the growth rate of funding from the commonwealth for financial assistance grants to local government and also the methodology in relation to population growth and the CPI increases attached to same. I just want a comment on how you might suggest the methodology change if in fact Victoria is not being provided with some equity in relation to the grants to local government.

Also, I want some comment in relation to the federal-state road funding arrangements, the way they are weighted and the way that funding is delivered, because again it seems to me to be fairly inequitable, particularly for Victoria, in the way that that methodology is weighted as well. Perhaps you could respond firstly on the financial assistance grants and secondly in relation to the federal-state road funding arrangements.

Mr RICH-PHILLIPS — Thank you, Mr Ramsay. On the issue of federal assistance grants, it is true that, as you indicated, they are indexed in relation to CPI and population. We have seen with the ABS rebasing population figures this year that I think nationally we lost about a quarter of a million people with the reassessment of population numbers by the ABS. I think in Victoria we lost around 85 000 people, which has had an impact — —

Mr DRUM — Have we stopped looking for them?

Mr RICH-PHILLIPS — I think the ABS has stopped looking for them! It has had an impact on the escalation on federal assistance grants. The other point I would make is that financial assistance grants to local government have declined substantially as a share of commonwealth spending over the last 15 or so years. Fifteen years ago financial assistance grants comprised around 1 per cent of total commonwealth spending. It is

now down to around 0.6 of 1 per cent of commonwealth spending. We have seen in relative terms a decline in the proportion of the commonwealth budget spent on financial assistance grants. I guess what is important from a Victorian perspective and a local government perspective is that those financial assistance grants actually have regard to cost pressures and demand pressures within local government. Certainly we kept pace with growth in commonwealth expenditure.

On the issue of roads funding, Victoria received a little over 20 per cent of the share of total funding to local government for roads, which is a historic figure based on a proportion in the early 1990s. It is a legitimate question as to whether that is an appropriate figure for Victoria and again whether it should be based on an equal per capita basis or whether it should have regard to the size of the road network here in Victoria. Obviously Victoria is a compact state in comparison with Western Australia, Queensland et cetera. We do know it is not equal per capita; it is below equal per capita, but it is very much a question for the committee as to whether it should be EPC or whether it should have regard to the size of the road network in Victoria as well.

Mr RAMSAY — Could I ask the minister, Chair, if he would like to venture a view in relation to what methodology would be his preference?

Mr RICH-PHILLIPS — It is always the Victorian government's view that we would like to see as large a proportion of federal funding coming into the state as possible. If you accept the EPC model, that is an extra 5 percentage points or thereabouts of the pie. But I am very much interested in the committee's view as to whether EPC is an appropriate basis for road funding.

The CHAIR — Just on that, the Road Safety Committee did some work on this in 2010 and made some recommendations to government from that inquiry that local roads grants should be allocated according to a weighted average of 20 per cent for each state and territory's shares of the road lengths and 80 per cent for its share of population. Obviously they gave this some detailed consideration, specifically on the question of road funding, whereas our inquiry is far broader. The Victorian government has not yet provided a response. I appreciate that the government the report was given to is not the government that you are representing this evening. However, many of the committee reports tabled at the end of the last Parliament have had the benefit of a response from the government. Do you know if there will be one, or when there might be one, on this issue?

Mr RICH-PHILLIPS — I am not able to advise the committee on the timing of that response. Indeed I am not able to give a response to that particular recommendation because that would be part of the whole-of-government response. You are quite right in that it has spanned the change of government, as others have. I would expect there would be a response to that recommendation in due course. You appreciate that will not be coming from the Treasury.

The CHAIR — Yes, that will be transport. Maybe we will have the benefit of that work before we have finished our deliberations on this matter — maybe not.

Mrs COOTE — I am very keen to know about how COAG has set up a working group which is reviewing the proliferation of national partnership agreements. Could you comment on that, particularly on whether they have met and if the Victorian government is happy with the process?

Mr RICH-PHILLIPS — My understanding is that the working group has been established and has met a number of times, and that work will go back to COAG soon.

The CHAIR — Soon in COAG time is how long?

Mrs COOTE — This year?

Ms CAVAR — Originally it was September, but given that we are in October I am assuming it is October.

Mr RICH-PHILLIPS — Obviously that will be on a timetable set by COAG, but the working group has met a number of times to consider that issue and obviously the proliferation of NPs is something that Victoria has raised, and it was raised in the submission to the committee. How that is dealt with will be a matter for COAG's consideration.

Mr DRUM — In relation to the commonwealth own-purpose expenditure grants or funding, what are some of the examples of those?

Mr RICH-PHILLIPS — COPE funding? It is basically funding where the commonwealth seeks an outcome and engages a state agency to deliver that. I think when we met in April an example I used, which is probably a good example, was some of the vaccination programs. They are commonwealth programs, but they are delivered through health centres, health services or maternal child health services here in Victoria. Basically the commonwealth pays the state to deliver a commonwealth program is probably the best way to say it, and vaccinations are a typical example of that.

Mr DRUM — Our submission to the commonwealth has suggested that there is not an appropriate level of transparency and that some serious improvements need to take place in the system in terms of enhanced accountability and efficient coordination of the service delivery. Do you have any specific areas where you would be pushing for improvement?

Mr RICH-PHILLIPS — Basically, general disclosure of COPE funding, because it is not transparent as to what funds flow by way of COPE funding.

Mr DRUM — So it is just based on an outcome — ‘We are going to run this’.

Mr RICH-PHILLIPS — My understanding is that it obviously varies from department to department, depending on what programs they are running, but it is not clear what COPE funding actually exists, particularly by jurisdiction. If that were reported through the commonwealth budget papers, for example, we would have a far clearer understanding of exactly what level of COPE funding actually exists, where it is geographically and where it is programmatically.

Mr DRUM — That would also give us a clearer understanding of the efficiencies of the various states in delivering these services for the commonwealth.

Mr RICH-PHILLIPS — If we knew what was being delivered, yes.

Mr DRUM — And what it was costing to deliver each of these services.

Mr RICH-PHILLIPS — Yes, certainly if it was on a program basis.

Mr DRUM — Okay; that certainly makes sense.

Mr RAMSAY — I am sorry, Minister, but I am going to go back to the financial assistance grants to local government, given that I have now had the opportunity to think about the response you made. The responses to the first question and the second that I raised seemed to be that you believe we are not getting a fair and equitable share in relation to the financial assistance grants and also in relation to the federal-state road funding arrangements. As our chair, Jaala Pulford, mentioned, there was a Road Safety Committee inquiry on that.

I am not quite clear where you are sitting with that, but the commentary I got back from you was that you did not want to proffer any particular change in methodology. You were suggesting the committee may well come back with certain recommendations that might provide greater equity in funding in those two areas, so I take on notice that is some work we will have to do. But there is also another part I want to flag with you about the general-purpose component of the financial assistance grants for local government. The terms of reference for stage 1 have been released, and I am wondering if you are going to proffer the same answer or response to what you have given to the first two questions I raised with you in relation to your response to that review process?

Mr RICH-PHILLIPS — In relation to the commonwealth review?

Mr RAMSAY — The general-purpose component of the financial assistance grants, yes.

Mr RICH-PHILLIPS — I guess one of the issues with the commonwealth review is that it is not actually looking at the issue of the pool and the size of the pool, but it is looking at the way in which financial assistance grants are allocated. That is under the Local Government (Financial Assistance) Act; it is a commonwealth act which sets out the criteria by which the Victorian Grants Commission allocates the grants to each municipality. Those terms of reference also raise the issue of tied and untied grants as part of those terms of reference, which

obviously is introducing a new element — the concept of the tied grant — in terms of those financial assistance grants.

The issue I raised before related to the decline in the share of commonwealth expenditure on financial assistance grants. That issue is not picked up in those terms of reference. It is more about the existing pool and how that is allocated and whether it should be tied, which obviously is a whole new area that goes back to the point I made before about tied grants versus untied grants at a state level, but that would be at a local government level.

Mr RAMSAY — This is specific to local government-funded assistance?

Mr RICH-PHILLIPS — This is specific to local government, yes, exactly.

Mr RAMSAY — Do I take it then that you are supportive of the review process but again you are not going to provide — —

Mr RICH-PHILLIPS — It does not go to the issue of the level of financial assistance grants being paid to local government. It goes to the issue of how they are disbursed, but it does not actually go to the issue of the pool itself and the level of that pool.

The CHAIR — It is not about the size of the pie.

Mr RICH-PHILLIPS — It is not about the size of the pie; it is about how it is carved up.

Mr RAMSAY — I will ponder that again, Minister, if I may. I will perhaps come back to it, Chair, if I may, after I have thought about my response.

Ms BROAD — Just to continue on financial assistance grants to local government in the submission, the submission talks about or responds to the committee's request for input about the level of funding and the appropriateness of that level of funding given the responsibilities of local government. In the response there is not any reference to the proposition which has been referred to I think in a meeting with the minister about whether or not it would be appropriate to have local government funded through a share of the GST. Given that we are now in a public hearing, it would be useful for the committee to have on the record what the government's position is on that proposition. As I am sure you are aware, it has been discussed in a lot of local government forums, so I think it is important to be clear about the government's position on that.

Mr RICH-PHILLIPS — I thank Ms Broad for the question. I think that came up in the briefing that we had earlier this year.

The CHAIR — In April.

Mr RICH-PHILLIPS — My response then is the same as now: the government's view is that the GST revenue should flow to the states, as was the agreement under the original intergovernmental agreement from 1998. That position has not changed. Obviously there is a submission from the state to the GST review looking at the allocation, the divvying up of the pie between the states and territories, but it is our view that the GST revenue should flow to the states, as it does now. Indeed, as the secretary points out to me, when the GST intergovernmental agreement was put in place there was a trade-off with the removal of certain state taxes in order for that GST pool to come to the states, and Victoria has honoured its obligations in full under that intergovernmental agreement. Not all jurisdictions have implemented all elements of that, but Victoria has; therefore it is important that the states retain that revenue source.

Ms BROAD — Thank you, Minister. I am very familiar with all of that. If I can take you back on a different subject to your earlier statements about the matter of the Victorian government's capacity to deliver outcomes in relation to the commonwealth-funded agreements efficiently. I think your advocacy of per capita funding has been on the basis of assuming that Victoria continues to be able to do that, and it then has the capacity to either reinvest funding in that particular area or indeed to redirect funds to some other priority that the Victorian government may have.

You would be aware that there has been a certain amount of public debate in relation to commonwealth-state agreements in relation to vocational education following the Victorian government's recent budget decisions to reduce funding in some areas, and in TAFE in particular. There has been commentary from the commonwealth

about whether or not the Victorian government is meeting its obligations under commonwealth-state funding agreements. Can you comment on whether you believe this is an example of an area where the Victorian government is able to deliver its obligations and deliver the required outcomes more efficiently perhaps than the level of funding that has been provided, and whether or not the Victorian government therefore will be redirecting funding or reinvesting funding in that area as a result of the efficiencies it has achieved?

Mr RICH-PHILLIPS — I might ask the secretary to respond if he is able to. Obviously the specifics of that particular NP we might be able to take on notice. I do not know if Mr Hehir wants to add anything.

Mr HEHIR — Only to say — and this is my recollection; I do not have any data in front of me — that Victoria's cost of delivering vocational education and services has been, per unit of service, below other jurisdictions for quite some time. I think we have been seen as a leader in the efficiency of delivery of vocational education and services probably consistently since some of the reforms that happened in the early 1990s. Other jurisdictions did not implement a lot of reforms then. Our consistent approach to reform of vocational education and training since that time has kept our costs of delivery below others. That is my recollection without having any data in front of me around that.

Ms BROAD — That would be my expectation. What I was actually driving at then was that if that is indeed the case, as we expect it is, then what is the position of the Victorian government in terms of what it does with those efficiencies as a result of what is anticipated to be a lower cost of delivery?

Mr HEHIR — I do not want to answer the policy issue, but in a numerical sense again my recollection is that the Victorian government has delivered more training than any other jurisdiction per capita consistently over a very long period of time. We are still, I think, the largest deliverer per capita of training in the country. I think it is by a substantive margin, but I am relying on my recollection there. Over time I think our training system has been an efficient and high-volume deliverer.

Mr RICH-PHILLIPS — I might take Ms Broad's question on notice. I obviously do not want to go traipsing through the specifics of another minister's portfolio, so I am happy to take that matter on notice to see if there is any further information that can be provided to the committee.

Mr DRUM — Candy, could your question be summarised by saying that where efficiencies are made those monies should be hypothecated back into the area where the efficiencies have been made? Is that where you are coming from?

Ms BROAD — The question I am driving at — and this is one example, but it is equally an issue for all of these agreements — is in circumstances where the Victorian government believes it is delivering outcomes, or indeed greater outcomes than are required, efficiently and therefore there are savings, for want of a better word. What happens to those? Are they required to be reinvested or are they subject to decisions of the government as to priorities?

Mr RICH-PHILLIPS — That is a fair question, and it will very much come down to the nature of each individual partnership as to what it is seeking to deliver. For example, if the objective is to deliver a thick volume of a particular service and that is the requirement and that is delivered, is it appropriate to then keep delivering that service with the efficiency gains or should they be directed somewhere else? It would very much come down to a case-by-case basis, depending on what exactly the partnership is seeking to achieve.

Mr HEHIR — With respect to the VET thing I will just add one other point. The current NP on VET is broken up between facilitation payments and reward payments. So part of that mechanism is that the agreement requires the state to meet a number of benchmarks. Some are around innovation in the system and some are around the quantity of delivery and expanding access and things like that. There is funding up front on that, and there is reward funding associated with meeting the targets. The skills NP is based on a facilitation reward-type model of funding.

Ms BROAD — Does the Victorian government have a view about that model?

Mr RICH-PHILLIPS — About reward payments?

Ms BROAD — Facilitation and reward payments as a structure for these types of agreements.

Mr RICH-PHILLIPS — Reward funds are certainly something we see the value in. Facilitation payments essentially do deliver or assist in delivering, and the reward payment is the benefit to the state for delivering and sharing benefits that might otherwise accrue to the commonwealth in terms of the actual delivery of the NP. So the reward payment is certainly an important aspect of partnerships. Exactly how they work varies from partnership to partnership.

One example is the seamless national economy partnership, which is a very substantial one. There is a pool of reward funding attached to that. That is for delivering something in the order of 23 separate reform objectives, and one of the things that is important with reward payments is having a clear understanding of what they are for and what the objectives are to achieve the reward funding so that the jurisdiction can know if it has met those objectives or not. That clarity is not always there. I think the SNE is an example of that, where there are 23 or so requirements of different reform areas to receive reward funding. The COAG reform council will report on achievements against those, but it is not entirely clear how that reward funding would be allocated against those 23 objectives and how it would be proportioned against them. That sort of clarity would be useful with reward payments.

Mr FINN — My recollection is that very early in the life of this government there was a substantial cut by the federal government to funding for the regional rail project, which the state government had to find some coverage for at that time. I am just wondering if there was any reason given for that cut, and if so, whether you are in any position to tell us what it is. I am also wondering if there were other similar cuts and if there has been any attempt by the federal government to provide compensation for the cuts to which I refer.

Mr RICH-PHILLIPS — I understand there was a rephasing of those funds, which took them out of one budget year and pushed them out into the future. I do not know that we are in a position to talk about commonwealth explanations for that.

Mr HEHIR — The commonwealth adjusts its estimates of when it provides money for projects on a budget-year-by-budget-year basis, and some of those are around fiscal imperatives and others relate to revised time frames for the delivery of projects. I think with respect to regional rail it has been a bit of both on occasions.

The CHAIR — Like the Western Highway. We could go down this path all night.

Mr FINN — Have there been any other similar rephasings? I call them cuts, but if you want to call them rephasings, that is fine.

The CHAIR — Mr Finn, \$4.3 billion is \$4.3 billion.

Mr FINN — Could you enlighten us as to where they have been predominantly? And has there been any attempt by the commonwealth to assist Victoria in coming to terms with that rephasing?

Mr RICH-PHILLIPS — I do not know that we can give the committee that information now, but I think we could certainly take some of that on notice as to where money is going.

Mr HEHIR — As a general rule, the commonwealth tends to rephrase things in its budget context. It depends on the reason for rephasing, but broadly if it is a technical matter, one around a changed delivery timetable for a project or something like that, then it is usually a negotiated matter between the state and the commonwealth, and it can result in some of those phasing changes. At times they keep us informed of what is going on with respect to payments and sometimes they do not. Every budget year a bunch of rephasings happen, from the commonwealth to us.

The CHAIR — Some of those would occur at the request of the state government, would they not?

Mr HEHIR — Some do, and they are the ones there might be a conversation around. This is largely about infrastructure-type projects, where there has been an agreement up-front around the delivery of a project, and then as we get towards business case and final contract settlement the cash flows might change. As a result of a change in the cash flows, both the state and federal governments would be changing their budget allocations for those things. That is usually because we go to them and tell them, 'This is what the project looks like now,' and they rephase their cash flows and we rephase ours. Some of the relationships are not as close as that; it is just a

matter of when the commonwealth decides to give us money. There have been cases where they have given us money significantly in advance of our expenditure and there have been cases where the money has come towards the end of the project.

Mr RICH-PHILLIPS — We can give the committee some examples and take the question on notice, if the committee is interested in some examples where rephrasing has occurred.

Mr HEHIR — I will give you another example. In 2011–12 the commonwealth made the first payment for local government — which is in our books as a July payment — in June because they decided that cash flow met their needs better. So we had — —

Mr RICH-PHILLIPS — About half of it, didn't we?

Mr HEHIR — It was several hundred million dollars, I think. For us, it comes in one day and we post it back into the local government the next. So it does not make any difference to the state, but for the local governments it can make significant cash flow differences.

The CHAIR — Thanks. I think, Minister, the trend over decades that you mentioned in your opening remarks is perhaps a more useful measure than which column the money is in on which side of late June or early July, perhaps.

Mr RICH-PHILLIPS — Perhaps.

The CHAIR — Some examples would be welcome, thank you.

Mr DRUM — Minister and panel, I am sure it drives most Victorians and Australians crazy when they simply do not know and cannot find out which government is going to fund which service. If you were to have a blank piece of paper, would you do it differently? Would we have greater clarity of responsibilities? Would we not have so many jointly funded programs, which just seem to lead to a whole range of duplications and confusion — and, again, it does not matter what colour the government is. I imagine there is a blame game, and I imagine a whole range of Australians fall in between the cracks of various programs because they do not quite fit the guidelines. If the answer to the first question is that there is a better way of doing this and you would look for greater clarity of responsibilities, then the second part of my question is: should we be moving towards that utopia or that aim?

The CHAIR — A state tax utopia!

Mr DRUM — As I say, should we be trying to say, 'All health is going to be funded by this government and all education is going to — —

Mr SOMYUREK — Kevin Rudd tried that.

Mr DRUM — Should we be moving away from having so many programs jointly funded?

The CHAIR — I would be fascinated to hear if you have got an answer to this one. People have been working on this for ages.

Mr RICH-PHILLIPS — Mr Drum invites me to redraw the federation or the constitution!

Mr FINN — Or return to the original constitution, perhaps.

Mr RICH-PHILLIPS — It is a fair point you make, though, and one of the fundamental issues — —

Mr SOMYUREK — Can I ask my question, because it really does feed into Mr Drum's question as well? Can you indulge me and let me ask my question, and perhaps you can answer the two questions together? I have got some statistics and various things.

You said something about it being static. It is often said that the federation is a process rather than a fixed state — in other words, indicating that we are in constant change and evolution. Canada and Switzerland are the two most decentralised states in the western world — and I will tell you exactly where we rank in comparison to other nations in a second. In terms of federal share of total spending, in Canada it is 37 per cent, in the US

61 per cent, in Australia 53 per cent and in Germany 41 per cent. Those figures are from the International Association of Centers for Federal Studies. In terms of transfer from the federal government as a percentage of state revenue, on average Canadian provinces get 13 per cent, in the US they get 30 per cent and in Australia 41 per cent.

These figures put Australia in a particular position in terms of the level of decentralisation. Do you believe it is desirable for Australia to be heading in the direction of more decentralisation — that is, more like the Canadian model, in which the states have access to more revenue at the expense of the commonwealth? That fits into Mr Drum's question, I think, too.

Mr DRUM — It is a bit the same but a bit different.

Ms BROAD — A matching of revenues and responsibilities.

The CHAIR — Yes.

Mr RICH-PHILLIPS — Thank you. To respond to both Mr Somyurek and Mr Drum, I guess it is very much what is the fundamental issue at the heart of this inquiry and this reference. On page 5 of the government's submission we have the chart which shows the revenue and outlays split between the commonwealth and the state. In fact it actually shows that imbalance in capacity to raise revenue versus the requirement or obligation to spend in certain areas. The reality is that the states — all the states and territories — have spending obligations which substantially exceed their revenue-raising capacity.

The reality is that there is limited capacity for states and territories to raise additional revenue through other means, so we are reliant upon commonwealth transfers, and that is where we get into Mr Drum's issue around clarity of responsibility, because essentially the commonwealth provides funding, through necessity, for a lot of state responsibilities — education, health et cetera — and that is where confusion does arise. That is where, understandably, the community does not appreciate the complexity of funding arrangements between state, federal and indeed at times local government. That is one of the big problems we have with the federation, that imbalance between spending obligations and revenue-raising capacity. Ideally, yes, we would have a broader source of revenue for the state. We do not have that, and that is why we having — —

Mr SOMYUREK — So more decentralisation.

Mr RICH-PHILLIPS — Of revenue?

Mr SOMYUREK — Yes.

Mr RICH-PHILLIPS — Ideally we would match our revenue-raising capacity with our spending capacity. If we cannot do that, we are reliant upon commonwealth transfers, which is why we have invited the committee to have this inquiry. Yes, we would certainly prefer clarity there, and we certainly would prefer to be able to match our revenue with our spending obligations.

Mr DRUM — Are there any clear examples where you could say, 'There is revenue that comes out of Australia that heads straight to Canberra, whereas this particular revenue could very easily be directed to the states', because it just goes in a loop? If it goes to Canberra first, it has to come back to us one way or another. If it goes to Canberra, it has to come back to Tasmania one way or another. So are there clear examples where the state ministers get together and say, 'Why don't we collect a departure tax when people leave our state to fly internationally?'. Why do the states not pick that up, or are there other clear, common-sense examples where the states should be increasing their take of revenue — or is that not a space you are aware of?

Mr RICH-PHILLIPS — I do not know that it is, through you, Chair — —

The CHAIR — It is a fascinating discussion, but we are probably starting to drift a little beyond the terms of reference.

Mr RICH-PHILLIPS — Yes. I do not know if that is an area we can really enter into. Obviously I guess the best example of where that occurs now is the GST. Although it is collected by the commonwealth it is remitted in totality to the states. The issue is not so much individual revenue measures as overall revenue-raising capacity versus spending obligations.

The CHAIR — So we are having a go at rewriting the federation, and we are going to keep working on that.

Mrs COOTE — I just have one last question, going back to COAG. It is about the process, really, or the mechanism. COAG have a reviewing committee looking into the expiry of the NPPs. Are you satisfied with that as a process, or can you think that there is a better mechanism? Is a working party from COAG sufficient, or do you think there should be something better looking at expiring NPPs?

Mr RICH-PHILLIPS — I guess ultimately it is going to be a decision for COAG, and the states need to be engaged in that process. What is important around expiring partnerships is to have certainty as to future arrangements, particularly where partnerships have raised the level of service delivery and have raised community expectations around particular areas of service delivery to ensure that we have ongoing funding to continue to deliver service delivery at that raised level or raised level of expectation. That is really the key to expiring partnerships.

Mrs COOTE — It will be particularly interesting to see what happens with the NDIS.

The CHAIR — Sorry, just checking we are covering all the long list of questions. We thank you for your forbearance. Could I ask a couple of questions about the reporting requirements. This has obviously been a feature of the work we have been doing. Minister, would you agree that the guidelines contained in federal financial circulars regarding reporting requirements and input controls for national partnerships are adequate but they are not being properly applied? Is that the government's position?

Mr RICH-PHILLIPS — I guess it goes to: are they adequate if they are not being applied? I guess you can argue that because we are not seeing the practical implementation of them that perhaps they are not as adequate as they could be, but it is fair to say that there are guidelines — and I referred to them earlier — that are in place. Equally we have seen reporting requirements imposed on partnerships which do not necessarily reflect those guidelines and which also do not necessarily reflect either the size of the dollar commitment in a partnership or the risk associated with a partnership. They are vastly out of proportion to the size, expenditure and risk associated with the partnership.

The CHAIR — Yes, because they vary greatly, don't they?

Mr RICH-PHILLIPS — They do, but you are quite right; the guidelines are there. We are not necessarily seeing them implemented.

The CHAIR — So your concern is not with the guidelines? Are the guidelines not right, or are they right and not being applied properly, or a bit of both?

Mr RICH-PHILLIPS — I guess the question is: are they adequate if they are not being implemented?

The CHAIR — So you think they are not?

Mr RICH-PHILLIPS — We are not seeing necessarily appropriate outcomes in reporting requirements, which raises the question: are the guidelines which purport to put in place those reporting requirements adequate if they are not adhered to?

The CHAIR — Do you have a view about how they might be different?

Mr RICH-PHILLIPS — I guess it comes down to the actual application of the reporting requirements. I think there are some examples in the submission where the reporting requirements have been over the top given the size of the partnerships or the complexity and risk of the partnerships. In theory those reporting requirements have been put in place under the existing guidelines. Therefore perhaps the existing guidelines are not working as well as they could.

The CHAIR — Thank you. In the information that has been provided to the committee the government has noted a concern that requiring a state government to match the commonwealth funding contribution is a restrictive input control. So where the state and commonwealth are jointly contributing to the funding of a project, how does the Victorian government believe the national partnership agreement should be structured to avoid prescribing matching contributions?

Mr RICH-PHILLIPS — It really comes down to, again, what particular partnership we are talking about, but in terms of detailing the outcomes that are required, I guess one of the issues with matching funding is that quite often partnerships are in areas where the state is already spending substantial amounts of money, and it goes to Mr Drum's question about overlap between state and federal responsibilities. If the partnerships are in areas which are core state responsibilities — education, health or whatever — where we are spending many billions of dollars, it is a valid question whether it is appropriate to have a partnership which requires \$50 million of matching funding in an area that we are already spending multiple billions of dollars in. It is whether that is in fact effective in terms of outcomes or whether simply specifying what required outcomes are would be a better mechanism.

The CHAIR — And you think that would be better?

Mr RICH-PHILLIPS — An example is that where there are areas where the state is already spending substantially greater sums of money than the partnership involves there is not a lot point in acquiring national funding.

Mr SOMYUREK — Do you think the federal government should be involved in service delivery?

Mr RICH-PHILLIPS — The federal government is involved in service delivery.

Mr SOMYUREK — I know that. Do you think it should be? It is a normative question.

Mr RICH-PHILLIPS — Service delivery in which areas?

Mr SOMYUREK — Across the board. I am not going to cite the example I want to cite. Just take it as a generic question.

Mr RICH-PHILLIPS — There are certainly areas where — —

Mr SOMYUREK — The state is surely better placed to deliver services?

Mr RICH-PHILLIPS — In some areas certainly, but then there are areas where you would not want state jurisdiction — defence, border protection, customs et cetera. So there are certainly areas where there is a role for the commonwealth.

Mr FINN — If you are not very careful, I am going to take that question to the next step!

The CHAIR — Please do.

Mrs COOTE — Which level of government are you getting rid of?

Mr RICH-PHILLIPS — Which level do you want to abolish?

Mr FINN — I was not going to mention that actually, but seeing as you did I am interested to hear your view on the proposition that there are large sections of the commonwealth government that are directly replicating what state governments are doing, which is clearly taking money away from service delivery. Would your view be that we do not need two departments of health, federal and state; two departments of education, federal and state; two departments of transport, federal and state; and on and on it goes? Surely that would provide many more billions of dollars for the people who pay taxes in this country.

Mr RICH-PHILLIPS — I think Mr Finn is trying to provoke me!

The CHAIR — I would say that is right!

Mr RICH-PHILLIPS — Mr Finn makes a reasonable point, and it reminds me of a comment by a former Treasurer of Victoria, Mr Lenders, who frequently referred to the fact that the commonwealth department of education is a vast entity yet it does not employ a teacher or run a school. I think that was a valid observation then and remains so.

The CHAIR — Do you wish to pursue this further?

Mr FINN — I would be very happy to pursue it further, but I think we would probably be here all night and most of the week if we were to pursue it properly. I take on board what the minister has had to say, and I think we can extrapolate from that certain conclusions on which he may or may not want to back us up.

The CHAIR — If there are no other questions, I will return to the matter we canvassed briefly earlier in the evening about the notice of motion that the Leader of the Government gave in the house yesterday. It relates to expiring national partnerships, in particular those expiring on 30 June.

We are currently examining the future of programs funded through national partnerships. We have been working our way through the many and incredibly varied partnerships that Victoria has with the commonwealth. The government has provided evidence about this both in its submission and to the committee tonight. We have been exploring this issue by receiving submissions. We have invited and received surveys from all Victorian government departments detailing this in pages and pages of information. The Council of Australian Governments is undertaking some similar work in this area, and our work on this committee is due to wrap up by the end of this year.

It seems that the government wants us to examine the impact on Victoria of national partnership agreements not being renewed, including the service impacts. We have the benefit of having some great expertise on this matter in this room, but to us the two references seem terribly similar. I invite you to explain to the committee how the two references differ and what issues you think are in there that are not able to be canvassed in our existing terms of reference.

Mr RICH-PHILLIPS — I guess the fundamental difference is that the reference the committee is currently dealing with is very much around the structure of the partnerships and federal funding more generally, and determining what are the appropriate levels of federal funding back to the question of per capita versus other methods. So the current inquiry is very much focused on the structure of federal funding and what is an appropriate structure and level.

My understanding is that the notice of motion on the notice paper is very much around the impact of the withdrawal of national partnerships if that were to occur when they expire on 30 June next year. So one is very much focused on structure and levels; the other is on impact on service delivery.

The CHAIR — So you do not think that the committee, with all the advice it has received, the input from government through your attendance at the committee on two occasions, the government's submission and indeed the budget paper that deals with federal–state relations, could acquit that now with the information it has to hand?

Mr RICH-PHILLIPS — I cannot pre-empt the committee's report. I am certainly looking forward to seeing it. I do not know whether the committee intends to comment on service delivery, which is the subject of this other proposed motion. Obviously that is a matter for the house if and when it is debated. But in one sense you are probably in a better position to tell me — not that you should — what the committee intends to have in its report in terms of the matters which are canvassed in this alternative motion. But I see the distinction between the two references being that one is about service delivery and the current inquiry is about structure and levels of appropriate funding. I look forward to seeing your report fairly soon.

The CHAIR — You have done a good job of making two things that sound terribly similar sound a little bit different. You are to be commended.

Ms BROAD — I would like to follow up on that, because this is obviously going to be an issue for members of this committee. In the Victorian government submission to the committee, at page 12, paragraph 3.2.5, the committee seeks input on whether programs and initiatives funded through existing national partnership payments will require further ongoing funding at the expiry of the funding agreement and whether the current processes for identifying and providing this additional funding are adequate. That is a pretty specific question, which has been responded to in the submission. It goes through a set of processes where all of this has already been identified, including in 2011 on behalf of all state treasuries. New South Wales coordinated a report that was submitted to the commonwealth Treasurer in October on the treatment of expiring NPs against the agreed criteria. Presumably Victoria participated in that process and contributed that information and it already exists. The question is: why does this committee need to examine answers to questions which have already been

examined by Treasury and Finance, coordinated by the New South Wales state Treasury and put into a submission?

Mr RICH-PHILLIPS — I guess in response to that the committee will bring a different perspective to this work and subject matter. You are quite right in saying that a section of the submission does relate to expiring partnerships, which come up in June of next year. My understanding of this reference is that this is very much around service impact rather than generic commentary around process or the expiry of the partnerships coming up next year. Obviously if that matter, the notice of motion, is to be debated in the house, it will flesh out that subject matter in more detail.

Mr RAMSAY — To be fair, Chair, we are posing questions to the minister on a reference that has yet to go through the house and has yet to be discussed within the committee. We are raising a whole lot of hypotheticals about what the committee might or might not do in relation to this reference that has yet to go through the house.

The CHAIR — Yes, that is a valid point, although in the life of this Parliament the numbers in the upper house have proved to be reasonably predictable. Thank you, Minister, for your assistance in exploring this issue.

I have just one more question. As Ms Broad indicated, the government has responded to our request for input on the impact of expiring programs and there is one that is referred to here, which is the Digital Education Revolution national partnership. This is the one about providing computers to all year 9 students. The commonwealth budget papers currently provide in the contingency reserve funds to continue that program subject to the negotiations with the states at its expiry. At face value, it would appear the commonwealth is still committed to this initiative. The federal shadow Treasurer, Joe Hockey, has indicated that this is a program that would not be supported under a federal coalition government, and that it would be a waste of resources. I am interested to hear what the Victorian government's view would be about the value of continuing this program.

Mr RICH-PHILLIPS — I cannot comment on the program specifically. It is not one that falls in my portfolio responsibility. But what I will say, as I have said on other matters of federal-state relations in other portfolios I may have, is that the Victorian government deals with the government of the day in Canberra and that is the basis on which discussions around the renewal of national partnerships will take place.

The CHAIR — If there are funds there for things like computers for year 9 students that the commonwealth is offering to negotiate arrangements with the states about, then that is something that Victoria would support?

Mr RICH-PHILLIPS — We will certainly be looking to negotiate with the commonwealth around those partnerships.

The CHAIR — Does anybody else have any other questions. Would you like to make any final comments?

Mr RICH-PHILLIPS — No, other than to thank the committee for the opportunity to speak here tonight. I very much appreciate the work the committee is doing and I very much look forward the committee's report in the next month or so.

The CHAIR — Excellent. On behalf of committee members, I thank you, Minister, and I thank Ms Cavar, Mr Hehir, Mr Flynn and Ms Stewart for joining us this evening. Indeed some of you have joined us for the second time. We appreciate your submission on some very wide-ranging topics. We got into some issues that have been the subject of contentious debate in the commonwealth for a century or so. Thank you very much for coming to join us on this Wednesday evening. I also thank our committee staff for their ongoing assistance with this inquiry and Hansard staff for being here to keep the record.

Committee adjourned.