

CHAPTER 9: DEPARTMENT OF PREMIER AND CABINET

9.1 Premier Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 11 May 2009

Members

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Witnesses

Mr J. Brumby, Premier,
Ms H. Silver, Secretary,
Mr P. Reed, Deputy Secretary, Government and Corporate Group, and
Mr A. Fennessy, Executive Director, Policy and Cabinet Group, Department of Premier and Cabinet.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for 2009–10. On behalf of the committee I welcome Mr John Brumby, Premier; and Ms Helen Silver, Secretary of the Department of Premier and Cabinet, Mr Philip Reed, Deputy Secretary, Government and Corporate Group; and Mr Adam Fennessy, Executive Director, Policy and Cabinet Group, Department of Premier and Cabinet. We also welcome departmental officers, members of the public and the media.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. I remind them that they are meant to focus on only the person who is speaking.

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

Following a presentation by the Premier, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the Premier to give a presentation of no more than 10 minutes on the more complex financial and performance information that is the responsibility of the Premier.

Overheads shown.

Mr BRUMBY — Thank you, Chair. I am certainly pleased to be here again before the committee to present the budget estimates for my portfolio for 2009–10. What I want to do in the 10 minutes available to me is just run through some broad slides about some of the key priorities of my department and of the government generally, so I will just run through those slides.

The first point to establish really is the key priorities for the government for 2009–10: jobs, obviously, in the context of the global financial crisis; families, making sure that we have people who are educated, healthy and involved; communities — planned, connected and secured; and a good environment, the best possible for our state.

In terms of the budget themes, no doubt we will talk about these further today in questions, but if I had to pick out five broad themes, I guess they would be these. Firstly, it is a jobs-building budget. I will come to that later in questions but, as you know, the modelling from Treasury just on capital works is 35 000 jobs. That does not include of course the jobs that will be generated through our changes to the first home buyers scheme or the jobs that will be generated through our expansion of the hospital system. This is very much a jobs-building budget.

Secondly, it is a AAA budget. I was obviously delighted on budget afternoon that we were able to announce the reconfirmation of AAA by Standard and Poor's. I said before the budget that this would be a AAA budget; it is very much a AAA budget.

It is also a partnership budget, and I would say in this budget we are working shoulder to shoulder with the federal government. We will find out more about that tomorrow night when it brings down its budget, but certainly you saw the announcement on Thursday on funding the comprehensive cancer centre with us — \$426.1 million each — which is a great example of working together. In social housing, education and transport there are so many examples of where we are working closely with the Rudd government utilising the benefits of its stimulus package to generate jobs and opportunities in our state.

It is a family-friendly budget. I think many of the initiatives announced perhaps got overshadowed by the huge capital works program, but it is a very good health budget, for example, with the largest amount that we have ever put aside for demand funding, \$45 million extra for elective surgery and 280 extra mental health

workers. This is a very good budget in terms of the way it supports and protects families. It is also a budget for recovery, and I mean that in the broader sense. It is a budget that will get us out of the blocks — when the world economy turns, I want to see our state first out of the blocks — and it is also a budget for bushfire recovery as well, which we will come to later. There is a very big commitment to assist in relation to bushfires.

I think you have seen that graph before. You are all familiar with that. I am proud of this, as I think I have mentioned every year in presentations here. This is the budget sector expenditure on capital expenditure, and you will see there just the huge increase which has occurred. If you wanted to construct this to be a perfect fit to tackle the global financial crisis, that is what the graph would look like. It is a perfect fit.

On debt — I know there is a debate about debt — that is what has happened over the last decade. You will see we came from a period at the end of the Kennett government with debt that was around 3.4 per cent of GSP. It was subsequently revised on GSP numbers down to 3.1 per cent, I think. We have been paying debt down through those good years and putting money away for a rainy day. It is a strong performance. That is exactly what we should have been doing, and debt over the last couple of years has been the lowest by far in the history of this state. That means that we are able to add to our capital works effort going forward and still deliver a very strong AAA result. I know debt will come up later, but look at the countries around the world with whom we are comparable: Ireland, where the figures are 20 to 30 times higher than the debt levels we have; and Israel, where net debt to GSP is 78 per cent. We are in a very strong position indeed, and that is borne out by the next graph, the Henry Bolte graph, which shows that under those great Liberal premiers of the past, debt was much, much higher than it is today, and it shows that even —

Mr WELLS — You guys are experts on spin!

The CHAIR — One at a time. The Premier, please, to continue.

Mr BRUMBY — I am hoping that my friends in the opposition will ask me some questions about this later.

Mr WELLS — You can count on it!

Mr BRUMBY — Next, I just want to show that with bushfire management, which is one of the other features of this budget, we do two things in the way we deal with bushfires in Victoria. Firstly, we have an underlying base level of funding which is for the CFA, DSE and MFB, and then we provide additional funding as required through a Treasurer's advance. When we came to government, bushfire funding was about \$25 million a year — that was the base funding. It is now over \$100 million a year. That is written into the budget base every year. As you will see there, what the slide shows is that the amounts spent on bushfire management have increased significantly in the years that we have been in government.

In terms of bushfire recovery, I think you are all aware of the fund which the Prime Minister and I announced on 9 February, I think. Kicked off with state and federal donations, the outpouring of support for that from around our state, around Australia and around the world has been truly extraordinary. We have seen \$340 million go into that fund, which is now closed off, but there are still amounts that are being donated.

In terms of our bushfire commitments going forward, you will see that with the amount spent on fire control in the 2008–09 year plus what we are committing in this budget going forward, it is about \$1 billion in total. Again I hope to have the opportunity to go over some of the detail of this later, but across the appeal fund and across the budget it has been a very substantial commitment indeed.

The other thing I want to mention in my presentation is A Fairer Victoria. I launched this with Minister Neville and Minister Pike on Thursday. I think one of the things that really is the test of the government is whether in difficult times we stand by those who are in need, and I believe that we have done it in this budget with A Fairer Victoria. There is a big increase in funding for child protection; for mental health, which I mentioned, with 280 extra mental staff; for disability, with \$68 million extra; and also for volunteering, and I launched with Minister Batchelor this morning our volunteering strategy.

In terms of capital works in health, that slide just shows the projects across the state, and you will see that in virtually every part of the state there are health projects there. The biggest announcement in this budget was \$55 million for Bendigo hospital, Ballarat \$20 million, Geelong \$30 million, Alexandra and district \$19 million and Warrnambool \$26 million, and then a whole range of smaller grants for community health, capital works and other projects across the state.

Looking at emergency services, again, these are the improvements. These are police stations, ambulance stations and fire stations across the state. We have made an unprecedented investment in this area. We needed to do more in this budget, and we did. Again, you will see that array right across the state.

Transport: big transport projects — \$342 million, I think, in this budget. There is \$56.9 million to upgrade the South Gippsland Highway at Cox's Bridge; \$44 million over four years for the Nagambie bypass; \$27.6 million to return rail services to Maryborough; \$22.9 million to improve bus services in Geelong; a whole series of other upgrades across the state in regional areas; \$9.4 million for the first part of the Western Highway upgrade from Stawell to the South Australian border; and \$8.8 million to start the Western Highway duplication from Ballarat to Stawell.

Finally, on schools, you will see here part of our Victorian schools plan where we are spending \$1.9 billion over four years — a huge investment in schools. Of course when you then layer over that the federal government's program it means that this year in our government school sector there will be over \$1 billion invested in capital works for schools. So it is, in every sense of the word, a building budget, and it is a jobs budget.

I now ask the secretary of my department, Helen Silver, to make a brief presentation on DPC and its role in proposed expenditure for 2009–10.

The CHAIR — Okay, but it will have to be very quick.

Overheads shown.

Ms SILVER — Thank you, Premier, and committee. I am pleased to be here before the committee to present the 2009–10 budget estimates for the Department of Premier and Cabinet. I am just going to take you through the major roles of DPC so you can see the structure.

In DPC our major role is to support the Premier as head of government and cabinet and provide strategic policy leadership. We do a lot of coordination across whole-of-government initiatives, and we develop and deliver whole-of-government services and programs. The major groups within the DPC core are the Policy and Cabinet Group; the Government and Corporate Group; the National Reform and Climate Change group, which deals with COAG and other matters; and Arts Victoria.

In terms of portfolio agencies — so you understand what the further structure is — we obviously have the Office of the Governor, the Office of the Ombudsman, the Office of the Chief Parliamentary Counsel and the State Services Authority, and now we have the Victorian Multicultural Commission, which joined the DPC portfolio on 1 January 2009. Our VMC promotes unity amongst Victoria's culturally and linguistically diverse communities. We obviously also have the Victorian Bushfire Reconstruction and Recovery Authority, which was set up post the bushfires.

In terms of arts agencies, which will be followed up at a later meeting of your group, we have all of these agencies shown on the overhead. I will not go through them all.

In terms of major outputs and services these are the key ones that you will see in budget paper 3: strategic policy advice and support; public sector management, governance and support; multicultural affairs, which is a new element; and arts and cultural development.

In terms of major achievements we have done a very significant amount of work in terms of the COAG negotiations and have seen three major meetings in terms of COAG which covered the new agreement on federal financial relations, as well as a meeting in February on the economic stimulus package and a recent meeting in April which continued work on a range of areas.

We have been part of the work of the implementation of the economic stimulus package, because it has a major role for each Premier's department across Australia. We have the Coordinator-General for the program within Premier and Cabinet, which links into Prime Minister and Cabinet.

We have had a major role in the coordination of the state response to the February bushfires, immediately before the bushfires and following that. As part of that we coordinated the national day of mourning, amongst a number of other activities.

We have also worked on major government programs and projects. Chief amongst those would be the Climate Change Review — BRCC — as well as the Victorian Transport Plan, which was announced late last year.

We have also in a broader sense, in terms of the development of the public sector, worked on the Victorian Leadership Development Centre, which is seeking to provide credible and sustainable professional leadership capacity to the Victorian public service and to build the new leaders of the Victorian public service. As well as supporting the Grattan Institute, which is Australia's newest think tank, which is looking at systematic research and analysis and debate in the fields of social, environmental and economic policy. We also, on the arts side, had the opening of the Melbourne Recital Centre.

Just quickly in terms of changes to output structure, there has been a consolidation of strategic policy advice and strategic policy projects, which has made sense in terms of these being the main functions and their seeming to be more appropriately drawn together. We have also obviously had the new funding for the Victorian Bushfire Reconstruction and Recovery Authority, which fits under the strategic policy advice and projects, which accounts for some of the increase in funding that you see under that output. We also now have the new multicultural affairs output, which has established a new output group for DPC.

I will just show you quickly the breakdown in terms of the of total output budget. I would say the challenges for us in the medium term are that we have to be looking towards, obviously, the issue of the global financial crisis and also the effects of climate change. We are looking at further work in terms of COAG, which continues to meet on an extremely regular basis and requires a large, whole-of-government coordinated effort. We are providing a coordinated approach to major projects, particularly the Victorian Bushfire Reconstruction and Recovery Authority.

The CHAIR — Thank you very much for that presentation. Premier, you have mentioned in your presentation that it is very much a partnership budget. I wondered if you could tell the committee about the federal grants, and I ask the department on notice to give us a list of those, particularly for the department, but of course very significant parts of the budget are its cooperation with the federal government and the agreements that it provides.

Mr BRUMBY — Thank you, Chair. In terms of the grants provided directly to my department, these are relatively limited, so in 2009–10 the Victorian Multicultural Commission is scheduled to receive \$100 000 from the commonwealth projects related to the National Action Plan, and the VMC is required to complete these funds annually, that outline key outcomes of each project as they align with the objectives of the original submission. There are no other grants which are scheduled to be received by DPC in the 2009–10 federal budget.

In the last year, in 2008–09 DPC received one-off funding from the commonwealth, \$382 000 for the commonwealth's contribution to the Garnaut review and \$1 million for the commonwealth's contribution for the productivity working group skills subgroup. They are the specific amounts to my department.

More generally, across government there is a federal budget tomorrow night and, as you would be aware, across the whole of government in areas such as transport, through the Building Australia Fund, we are hopeful of receiving some announcements there. In terms of transport, some commitments have already been announced there. In terms of health, we had the \$426.1 million announced on Thursday towards the CCC; and in terms of education, the stimulus funds have already been announced there. We will have a clearer picture, obviously, of the whole-of-government grants provided by the federal government after the budget tomorrow night.

The CHAIR — The committee would welcome getting a clearer picture. We will probably ask the Treasurer about that when he comes up tomorrow.

Mr BRUMBY — When have you got the Treasurer — tomorrow?

The CHAIR — Yes. It is tomorrow morning, though.

Mr BRUMBY — Perhaps I will speak to the Treasurer, but if it would be of use to the committee, we could probably put together a consolidated list on the capital on the operating side if that would be of use to the committee.

The CHAIR — I know there is a part of budget paper 4.

Mr BRUMBY — But we will need a few days to do that; to update it after the budget.

The CHAIR — That will be terrific, okay.

Mr WELLS — Before I ask my question: Chair, why did you not ask the Premier about the late response of the answers to the questionnaires? You gave a commitment that you were going to crack down on late attendances for responses and we received it at 12.35 today and I want to know why you did not ask him where it was, and what the explanation was?

The CHAIR — The question should be directed to the Premier rather than to me, but I am always happy to answer any questions. I was going to mention at the end that I — —

Mr WELLS — You should have asked it at the start so that we could get an explanation of why it was.

The CHAIR — Excuse me, could you let me answer, rather than rudely interrupting me. I was going to mention to the Premier at the end, as I did to his office on Friday, that I would be writing to him, and would be asking for more prompt provision of the responses to questionnaires, and I did suggest to the Premier's office on Friday that we would like the one from Department of Premier and Cabinet by the end of Friday, but in the end it did not eventuate. I will be writing to you, Premier, asking for a speedier response in future.

Mr BRUMBY — I am happy to answer that question. My department was keen to provide this information as early as possible. The reality is, though, Mr Wells, as you would know, most of the questions in this budget questionnaire relate to material that was in our budget. It is not possible for us to give you that information before our budget, for obvious reasons. The budget was Tuesday afternoon, so there have been three working days to finalise all the material in your questionnaire.

I must say I was told that this was an issue with the committee. I am surprised that it is an issue. I do not know what the expectations of the committee are. It is hard to imagine a time in government at the moment when there are more issues demanding our attention and whether it is an international global flu pandemic, or whether it is the global financial crisis, or whether it is CPRS, or whether it is recovering after the bushfires; it is hard to imagine a more demanding time.

We have put every effort into doing this, and I signed off the response at the weekend, amongst literally hundreds of other briefs that I had at the weekend, after what was a week of parliamentary sittings and then a full week of budget sell on the Thursday and Friday.

I do not know what you expect, really. We cannot give you the budget before the budget. It is silly to think that we can.

Mr WELLS — Then maybe the hearings need to be pushed back to make sure that we do get the answers.

Mr BRUMBY — That is a judgement for you. I try to appear at the earliest opportunity, and bearing in mind, as you recall, the former Premier and the former Treasurer — —

Mr WELLS — Here we go!

Mr BRUMBY — Under the former Kennett government he never ever appeared.

Mr WELLS — Here we go, 10 years ago!

Mr BRUMBY — Never appeared, and so — —

Mr WELLS — Let us move along or we are going to keep going round in circles. I refer you to budget paper 3, page 179, headed, 'Developing the local government sector' which reads:

Work in partnership with the local government sector to develop sustainable service delivery and asset management polices and practices that maximise community value and accountability.

Given that last Thursday the Ombudsman released his report *Investigation into the Alleged Improper Conduct of Councillors at Brimbank City Council*, which details involvement of Labor MPs, Labor electorate officers, ministerial staffers, Labor-endorsed councillors and Labor factional warlords, and given the fact that you were pre-warned about this in Parliament on 30 July 2008 by the shadow minister for police, by the member for Western Metropolitan — —

The CHAIR — I am not sure of this?

Mr WELLS — Hang on, I am getting to my question, so if you just all calm down, I will get to it.

The CHAIR — No, I would like you to focus on the estimates.

Mr WELLS — My question is relating to the estimates — by the member for the Western Metropolitan Region in Parliament on 30 July 2008 — —

The CHAIR — I ask you to come to your question on the estimates straight away please.

Ms MUNT — What is the question?

Mr WELLS — And there are reports in the *Age* — —

The CHAIR — Come to your question, otherwise I will move to the next one.

Ms MUNT — I have an important question to ask, too.

Mr WELLS — So there has been a history since 2005 about this particular incident of where you have taken no action whatsoever.

The CHAIR — Mr Wells, the question, please?

Mr WELLS — So I ask — —

The CHAIR — Good, it's about time!

Mr WELLS — Has the Department of Premier and Cabinet performed a risk analysis on the state budget's forward estimates as a result of the corrupt practices that have been raised in that report?

Mr BRUMBY — No.

Mr WELLS — So what further action will be taken in regard to that report?

The CHAIR — I think that has answered your question in terms of the risk management.

Mr WELLS — So that is it.

Mr BRUMBY — Your question was — —

Mr WELLS — So there will be no impact on the budget of any corrupt practices moving forward over the forward estimates?

Mr BRUMBY — How many questions have you got?

The CHAIR — You asked would the department be conducting a risk management analysis.

Mr WELLS — A risk analysis — yes, on the state budget forward estimates — and the Premier has answered no, there will be no risk assessment or analysis over the forward estimates as a result of the corrupt practices that have been taking place as in that report by the Ombudsman on Brimbank council.

The CHAIR — You have got your answer?

Mr WELLS — 'No'; the answer is a clear-cut no.

The CHAIR — I think we have got the answer in respect of the question you asked.

Mr BRUMBY — I am keen to answer the question if I get a second. Mr Wells is the shadow Treasurer. He would know, or should know, that all of the budget estimates — all of them — are subject to risk analysis by Treasury, so there is no specific assessment that is done of this one or this one or this one or this one, but all of them are subject to an overriding risk assessment by Treasury, as is done every year. My understanding in the questionnaire that I signed off to you at the weekend is that you asked — —

Mr WELLS — Which we have not seen, so it puts us at a distinct disadvantage.

The CHAIR — You have had an hour and a half to read it.

Mr WELLS — Hang on, we only saw it when it got here on the desk. At 12.35 they arrived, but we had not seen them until they just arrived here.

Mr BRUMBY — I will show you where it is. It is question 1.4: ‘What are the key risks relating to the budget estimates and the economic forecast? Please quantify where possible’. The answer is that Treasury will provide a whole-of-government response, and that is usual.

Mr RICH-PHILLIPS — And you could not sign off on that earlier?

The CHAIR — I think we have had the answer on that one.

Mr BRUMBY — We have signed off on all of the questionnaire, yes.

Mr RICH-PHILLIPS — And your department could not be ready for — —

The CHAIR — Ms Munt?

Mr WELLS — Hang on, just clarify in regard to my question.

The CHAIR — No, we have had the clarifying. Ms Munt?

Mr WELLS — So, was it — —

The CHAIR — No, Ms Munt is to ask a question.

Mr WELLS — That there would be no specific risk analysis of the report that was handed down on Thursday?

Ms MUNT — Thank you, Chair. Can I have my question now?

Mr WELLS — So there is a no?

Ms MUNT — Premier, you mentioned in your presentation the Victorian bushfire recovery and measures that have been put in place for that. I joined you on a tour of Strathewen shortly after the bushfires, and the assistance that would be required was very evident from the scale of the devastation. I noticed in your presentation that there is \$46 million to help clean up bushfire-affected areas. I am wondering how that is proceeding, if you could go through that. Also, there is \$36 million for compassionate assistance for temporary housing, I was wondering if you could expand on how that is being put in place for those who have been left temporarily homeless.

Mr BRUMBY — Thank you for the question. I joined the honourable member at Strathewen for the best part of half a day — I think about two to three weeks after the fire — and Janice was out there with some of the families and assisting some of the volunteers and providing support and help out there.

The bushfire clean-up program is progressing very, very well. Some people were critical that the start may have been slow, but the reality is I believe that all of the steps have been taken to expedite this in the best way possible. I can advise the committee that around 3000 property-owners have registered for the government-funded property clean-up. Grocon, as you know, is managing the clean-up operation. They are doing that at cost. They have 128 clean-up crews currently working across 11 regions. A key objective has been to maximise the use of local contractors. Wherever I have gone to the fire-affected areas, they have said the clean-up is fantastic, funded, of course, 50 per cent by us and 50 per cent by the federal government. They have

said, 'It would be even better if you can make sure there is a high level of local contractors used'. Grocon has done that; currently there are something like 40 subcontractors who have been engaged, and 60 per cent of them are local to the fire-affected areas. More than half of all of the contractors being used are from the fire-affected areas.

I am also pleased to report that almost 700 — or 24 per cent — of the registered properties have been cleaned up, and all registered properties are expected to be cleaned up by the end of September this year. I think if you consider the progress of that, particularly as we are going into winter, and compare that performance to some previous occasions in other places in the world, this is a remarkably successful program.

I was in Marysville about 10 days ago inspecting some of the properties there that have been cleaned up, and I met with Grocon and their principal subcontractors there and they took me through the forward work program. You are going to see over the next few weeks literally hundreds of properties being cleaned up under this program. I think it is one of the very positive decisions that our government took — again, as I said, in partnership with the federal government. It just means that the burden families have had is removed from them. Your average clean-up cost is probably \$15 000 to \$30 000, depending on the block, and the state and federal governments are meeting the cost of that, so it is just such a positive thing. In an emotional sense it still remains quite difficult for some families to make that decision to have the block cleared, but for those who do make that decision, for many of them it is a step forward because it is about looking to the future rather than looking at the past — but it is for many of them quite an emotional decision to make.

On temporary housing, as you are aware, there have been temporary villages established at Flowerdale, Kinglake and Marysville, and each of those villages has a range of accommodation. Some of the accommodation is single-person units, some is fully self-contained two-bedroom homes. There is a mix of philanthropic support there — a lot of them have been provided free. There is government provision as well. DHS is managing the allocation of homes and any tenancy issues that arise.

In terms of long-term planning, these are matters obviously for the Victorian Bushfire Reconstruction and Recovery Authority — for Christine and her team — and they are addressing some of those longer term issues. I think we are making progress in this area, but obviously with winter coming up it is going to be a very difficult time for some of those families.

Mr DALLA-RIVA — Premier, your slide 5, if I could have it backed up — —

Mr BRUMBY — Yes.

Mr DALLA-RIVA — Whilst we are looking at that, I refer to budget paper 3, page 218. I note on your slide the first dot point — when you get to it. It puts you under pressure.

Mr BRUMBY — No, that is all right. Yes.

The CHAIR — I thought you were referring back to Henry Bolte there for a minute.

Mr DALLA-RIVA — Your first dot point is about increased planned burning. I note on the land and fire management output that part of the output is to ensure 'fuel reduction burning which aims to reduce the severity and incidence of bushfires'.

Mr BRUMBY — Yes.

Mr DALLA-RIVA — I note also that the target set for 2008–09 was 130 000 hectares against the line 'Fuel reduction burning completed to protect key assets'. Also you are aware that the Environment and Natural Resources Committee in 2008 reported on its inquiry into the impact of public land management practices on bushfires in Victoria. It is a Labor-dominated committee, and it recommended an annual prescribed burn-off target of 385 000 hectares per annum. I note that the government's response was to accept this recommendation in principle. If you are making a statement up there about increased planned burning and you have a Labor-dominated committee saying there should be a massive increase in fire reduction, why is it that in the budget paper it is the status quo? Who is right?

Mr BRUMBY — I do not think it is a question of who is right. I was going to show you another slide on fuel reduction burning going back over the last 20 years, but I took it out of my presentation today because I

heard that you had had quite a discussion with the Minister for Environment and Climate Change about it. But in hindsight I should have perhaps put it in. What it shows is that the fuel reduction burning in the last year, at around 156 000 hectares, was the highest in the best part of two decades in our state.

Mr WELLS — But that is not the point.

Mr BRUMBY — Right or wrong?

Mr WELLS — Pardon?

Mr BRUMBY — Right or wrong?

Mr WELLS — That is a fact.

Mr BRUMBY — I am right; okay.

Mr WELLS — But your government responded by saying that it accepted in principle 385 000 hectares each year.

The CHAIR — We have had the question. Can we let the Premier answer?

Mr BRUMBY — The target has been established, and where it can be exceeded, it will be exceeded. You saw that in 2007–08, where 155 000 hectares was burnt, which, as I said, is the highest amount for 20 years. The key to this really is that it is not a resource issue. The key to this is the number of days which have been available each year for the burning to occur. The reality is that we have gone through now 11 years of extremely dry climatic conditions. I know because I have had advice on this; I have sought advice and I have had advice on this. If you look across the state at the number of days on which it has been safe to conduct fuel burning on the one hand, or secondly, it was able to be conducted on the other — and bear in mind some of the forested areas in spring, particularly around our catchments, you could not burn even if you wanted to. If you had a blowtorch, you just could not get them to burn — is too damp from the mist at night. That is the maximum that could be burnt, so it is not a resource issue. We can see — —

Mr DALLA-RIVA — You have increased planned burning?

Mr WELLS — Increase planned burning is what you are saying there.

Mr BRUMBY — Hang on. If you look there on the slide, you will see that in the last three years the amount of funding that has been provided has been at record high levels. The base funding has been increased from \$25 million a year to more than \$100 million a year, so the constraint here is a climatic constraint.

Mr DALLA-RIVA — But where has the money gone?

Mr BRUMBY — But hang on, the constraint is — — Sorry?

Mr DALLA-RIVA — But where has the money gone? If you are saying that you have — —

Mr BRUMBY — Where has the money gone?

Mr DALLA-RIVA — Well, you said you have had an increase, yet your target remains the status quo, so where has — —

Mr BRUMBY — Hang on. The money has gone on a huge increase in the CFA presence across the state. I am surprised you say that. You know there are new fire stations being built right across the state.

Mr DALLA-RIVA — This is funding on bushfire management, Premier. This is not about — —

Mr WELLS — The fire services levy.

Mr BRUMBY — What do you think fire stations do?

The CHAIR — Let the Premier answer.

Mr BRUMBY — This is money we pay, Kim.

Ms MUNT — And trucks and equipment.

Mr BRUMBY — This is not the fire services levy, this is money we pay. It is a valid point, but this is money we pay, not the fire services levy. This is taxpayers money. Some might argue that this should be paid for by the fire services levy, but it is not. This is what is paid for by the state. So there has been a huge increase. The biggest constraint is the days that are available, which is a climatic issue.

You have to be careful with this. You know, if you go back, I would encourage you to read the report of the royal commission in 1939; it is not a big report. It is a very well-written report, but what it shows is that the cause of those fires was fuel reduction burning — that is, they tried to undertake that burning when it was not safe to do so. I am all in favour of fuel reduction burning; so is the government. But you cannot have fuel reduction burning if there is a significant risk that it is going to lead to a wildfire getting out of control. That was the cause of the 1939 fires. So the biggest constraint here is not a money constraint.

Indeed, I must say, at the weekend on Saturday I was at our place at Harcourt. They are doing masses of back burning there at Mount Alexander. They are doing it wherever they can, but even this weekend it was hard for some of those fires to get going. You know, some of the areas are still quite damp. We do as much as we can. Where we can exceed the target, we exceed the target, as we did with the 156 000, which was well above the 130 000. But it is a matter of climatic conditions; it is not a matter of resources.

The final thing I will say on this is that we obviously have a royal commission. I, amongst others, will wait and see what the royal commission says on this issue. I think it will be best placed to make recommendations about it. It will get all of the information, all of the science and all of the evidence from the people who know best, and it will make recommendations to us.

Can I make one other point — that is that we have also announced, as a government, subsequent to the tragic fires of 7 February that we are reviewing the native vegetation controls. The Minister for Environment and Climate Change and the Minister for Planning are undertaking that review.

I hope to have the results of that review back by July this year so that if we change any policies there, they can be in place for spring and summer 2009–10. I mention that because I think the two things run together. One is fuel reduction, reducing the fuel load; the other is what people do, if you like, in their own backyard in terms of clearance, making safe, should there be barriers and whether there should be buffer zones. These are the things which are the subject of a review being undertaken as well. Those two things, I think, will come together through our own review and through the commission, and I think we will be in a better position to talk further about this issue after their interim report.

The CHAIR — Thank you.

Mr NOONAN — Can I just go to the next slide, the second slide on the Victorian bushfire recovery? I want to ask a question in relation to this program — so much money, so many volunteers, so many programs all working simultaneously. Can you, Premier, expand on how the government is coordinating this process?

Mr BRUMBY — Yes, I can. I think the biggest single step there was really the establishment of the Victorian Bushfire Reconstruction and Recovery Authority. That has been a big commitment by the government. It is chaired by Christine Nixon and they have been doing a great job out there in the community.

It is coordinating all of those activities. We have had a very large number of volunteers who have registered to support. But just on the authority, trying to bring together everybody, we had something like 26 community meetings involving more than 4100 people. I mentioned the clean-up program — again that is being run by the authority. There has been a pro bono logistics support provided in areas, again through the authority, and there has been support for volunteers, too — I am just trying to see whether I have any figures here on fencing but there have been a lot of volunteers involved in fencing as well. We gave the VFF some money for fencing coordinators.

I think of the boundary fencing of about 5000 kilometres, if my memory is correct, that was lost, already well over half of that has been replaced. That is generally through the grants that we have provided — the \$5000, \$20 000 or \$25 000 grants — and of course the volunteer support. The volunteers make a huge difference. If

you are building a new fence nowadays, it is a pretty expensive business. A kilometre of fence, if you buy the materials, is about \$4000 but if you get contractors in it is about \$10 000 or \$11 000, so it makes a huge difference. A lot of people do not have insurance, so the combination of those grants plus volunteers has meant that we are starting to get on top of what is always a notoriously difficult area, which is the fencing area. But we are starting to get on top of it.

The CHAIR — Thank you, Premier.

Dr SYKES — Premier, I have a very specific question relating to ongoing funding for three specific drought assistance measures, and I preface it by saying: given that the financial and social impact of the drought will persist for at least two years after the physical end of the drought, why have you failed to commit to ongoing funding for local government drought coordinators, drought outreach workers and local government rate relief, all of which current funding ceases on 30 June?

I do not think you will find it in your budget papers.

The CHAIR — Perhaps we should be asking about the estimates but anyway, Premier.

Mr BRUMBY — I am pretty sure you asked me about the same issues last year. I will check the transcript.

Mr WELLS — It has not been fixed.

Mr BRUMBY — And probably as Treasurer the year before — —

Dr SYKES — That is right.

Mr BRUMBY — I do not think we have ever let drought communities down. It is a fair question but the point is — and I think you understand very well, Dr Sykes — we will not know until winter and spring this year whether the current drought continues. There may be a break, we all pray for it. There may be a fantastic autumn, winter and spring — —

Dr SYKES — Pigs might fly — but, anyway.

Mr BRUMBY — The drought could be over and you would argue as I would argue that even if we had a fantastic autumn, winter and spring there will still need to be some ongoing assistance, and I would agree with that. But it will not be at the level as if we have another year where there is failed rainfall. So I think if you look back over the last three years, we have never made decisions about these matters until September or October — I think in one year it was as late as November. We do that on the basis of all the best information and the latest information coming in from the Department of Primary Industries and the federal government.

If these programs need to be refunded and restored, and I have said this publicly, they will be. There is not a question about that. But it is too early to make those judgements.

It would be wrong to say right now that all of those programs, every single program that we have in every single element of its entirety, will continue through the new financial year. I think you would be the first to acknowledge that if we got a wet winter and we got 100 per cent of water entitlements through the Murray-Goulburn system — —

Dr SYKES — And pigs flew, yes.

Mr BRUMBY — You would not need the \$56 million that we are paying in grants to people who are only getting 35 per cent of their entitlement this year. So some things may well continue irrespective of whether there is a great break. But others may not. We have not ever made a decision about those things until September or October and, as I say, in one year I think it was as late as November. And we will do the same again this year. I think, to be fair, we have never let the farmers down. We have provided something like \$400 million-plus in the last three years, all of that by the way above and beyond what is required of us in terms of the commonwealth-state drought agreement.

Dr SYKES — Sorry, Chair, I really have not got my question answered.

The CHAIR — Clarification, quickly.

Dr SYKES — This is extremely important to people in northern Victoria in particular who have suffered, as the Premier has indicated, 11 tough years. Premier, we have a person called Ivan Lister who is nudging Mary MacKillop for the next person to be made a saint. That is how highly he is regarded up there as a drought outreach worker. For two years I have sought to get him off drip-feed funding and get him onto an ongoing annual commitment or a two-year commitment of funding because the people out there are desperate. If you had the opportunity to read the *Age* two weeks ago, you would have noticed an article that spoke extremely highly of that man's work.

The need for his work will continue for at least two years after the drought. The funding for his work, the state component and probably the federal component, ceases on 30 June. When I go home this week what do I tell Ivan Lister about what you think of his work and tell all of the people that he is helping what you think of his work?

Mr BRUMBY — I think I have made it very clear that, in each year where there has been a challenge with drought, we have provided government support to help those communities. I do not recall meeting Mr Lister — I may have; I do not recall that. I have certainly heard reports about his excellent work. If there is a need for that work to continue in the future, as I have said to you, the funds will be there to enable that work to continue in the future. But I do not know of any government that has ever made these judgements ahead of the autumn and winter rainfall period. If my recollection is correct, last year — —

Dr SYKES — That is because the 11 dry years have been during your government's time, Premier.

Mr BRUMBY — If my memory is correct, last year, with the counsellors who have been provided — I do not recall; I will find out for you in relation to the drought outreach workers — my understanding is that, as the drought continued last year, they were rolled on past 30 June, 1 July. It was not an issue for the government.

Dr SYKES — The funding for the local government drought coordinator at Benalla finishes on 30 June this year. What do we tell her? Come back in October and she might have some funding for the job?

The CHAIR — I think you have made your point. The Premier has agreed to follow these up.

Ms HUPPERT — I want to return to the issue of the bushfires and to the previous slide that you had on the screen. I wonder if you could expand on what the government is doing to prepare for future fire seasons to ensure we avoid such devastating fires occurring again.

Mr BRUMBY — Thank you for the question. I know there were just some broad dot points there in my presentation, but in the budget there was a very substantial commitment. I know when you have the Minister for Emergency Services here he will probably go into detail on this as well. But there was \$56.2 million to the Emergency Services Telecommunications Authority to improve its capacity to manage calls and dispatch units within the CFA, Ambulance Victoria and the State Emergency Service. Again we will wait, obviously, and see what the royal commission itself produces in relation to this. But clearly on 7 February — an unprecedented day, an unprecedented demand on our emergency services communications system — the reality is it did not work to the levels that it should have on that day, and so we have made some budget commitments in this budget to address that. We are doing that before the commission hears evidence, but I am sure that one of its recommendations will be in relation to telecommunications.

There is \$57.1 million for new radios and to provide upgrades to radio and pager networks used by emergency services in the field. Again that is all about improving communications. In some areas they worked very well; in other areas they were simply overloaded and did not cope. There is \$33.2 million to upgrade DSE pagers and radios — again a similar story. There is also in the budget a significant boost for equipment and infrastructure for the CFA and the Victorian SES, including \$23.1 million to replace 87 CFA appliances over the next year; \$10.3 million to replace 15 heavy rescue vehicles, 7 four-wheel-drive vehicles, 9 rescue boats and 11 road crash rescue units of the Victorian SES; and \$10.3 million for 42 ultralight tankers. There is also \$20.7 million being made available to improve communication black spots across the state, plus enhancements to the bushfire information line. I think there are a lot of positive measures there, but I am sure in the future there will be even more that we need to do.

Ms PENNICUIK — Premier, the budget overview and one of the slides that you showed us earlier — one of the first ones — claim that up to 35 000 jobs will be secured in 2009–10. Can you tell me what 'secured'

means? Does that mean new or existing jobs? Are these full-time or part-time jobs? Is it guaranteed they will be secured in that time frame? And can you detail which sectors of the economy they will be secured in?

Mr BRUMBY — On the jobs side, what I said in *Hansard* in Parliament on 6 May was:

Through our capital programs and through the escalation of those capital programs in this budget we will generate something like 35 000 direct new jobs.

Treasury did the modelling here. The 35 000 is a very conservative number, and I will tell you why I say that. What they looked at is the \$7 billion to \$8 billion of budget sector capital works, plus they added the desal to that. On the basis of that, they calculated that there would be 35 000 direct jobs generated as a result of that. If you figure that, you have got to round it out to \$8 billion of budget sector works — that includes some of the commonwealth flow-through — plus add another billion or so on the desal, you have got about \$9 billion for 35 000 jobs. What they are calculating really is about 3 to 4 jobs per million dollars, if you think of it that way. That is why I say it is a very conservative number. I think when I first started as Treasurer in this government the rule of thumb was \$50 000 to \$100 000 per job on a building project. So if you had \$1 million to spend, it would be about 10 to 15 jobs.

What the Treasury numbers are worked on is a much, much more conservative number. It is more like \$250 000 to \$350 000 per job, so it is very conservative. That is the first part of their analysis. That gets you the 35 000. By the way, it does not include some of the other off-budget capital works projects: some of the other water projects — the northern sewerage project, for example; Melbourne Markets. Sorry, Melbourne Markets is included, but it does not include the other off-budget ones. If you add those, you will get more than 35 000. In addition, it does not include the first home bonus, because we did not announce the first home bonus until the day after the budget. The HIA modelled that. As you know, we have re-funded that for a year, and we have pushed a considerable bonus into a subsidy for newly constructed homes.

So the HIA estimates that that will create nearly 4000 direct new jobs. On top of that, in the health budget, through our increased health funding and mental health initiatives, there are over 1000 new jobs in the health budget. They will be nurses, doctors, cleaners, ancillary staff, and mental health nurses in the health system. I think in the preschool area as well there will be some additional jobs, and of course there are some additional jobs in child protection.

If you add all that up, you have the 35 000 first home owners boost and the increased demand on health, so you have over 40 000. If you want to have a look at the multiplier effect of that — and I did before the budget because I just wanted to have a good idea of what this might mean in our economy — have a look on the website. There are a dozen different sites on multiplier effects from experts all around world. Generally they would say with construction it is somewhere between 2.1 and 2.8. If you accept that, then that 35 000 plus another 5000 is 40 000. Multiply that by 2.1 or 2.8 and you are seeing a very significant number of direct and indirect jobs generated through the economy as a result of this vastly expanded capital works program. That is how we arrived at the number, and I say to you that I know there has been some debate about the number, but we asked Treasury for a very conservative number so it would not be subject to criticism or debate. If you think it through, you have somewhere between \$8 billion and \$10 billion of capital spend, generating 35 000 jobs. It is only three or four jobs for every \$1 million. It is a very conservative number indeed. I think the HIA would tell you that if you were building houses or new schools or something like that, it would be closer to \$100 000 a job, rather than \$250 000 or \$300 000 a job.

Ms PENNICUIK — Chair, just a clarification. Premier, you are saying mainly construction and education rather than health, by the sound of your answer?

Mr BRUMBY — What Treasury estimated is that in general government, roads and buildings, more than 8000 jobs and in education and housing, 10 000. In transport they were very conservative because we are still waiting on a couple of things there from the federal government and their budget, around 1500 jobs in that area, and I repeat that is very conservative indeed. For national building projects, more than 2000 jobs. Some of the Partnership Victoria projects — that would be the Melbourne Market Authority and so on, 900; desal, 1500; and food bowl, 800. Then the direct supply chain supplies linked to that construction, which gives you more than 35 000. As I said, it does not include the multiplier effect across the economy. It also, by the way, does not affect the number of new training places that will be made available as a result of our skills reforms. This year alone — this financial year, 2009–10, there will be 33 200 additional skills places. So I think the strategy is right

in terms of getting all of these things together, focusing on jobs, focusing on retraining at a time when our community needs it most.

Ms PENNICUIK — Premier, part of my question was: are they going to be full-time jobs?

Mr BRUMBY — Yes.

Ms PENNICUIK — As in ongoing jobs?

Mr BRUMBY — They are full-time jobs.

Ms PENNICUIK — Thirty-five thousand ongoing jobs?

Mr BRUMBY — Some of them will be; some of them will not. Some of them will carry on into the next financial year. There is about 8 billion, I think, of work in this financial year on budget sector, and I think in the next year it was about 7, so the vast majority would carry through.

Mr RICH-PHILLIPS — So we will see them in the ABS stats?

Mr BRUMBY — They will not have an asterisk against them, but I think you could safely say — —

Mr RICH-PHILLIPS — So if we take a base line of now and look in 12 months time, we should have 35 000 more jobs than the ABS stats?

Mr BRUMBY — Than what?

Mr RICH-PHILLIPS — Than now.

Mr BRUMBY — Than we otherwise would have.

Mr RICH-PHILLIPS — Than pre-budget?

Mr BRUMBY — No, than we otherwise would have.

The CHAIR — We will leave the ABS — —

Mr BRUMBY — Hang on. I am not going to be misrepresented like that. The budget papers are very clear that unemployment in Victoria and across Australia is going to go up, but were it not for these initiatives, that number of jobless would be 35 000 higher than what is in the budget papers.

Mr RICH-PHILLIPS — How will you measure whether you have delivered them or not?

Mr BRUMBY — You will be able to see the projects, need I say, right across the state. I will take you on a tour.

Mr RICH-PHILLIPS — What about the jobs?

Mr BRUMBY — I will take you on a tour of all the schools and all the hospitals and all the transport and all the road projects across the state — —

Mr RICH-PHILLIPS — What stats can this committee and the Victorian people look at to see whether you have delivered the 35 000 jobs?

Mr BRUMBY — Because there has never been in our history such an investment in rebuilding the infrastructure of this place. So I will take you on a tour of that and then I will take Mr Wells as well.

Mr WELLS — Show us the stats.

Mr BRUMBY — And he can tell me which one of them a Liberal government would close down because they do not pay a rate of return.

Mr WELLS — I have not said that in any part of my response.

Mr BRUMBY — Yes, you have — because they do not pay a rate of return. So all the schools will be closed down because they do not pay a rate of return — a comprehensive cancer centre because it does not pay a rate of return.

The CHAIR — Thank you.

Mr WELLS — You are spending a lot of time on your spin and rhetoric. Not once have I said that in my budget response.

Mr BRUMBY — It is in your statement; it is in your press release.

Mr WELLS — Not at all — absolutely not at all. You were saying about 35 000 new jobs and the question was: are you going to be able to — —

Mr BRUMBY — It is in your press release.

Mr WELLS — No, you just have a look at it.

The CHAIR — We will move on, thank you.

Mr BRUMBY — I will send someone out to get your press release. I will get it at afternoon tea for you.

The CHAIR — I think the answers are clear enough. If you want to ask the Premier this, ask him in the house or ask him privately.

Mr SCOTT — Chair, I would like to return to the bushfire situation. The generosity of Victorians and others around world in response to the public appeal for donations has been staggering. How is the government managing this process during the estimates period?

Mr BRUMBY — The key thing, I think, here was the establishment of the appeal fund panel, which is headed by John Landy, and they do a magnificent job. As you know, John chairs that and there is a number of other outstanding community representatives. As I said before, \$340 million has been donated to that. The advisory panel has already made decisions to allocate over \$240 million from the fund, including \$158 million to assist people rebuild destroyed or damaged homes. The panel has also announced disbursements to assist those bereaved, seriously injured or displaced. I understand that at the moment about 150 applications on average per day are being dealt with. I know that some people have said that the money is not getting out the door fast enough. Every effort is being made by the fund and those who administer it to deal with these applications. The turnaround on the applications is just over a week, so if you put in an application for a major grant, they are turning them around within two weeks. I think there is something like \$30 million to \$40 million — —

Dr SYKES — But on the starting point of putting in an application, when the announcement was made about the availability of money, it was after a two-month delay that the actual criteria for replying was made public.

Mr BRUMBY — I am happy to talk to you off air but I do not think there is any two-month delay on anything. I think you might be getting that confused with another grant.

I believe the appeal fund panel has done everything they can to provide those funds as rapidly as possible. I have certainly urged them to do that. I am told that in the case of 580 applications, they were returned for further information. This is a complex process, but I think you could not ask for a better set of trustees for the fund, with John Landy, Glyn Davis, Pat McNamara, Robert Tickner and Lyn Gunter. They do a fantastic job, and they are trying to get money out as quickly as they can and I am certainly urging them to do that.

On the specific rehousing grant, I am told that 994 applications have been received, and that 600 grants have been approved. As I said before, the fund panel is trying to move this through as rapidly as possible.

Mr SCOTT — Thank you, Premier.

Mr WELLS — Premier, I refer again to the Ombudsman's report that was tabled last week into Brimbank council. I refer to page 180 of budget paper 3 — —

The CHAIR — Just before you get any further, we actually would like questions on the estimates. It is not an inquiry into the Ombudsman's report. I am sure there may well be other ways of dealing with that. You need to ask questions on the estimates, so you may wish to rephrase your question.

Mr WELLS — Chair, I am looking for direction. If I am asking a question about page 180 of budget paper 3, how am I not referring to the budget estimates?

The CHAIR — You did not mention that.

Mr WELLS — You cut me off before I got to it.

The CHAIR — You started talking about — —

Mr WELLS — I know you are very keen to shut down this part of the inquiry into anything to do with corruption, but — —

The CHAIR — I have made it perfectly clear that we are asking questions about the estimates.

Mr WELLS — I just wanted to ask a straightforward question to the Premier about this particular question. I was not even halfway through my question when you started to shut me down.

The CHAIR — I asked you to ask questions about the estimates, not about other matters.

Mr BRUMBY — I have got it. I have page 180.

The CHAIR — Ask a question about the estimates please, Mr Wells.

Mr WELLS — Does that mean I can start again?

The CHAIR — Ask a question about the estimates, yes, of course you can.

Mr WELLS — I refer to page 180 of budget paper 3, and the expenditure of the \$41 million in the forward estimates. There are a couple of components to this question. What component of the \$41 million will be used for ensuring that corrupt activities at Brimbank will cease? Secondly, when were you aware of the corrupt activities at Brimbank, and why did you not take action earlier to protect taxpayer funds from corrupt misappropriation by the staff in the minister's office, please?

The CHAIR — Insofar as it relates to the estimates, please, Premier.

Mr BRUMBY — Can I just say that in relation to the \$41.7 million which is provided, I will get advice for the honourable member on the break-up of that \$41.7 million and how it is to be allocated.

In relation to other elements of the Ombudsman's report, obviously I am not able to speak to the detail of that, just the broad recommendations, but I can advise the Public Accounts and Estimates Committee today that I have approved the appointment of Mr Bill Scales as the municipal inspector at Brimbank council. His task will be to oversee the governance at Brimbank and the implementation of all the Ombudsman's recommendations that relate to actions required by the Brimbank council. He will report to the Minister for Local Government monthly and, as I made very clear in the Parliament last week, if the Brimbank council fails in its obligations to govern then the state government will take further action including, as I said, the appointment of administrators.

Mr Scales will be appointed as an inspector of municipal administration under section 223A of the Local Government Act 1989. His role will include ensuring that the council adopts and implements the recommendations of the Ombudsman's report relating to the council; secondly, monitoring the ongoing activities and the performance of the council; and thirdly, providing advice to the council on good governance and administration. Mr Scales will be meeting with the Brimbank council mayor and the chief executive officer at the earliest opportunity.

Can I also say today that the Secretary of the Department of Planning and Community Development is consulting as I speak with the Chief Commissioner of Police regarding the appointment of a former senior police officer to undertake the investigations of possible offences — I stress they are possible offences — identified in the Ombudsman's report, and an announcement on that appointment will be made shortly.

Finally, may I just say in relation to Mr Scales that I cannot think of anyone better, really, for that appointment. He is a person with an extraordinarily wide range of experience at senior levels in government and the public sector. As I think many honourable members would recall, he was the Secretary of the Department of Premier and Cabinet here in Victoria. He served under Premier Kennett and Premier Bracks. He served with distinction. He has been a chairman of the Industry Commission. He has been a group managing director at Telstra, and he is of course the chair of the Port of Melbourne Corporation. He is also the chancellor of Swinburne University of Technology. I was delighted that he agreed to accept this appointment because I think in terms of his public administration skills, his reputation, his integrity and his knowledge of governance matters it would be hard to find a more suitable applicant.

The CHAIR — Thank you.

Mr WELLS — Just to clarify two points. The employment of ministerial advisers, does that come under the Department of Premier and Cabinet?

Ms HUPPERT — Can I have two questions, too, please, Chair?

The CHAIR — No. I think that is not a — —

Mr WELLS — Hang on. It is a straightforward question.

The CHAIR — You can come back and ask that question later on.

Mr WELLS — Is that the responsibility of DPC — the employment of advisers? Does that come under DPC?

The CHAIR — You can ask that question in a minute. I will move on to the next question.

Mr WELLS — The second part of the question that was not answered was: when was the Premier aware of the corruption that took place — —

The CHAIR — No, I will rule that question out.

Mr WELLS — You are ruling a question out of order?

Ms HUPPERT — It has nothing to do with the forward estimates.

The CHAIR — It has nothing to do with the forward estimates. We will move on to the next — —

Mr WELLS — That was part of the question. It relates to budget paper 3 at page 180 in relation to the forward estimates. I want to know when the Premier was aware of the corruption at Brimbank council.

The CHAIR — That question is something for another forum. We will move on to the next question.

Mr WELLS — Which forum do you suggest?

The CHAIR — It is up to you to determine that, and other people to determine it.

Can you just turn over the page, Premier, to page 182.

Mr WELLS — Chair, you cannot just shut this part of it down. You are very keen to shut this part of it down — anything to do with corruption.

The CHAIR (to Mr Wells) — I think that is an imputation, which I totally reject. I would seek an apology at some stage for that. I am deeply offended by that statement.

Premier, in regard to page 182, the global financial crisis, you said that one of the significant challenges — indeed the first one that the department talks about there — facing us is responding to the global economy and the global financial crisis. Can you elaborate for the committee on what key initiatives the government is seeking to undertake in the budget to deal with the global financial crisis?

Mr BRUMBY — I think it is such an important issue. Obviously how we tackle the global financial crisis is really crucial to our state. We have put in place a whole range of measures across government to tackle the global financial crisis. If I could just quickly run through the broad areas — firstly, investment in infrastructure. I think we have heard from my answers before to Ms Pennicuik and to other members of the committee that we have a huge investment in capital works. That will generate jobs. As you know, Chair, that is exactly what governments should be doing at this stage of the cycle. That is what the IMF says we should be doing; we should be investing heavily in capital works and infrastructure.

The second thing we are doing is investing in people. There is a big focus always on capital works and so on, but our greatest strength as a state is our people, and we are investing in people. If you think of the investment in people — skills reform; the changes that we announced late last year with the minister for skills; 172 000 extra training places across Australia, really the benchmark for training system reform across Australia and which was described as such by many of the commentators; freeing up the system; providing more choice; providing more flexibility; providing a training guarantee; 172 000 extra places.

The industry transition fund — \$50 million there available to enable industry to develop new capabilities and skills. There are so many companies out there at the moment that might be struggling in producing a traditional product. We can help them shift into producing some of the new products, particularly in some of the greener technologies that will be required in the future. Often it is investing in those companies and investing in the people in them that helps that.

We have also worked hard at removing barriers to investment. I know it has been controversial in some quarters, but the planning reforms — we have called in a number of projects and streamlined planning. I am happy to comment further on that, if required. In the middle of what is the biggest global recession since the Great Depression we just need to be maximising every dollar of investment we can get. Exercising the Minister for Planning's powers to call in those projects is really important.

Of course, then there is reducing the regulatory burden for business. We have a target of 25 per cent reduction over five years. We are on track to achieve that, and I am sure that the Treasurer will talk about those things tomorrow in his presentation.

The CHAIR — Thank you, Premier.

Mr RICH-PHILLIPS — I would like to ask the Premier about contingencies. I wonder whether you could clarify Mr Wells's point about where ministerial advisers are employed. Is it through the DPC?

Ms SILVER — The Public Administration Act.

Mr BRUMBY — The Public Administration Act, yes.

Ms SILVER — The Public Administration Act — section (98):

The Premier may employ a person as a Ministerial officer for a term, not exceeding 4 years, and on terms and conditions specified in the person's contract of employment.

Mr RICH-PHILLIPS — So effectively they are employed by the Premier?

Ms SILVER — That is how they are employed, yes.

Mr RICH-PHILLIPS — Thank you.

Mr BRUMBY — That is ministerial staff, not electorate officers.

Mr RICH-PHILLIPS — Yes, ministerial staff. The question related to the announcements that you have made since the budget. You referred to the cancer centre — I think you said \$426 million.

Mr BRUMBY — 426.1.

Mr RICH-PHILLIPS — And the first home bonus that was announced Wednesday or Thursday of last week. What is the impact of those two announcements on the contingencies in the budget? How are they funded given they were not explicitly — —

Mr BRUMBY — There are two parts to the question. Firstly, in relation to the first home bonus, there is no impact on the contingencies. We announced in the budget that the first home bonus was continuing and that there would be \$125 million; what we had not announced is the composition of it. What we announced on Wednesday was the composition, but the budget cost of that is, if my memory is correct, 125.1, so there is zero impact from that.

On the CCC, again there is no impact on the budget outcomes; those funds are contained within the unallocated capital provision. All that means is that the unallocated capital — I do not have the numbers in front of me, but they are \$426.1 million less over the period of construction than would otherwise have been the case.

Mr RICH-PHILLIPS — There is no operating expense; that is entirely capital?

Mr BRUMBY — There is no operating impact, and indeed there is no cash impact. Bear in mind, what the budget does is set the amounts which are available for expenditure in each department — if you stay in the capital works, in each department or for each project — and then what is not allocated is in the unallocated capital provision. It used to be the case that in fact for a lot of capital projects you would not know what the detail of them was until budget paper 1 was released, which I think under the former government often was not released until September or October.

The budget would come down, and you would say there is \$300 million for health capital works, but you would not know what was in it until later in the year when budget paper 1 was released with all the details of the capital projects. There is nothing unusual about this.

I did indicate to the local media and I think in a media statement on budget day as well in relation to Box Hill Hospital that there may be that there are further announcements about Box Hill Hospital in the future. I am not in a position to make announcements now because we do not yet have details of what funding will come through from the federal government in its budget in either health or related capital areas, and given the size, scale and dimension of the works at Box Hill we are not in a position on budget day to make a commitment. But that is not to say there may not be some announcement about some elements of redevelopment at Box Hill at some stage in the future when we have further clarity on the funds that will flow to the state from the federal budget.

Mr RICH-PHILLIPS — Can you tell the committee, Premier, putting aside Box Hill Hospital, are there other projects in the pipeline for which you can quantify the expected call on either unallocated capital or the expense contingency that is in the budget — i.e., that you expect but have not announced yet — just in aggregate?

Mr BRUMBY — I might let the secretary answer on the expense contingencies. On the capital side, again all of the projects which have been identified are fully funded. So they are either specified or they are in the unallocated capital. You might say, ‘You had some projects there in the Victorian transport plan; what about those? What if you decide to start work on regional rail express or something like that; where is the money?’. The money for that is in the unallocated capital going forward. There is no impact on the forward estimates going forward as a result of any of the capital projects which we announced. If there was to be, we would say that at the time of the announcement.

Sometimes we have done things in the past in addition to the budget. That is particularly the case in drought funding, where as a result of that we have said, ‘We brought the budget down six months ago, but circumstances are such that we need to do more, so here is another \$90 million this year for drought, and this will require additional appropriation or this will require additional savings across government to pay for it’. But we have said that clearly at the time, and so it would be going forward.

Mr RICH-PHILLIPS — Can I turn the question around perhaps and ask about uncommitted unallocated capital — i.e., there is no expected call on it at this stage. You have got some projects you have not announced, which take up some of that unallocated capital.

Mr BRUMBY — Yes, sure.

Mr RICH-PHILLIPS — Is there any left over for projects in the future that you have not yet contemplated?

Mr BRUMBY — Yes, there is.

Mr RICH-PHILLIPS — Can you tell us how much that is?

Mr BRUMBY — I cannot, but you are welcome to ask the Treasurer about that tomorrow. We obviously budget to ensure that next year there is unallocated capital to commit to projects and the year after there is unallocated capital and the year after there is unallocated capital.

Mr RICH-PHILLIPS — Is there any in 2009–10 that is not committed?

Mr BRUMBY — It is 2009–10 that we have just brought down.

Mr RICH-PHILLIPS — Yes, but any of that figure, one hundred and — —

Ms MUNT — Can I have five questions too?

Mr BRUMBY — You have done pretty well. You should ask those of the Treasurer tomorrow.

Mr RICH-PHILLIPS — Ms Silver was going to answer on expenses, you said.

Ms SILVER — I think it is similar to what the Premier said. I think you are going to have to check with the Treasurer, but I think it is the same, in the sense that what is allocated is there. I do not think we have an unallocated — —

Mr RICH-PHILLIPS — So none of those expense contingencies are allocated or expected to be — —

Ms SILVER — I think I need to get clarification from the Treasurer.

Ms MUNT — In budget paper 3 at page 182 you mention as a significant challenge facing the department the changing global economy, and you just answered a question from the Chair on the global financial crisis in which you mentioned planning reforms as a key measure of the planning for the future, in particular streamlining for investment and the reduction of regulation for business. Could you please detail for me how you think that would support jobs and development in this budget?

Mr BRUMBY — The Minister for Planning, as you know, has announced two groups of projects that he is fast-tracking, and on the calculations that his department has developed, the fast-tracking of those decisions will result in something like \$1.6 billion of investment being brought forward and something like 13 700 jobs. These include the Amcor paper mill site, which you will probably recall. You have probably driven past that on Heidelberg Road. It involves becoming the responsible authority for the Pentridge Prison redevelopment. That is a billion-dollar redevelopment that is already under way.

In terms of the second wave of projects, he announced some on 1 May. Again that will bring forward nearly \$1 billion of investment. These include the call-in of a project on St Kilda Road, the call-in of Avalon Airport, which is potentially worth \$40 million and 400 jobs. That is to streamline the planning approvals for the application which Linfox will make to the federal government to be an international airport. The federal government will make that final decision about whether they meet all the criteria, but it is us helping them by fast-tracking.

In terms of streamlining, there was \$10.4 million for a new, online planning application process which will slash the red tape associated with planning applications, make the permit process cheaper, reduce the cost of developments and assist councils and planning authorities process permit applications more quickly, and that will bring jobs into local communities faster.

Can I just say finally on this that I am acutely of the importance of giving communities their say and involving local communities in that, but on the other hand we have got to balance that with what will be a tsunami which breaks over Australia and pushes up the unemployment rate as we move through the year, and we need to be doing everything we can to generate jobs. I know the Minister for Planning is conscious of these things, and I know he will take into account all of the relevant views to make sure that he achieves the right outcome in a way which is fair to the whole community.

Mr DALLA-RIVA — Premier, I refer you to budget paper 3, pages 284 and 285, which reference to 291 as well. These relate to a number of initiatives announced in response to the devastating fires last summer. I also refer you to the review of the April windstorm event provided by the government in August last year. In that,

the Victorian emergency services commissioner, Bruce Esplin, highlights deficiencies in triple zero and states on page 57 under the heading 'Opportunities for improvement':

There is a need to supplement the traditional call-taking functions with technical solutions that can assist in both reducing demand and meeting call demand through expanded use of technologies.

He also made a recommendation that:

Victoria progress, as a matter of priority, a telephony-based public emergency notification system to reduce demand on triple zero ...

The horse has bolted in respect of the forward estimates in terms of project 000 response. Given that there was a sense of urgency in the report, why did the government fail to enact immediately the recommendations in Esplin's report?

The CHAIR — I think we really need questions on the budget in so far as — —

Mr DALLA-RIVA — It is in the forward estimates, Chair. It is on page 285.

The CHAIR — Okay. I ask the Premier to respond.

Mr BRUMBY — If it is in the forward estimates, I think the answer to the question is that in the first budget following that report we provided additional funding. I do not think you can be clearer than that. It is the first budget — —

Mr DALLA-RIVA — But you have contingency money that you could have used.

Mr BRUMBY — The first budget opportunity we had to do that, we did that.

Mr DALLA-RIVA — August last year?

Mr BRUMBY — No, the first budget. We have done that. That is what is in the budget. That is what you are looking at.

Mr DALLA-RIVA — You just answered Mr Rich-Phillips's question before, that you had money available before then for certain events and projects.

Mr BRUMBY — Mr Rich-Phillips was asking about capital works. It was a completely different question.

Mr DALLA-RIVA — So there is no capital works expenditure in relation to project 000 response?

Mr BRUMBY — I am sure there is some, yes.

Mr DALLA-RIVA — So exactly what Mr Rich-Phillips said: you had money available but you did not — —

The CHAIR — I think the Premier is answering the question.

Mr BRUMBY — I need to check when the government dealt with the windstorm report, but my understanding is that at the first opportunity, those funds were made available, and there is a whole range of funding there which is available. My understanding, too, is that Mr Esplin was looking at a range of other factors in communications which was one of the consequences of the disaggregation of the electricity industry following its privatisation with the different retailers and wholesalers, and who you ring when the power goes out.

It is not a simple matter, and it is not a simple matter to remedy either, so there was a range of recommendations that were made, the bulk of which have been accepted by the government, I believe.

On the emergency warning system, I think the record is very clear on that — our government has always championed the concept of a national telephone-based emergency warning system. The record is very clear on that. We have done that through negotiations with other Australian governments. It has always been our view, and the view of other governments, that this needed to be a national system. You can point the finger at people

if you like, but this went to COAG when John Howard was Prime Minister, and it never progressed. It did not progress.

Mr DALLA-RIVA — But you did not put it as a — —

Mr BRUMBY — I am just telling you the facts. You have raised it in a partisan way. It is not a partisan issue. I am just saying this went to COAG under a former government and it never went anywhere. It got stalled. To his credit, Prime Minister Rudd has seen this as a priority; as a consequence, the governments agreed in April this year during the recent COAG agreement to the emergency warning system. That system will be established with up to \$15 million of commonwealth funding, and it is expected to be operational by October 2009. States and territories will be responsible for the cost of the ongoing maintenance and the operation of the system. I think that is a good outcome.

But like a lot of these things, some of these things you can do on your own; some you have to have a national approach. The reality with bushfires is that they cross state borders. It would be ludicrous to have a single system if you have a fire that is running through the high country, running through the Snowy Mountains, and people on one side of the border get a message but people on the other side do not.

We have always needed a national system. We pushed and pushed on this. My position is on the public record. There is certainly correspondence that I wrote at the time during the time that I have been Premier about how we wanted a national approach to this issue. We have achieved it and that is a positive. That is a positive thing and it can now be in place before the bushfire season of 2009–10.

From your point of view, I am not sure if it is a constructive thing to go around pointing fingers. Everybody is trying to do their best. It is not a matter of blame. It is a matter of trying to do your best and make sure we have the best system in place going forward so that some of the events we have seen this year never occur again.

Mr NOONAN — Premier, I wanted to ask you a question regarding skills, which you have touched on, in terms of the extra 172 000 places, and clearly this budget invests heavily in jobs through infrastructure spending, but I note that there is an investment of \$141 million in the skills and employment package, which includes a \$25 million investment to extend the successful apprenticeship and traineeship completion bonus. I just wonder whether you can give the committee some further detail regarding the value of that commitment?

Mr BRUMBY — Yes, I will. Thank you for the question. The budget gives effect to Securing Jobs for Your Future. As you know, this was the major reform that we announced last year which delivers \$316 million in extra funding over the next four years, which is the largest investment in the state's training system in history. As I said before in the presentation, it will deliver something like 172 000 extra training places over four years. It frees up the system, it provides more flexibility and it will give us the impetus, I think, that we want and need during a time of great challenge.

But in addition to that in the budget you mentioned the apprenticeship and traineeship completion bonus. We have re-funded that with \$25 million. Under this program employers are paid \$3500 for each eligible apprentice and \$1300 for each eligible trainee that they take on. That program had been scheduled to conclude. Last year, I guess with a very different set of economic fundamentals, a very different global economy and labour shortages in some areas, that had been scheduled to expire. We have re-funded that. I think it is so important in the current environment that we support apprentices and support trainees. I know it is very strongly supported by the industry groups and by the trade unions — and so it should be. I think it is a very good program and it will certainly help this year.

As I said, there were also investments in Securing Jobs for Your Future. There was also the flow-through of some commonwealth money. I think there is \$50 million in this budget for an additional 15 000 purchased places under the commonwealth's Productivity Places Program and a range of other initiatives, including a new student management IT system. So overall it is a really strong budget in terms of skills, training and support for apprentices and trainees.

I should say, Mr Noonan, we will try to do more of this, too, as we work through the year, certainly with the big capital projects. We will be talking to the construction companies and the builders to try to ensure that they maximise their uptake of apprentices and trainees. You go to some of these big projects — the Treasurer and I went to the children's hospital on budget morning just to promote that, and that is a great example of a building

project and a capital works generator. There are 500 people on site at the moment on that, and there are 230 direct supply-chain jobs. There are 90 architects who are working on that one single project. It is worth \$1 billion. And at the peak of this project this year there will be 1500 people working on site.

There are nine cranes on that site. It just shows the power of building and construction, as I said before, to generate jobs and then to multiply through the economy. One of the things was that they were taking on many apprentices there on that site — the builders — and I thank them for that, but we will certainly be working very closely with industry to ensure that as we go forward for those big projects, whether they are in health or transport, we can maximise the uptake of apprentices and trainees.

Mr NOONAN — Just by way of clarification on the link between additional job opportunities and the training skill opportunities, what links exist between those to ensure that there is a matching effect, if you like, in terms of the growth that will be created out of the infrastructure spend?

Mr BRUMBY — The most important matching of that is, on the one hand, making sure that we have got the capital projects in place, and secondly, making sure that we have got the throughput coming through our training system. I think they are the most important things to link. The completion bonus is an important part of that. As you would recall from your former life, what often used to happen with apprentices and trainees was that they would start and something else or other distractions might come along and they would drop out after a year or two years, so that the bonus is very important to that and to provide linkages.

We are going to put in place a whole range of information forums across the state — in Melbourne and in the major provincial cities — to make sure that the skills providers and the major construction companies have a positive dialogue and that there is plenty of information which is out there. We will also look at, perhaps, how we can improve some of the internet sites in terms of the jobs available on those sites and again the linkages back. So there are a range of initiatives we have got in place there, but I agree with your contention, which is that the closer we can build these links the better, and the better outcomes we will get.

Dr SYKES — Premier, another very specific question, this time relating to water and in particular the food bowl modernisation project. Given the substantial financial commitment to the modernisation of the northern Victorian irrigation system, can you please advise of the projected annual savings in years when the losses from the systems are less than 400 000 megalitres per year, and therefore advise of the cost per megalitre of water saved in such years?

Mr BRUMBY — Off the top of my head?

The CHAIR — It is a very hypothetical one, but please attempt it, Premier.

Dr SYKES — You have dealt with the subject a number of times in the Parliament and out there with the media pack, but I am happy to give it to you on notice.

Mr BRUMBY — I do not have that data.

Dr SYKES — I am happy to have it taken on notice and leave it at that.

The CHAIR — Sure. But, Premier, have you got anything further to add on that? I thought it was a very hypothetical question.

Dr SYKES — It is not hypothetical.

The CHAIR — In terms of looking at a whole range of possible modelling. Premier?

Mr BRUMBY — It is certainly a hypothetical question.

Dr SYKES — It is not hypothetical. We have had three years of water losses below 400 000 megalitres a year; that is not hypothetical, that is real.

The CHAIR — No. What you asked was if it fell below, and it is not clear exactly what points it fell below to.

Dr SYKES — I will repeat my question: can the Premier advise of projected annual savings in years when the losses from the system are less than 400 000 megalitres per year and therefore the cost per megalitre of water saved in such years? That is quite clear cut. We have had three years of losses below 400 000.

The CHAIR — I understand, and I have not changed my view of the question, because it is predictive rather than an exact one.

Dr SYKES — Sorry, it is not predictive. The losses have occurred.

Mr BRUMBY — The losses have certainly occurred. Even with the drought over the last 15 years, system losses have exceeded an annual average of 700 000 billion litres. That is correct, is it not?

Dr SYKES — I accept that, and as you would know, Premier, seeing as we want to go down that track, over 15 years the average is in the order of 700 000 megalitres per year, but as you know it is a trend line going down.

Ms MUNT — And counting.

Dr SYKES — The average is made of above and belows, and in the last three years at least the losses have been less than 400 000 megalitres per year. So my question is relevant because it is about value for money, and the question is: what are the losses or the savings and therefore the cost per megalitre of saving? It is a very legitimate question.

Mr BRUMBY — I will just make a general comment. In terms of value for money, there is no better way to deliver water for the environment, water for farmers and water for Melbourne than food bowl. That is beyond doubt — absolutely beyond doubt. You can buy up water. You will say to me, Dr Sykes, you can buy up water. I do not want to buy up water. I said that when we announced food bowl.

Dr SYKES — So you are saying that modernisation project and the associated costs of piping it to Melbourne are the best value for money when it comes down to megalitre of water saved and delivered to Melbourne or delivered to the environment? Is that what you are saying, unequivocally and under every circumstance?

Mr BRUMBY — The question you have got to ask is: in the current environment, in recent years, how else would you find 75 gigalitres of new water for farmers?

Dr SYKES — Premier, my question is very specific.

Mr BRUMBY — No, you answer mine. How else would you find 75 gigalitres of new water for farmers? And the answer is, you cannot. The only way you can do it is by eliminating the terrible wastage which occurs out of this system, and that is what we are doing. So we are actually providing more water for farmers and ditto for the environment; it is the same thing. I want to see more water for the environment, and I want to see more money for the icon sites. I think five of the six icon sites across Australia — environmental sites — are in Victoria, so the more water we can get for the environment, the better, but I do not like this business where you just take off farmers.

The best way to get it is to make sure that there is investment in infrastructure. I have always argued that, so that it is savings and so that it is a win-win, and that is exactly what we are doing with food bowl. I know your views on it.

Dr SYKES — I have not got to expressing my views on it, Premier. I am just asking you a specific question.

The CHAIR — It is a matter of you asking questions and the Premier responding to them.

Dr SYKES — And, with your indulgence, can it be taken on notice?

The CHAIR — I was about to say that. Are there any other aspects? I was about to say that any other aspects can be taken on notice.

Ms HUPPERT — I want to return to your presentation, and in both your key projects and your state budget themes you refer to the importance of family and the budget being a family-friendly budget. Are you able to

provide some more details on the specific initiatives that are focusing on young families getting into the home market?

Mr BRUMBY — I think the most important thing there was the first home buyers, and, as the committee would be aware, the state provides the \$7000 grant. I mention that, because I think there is sometimes a bit of confusion publicly about who pays for that — the state pays for that, and has done so under the GST agreement. That \$7000 is paid for by the state, but since 2003–04 we have done a bit extra as the state government; that is, we have provided a bonus on top.

That bonus was scheduled to terminate on 30 June this year but we decided to re-fund. In re-funding we also changed the dimensions of the scheme, so if you are buying a new home now as a first home buyer and it is an existing home, there is a grant of \$9000 from the Victorian government; that is post 1 July. For a newly-constructed home in Melbourne it would be \$18 000; and if you are in regional Victoria, it would be \$22 500. This will be the largest bonus anywhere in Australia.

I do not know, no-one will know until the federal budget tomorrow night whether the federal government continues with their first home bonus, their additional funding: whether they terminate it, continue with it, modify it — we will not find out — but I do know that from 1 July, irrespective, what our government will be doing. This will provide substantial assistance.

I was just looking at one of the new homes being constructed in Melbourne on Wednesday. We still have house-and-land packages that are being put on the market in Victoria for \$250 000; the most affordable anywhere in Australia. The land component of that is usually under \$100 000, so the stamp duty component is less than \$5000. So \$18 000 versus under \$5000 in stamp duty — it is no wonder that with the planning reforms we have put in place and the affordability reforms we have put in place, if you look at the last month, across Australia 33.7 per cent of all new housing approvals were in Victoria. They are scattered across Melbourne, and they are scattered across country Victoria. That is because we are the most affordable and because we are a great state to live, to work, to invest and to raise a family.

Dr SYKES — An original line!

Mr BRUMBY — If you look at the population figures as well, people are moving here in record numbers. Our population growth was 1.81 per cent in the last year. These indicate that Victoria is a great place to live.

Dr SYKES — Work and raise a family!

Mr WELLS — We can go around with all of these jobs — —

Mr BRUMBY — You can have a look at the projects and tell us which ones you are going to close down under your capital works funding.

Mr WELLS — No, I am looking at the 35 000 jobs that you have committed to — —

Mr BRUMBY — Schools, pre-schools.

The CHAIR — Thank you, we will get back to the questions.

Mr WELLS — Have a look at those projects.

Mr BRUMBY — Which ones are you going to close down, Mr Wells.

Mr WELLS — I am looking at the 35 000 jobs.

Mr BRUMBY — They want to know which projects the Liberal Party is going to close down.

The CHAIR — Can we have more questions please, and less personality?

Mr WELLS — Where was the personality?

Ms PENNICUIK — Premier, are we anticipating the announcement of the green jobs plan.

Mr BRUMBY — Yes.

Ms PENNICUIK — Soon? My question is: does this year's budget make any allocation for this plan, and if so, can you detail where it is?

Mr BRUMBY — There is no specified allocation for obvious reasons, because we would not be signalling ahead of the plan what it is we are going to put in the plan or the quantum of that, but there is some provision for some measures, and I mention that in the broader context of the green paper.

As I said, there will be a green paper, as you know, on climate change. Then, later this year, there will be a white paper. I made those commitments in the statement of government intentions; I think you are across all of those. We had been looking to release the green paper in the last month but of course some of the changes that have occurred at a national level with CPRS have meant that we have had to look again at some of the issues in relation to our Green paper, but the launch of the green paper is not too far away.

I held, as you know, a green jobs round table. I am trying to find in my notes the date of that; I think it was about a month or six weeks ago. It was a very good round table; there were a lot of good suggestions. If you look at what we have got in train with the climate change green paper, the green jobs action plan, plus what is in the budget — as you know, there was up to \$100 million in the budget to encourage large-scale solar power generation in Victoria; that is the net present value which is allocated for 2013 and beyond.

We have also applied to the federal government for funding under its program for \$100 million as well. If we are successful with that, it will mean that we have two major solar facilities in Victoria, which would make us the major solar state by a long way in Australia, and that would be a great outcome.

The TRUenergy development is still progressing, as you know, at Bridgewater, and thereafter elsewhere north in the state, in Mildura. Generally on the green jobs, there were a lot of things announced in the budget paper itself. I mention this, because I know some people were critical of what was in the budget on the environment, but there is \$38.5 million to establish the four new national parks on the Murray. They themselves will generate green jobs.

I know these issues are sometimes controversial, but have a look at Fraser Island in Queensland — first it was mined, then it was logged, and now it is a tourism haven; there are far more jobs being generated by tourism than there ever were from any other activity on that island. We have put aside \$10 million to upgrade infrastructure at Point Nepean, and we hope we can shortly reach agreement with the commonwealth on that.

There was \$4 million for Parks Victoria to further improve facilities around Port Philip Bay and Western Port; \$2 million extra to maintain and improve Yarra Bend Park's existing assets and conservation area and extra money for the six outer urban parks at Tarneit, Melton, Yan Yean and Narre Warren.

There was quite a bit for green transport initiatives — \$13.2 million, as you know, to increase and improve cycling infrastructure; \$5.4 million to promote and encourage car pooling; \$5 million to set up the public bicycle hire system in inner Melbourne; and \$4.2 million to increase the use of low emission vehicles. They are all positives.

On top of that of course we have our VRET, our energy, technology and innovation strategy, but we will push ahead with a green jobs statement because there will be significant new jobs generated in this part of the economy. As I said when I was in Bali, we really have to turn around the climate change debate and do a debate about a climate of opportunity. I think we can do that through green jobs.

Ms PENNICUIK — Just in a follow-up to that — —

The CHAIR — It will have to be very quick.

Ms PENNICUIK — A quick one: you were talking about the forests. What about looking at East Gippsland and making that a tourism area rather than the very short-term gain in terms of logging of our growth forests in East Gippsland, and also in terms of climate change?

Mr BRUMBY — I think on all of the forest issues in East Gippsland, I obviously get quite a few emails about these issues, but if my memory is correct, in all cases, in relation to the forests in East Gippsland, we are honouring our election commitments which we made in 2006.

Ms PENNICUIK — I beg to differ with you on that.

Mr BRUMBY — Write me a letter if you think that is not right, but all the advice I have got is that what we promised to do and what we are doing is fully consistent with that. When we come around to the 2010 election, we will make judgements then about whether we do or do not make further commitments in relation to forests in other parts of the state.

Mr SCOTT — Transport is a very important area of policy involving many areas of government. With reference to budget paper 3, page 185, 'Strategic policy advice and projects', can you elaborate on the delivery of the Victorian Transport Plan in this year's budget?

Mr BRUMBY — I can. There were a large number of transport initiatives in this year's budget.

Ms MUNT — The Dingley arterial will be one.

The CHAIR — Let the Premier answer, please.

Mr WELLS (to the Chair) — Are you going to bring them back to order?

Ms MUNT — You hate good news, Kim.

Mr BRUMBY — Some will; some will not. In terms of the transport commitments, the biggest in terms of extending the grid was the \$562 million to extend the Epping line to the growth suburb of South Morang. That will secure up to 460 jobs in the construction phase. There is \$204 million to electrify the Sydenham line to Sunbury — I think there is about 240 jobs in that; \$61 million to the grade separation at Springvale Road in partnership with the commonwealth — I think it is putting 80 in; \$152 million to build new stations in some of Melbourne's biggest growth areas; \$112 million to begin the implementation of the Doncaster area rapid transit, DART; \$85.9 million to extend the yellow SmartBus route 901 service to Melbourne Airport through Blackburn, Greensborough, South Morang, Epping and Roxburgh Park.

Then there were projects for roads in the budget as well — Peninsula Link in particular and AusLink. Then the budget also commits over the forward estimates period \$650 million for 20 X'trapolis trains as part of the rolling stock investment program.

I know some people asked questions about South Morang, the \$560 million — why does it cost so much? It is an expensive project, because there are a number of track duplications on the existing line at Epping; and secondly, you have got to extend the line without creating new Springvale roads. In other words, there has to be grade separation. So they are expensive programs.

The transport plan we released last year will add more kilometres of rail line to our system in Victoria than at any time since federation. We are proud of that, but it is going to cost a lot of money, and it is going to take some years to do, but we have started, as we said we would, in this year's budget.

Mr RICH-PHILLIPS — Premier, I would like to ask you about general efficiencies. The budget calls for \$86.5 million of general efficiencies to be achieved in 2009–10, which is a substantial part of your operating surplus — without those, the surplus would be dramatically reduced. I would like to ask you how those efficiencies are allocated across departments given, I think, all departmental agencies are required to achieve some efficiencies and, in particular with reference to your own department, how will they be achieved?

Mr BRUMBY — In relation to my own department, the 2009–10 general efficiency saving applied to DPC is \$3.6 million per annum. That is \$3 million ongoing productivity savings which begin in 2009–10 — —

Mr WELLS — We will not — —

Mr BRUMBY — Sorry?

Mr WELLS — The Chair has just shown us some of the answers from the document you gave us at 12.35 today.

The CHAIR — Just continue, Premier.

Mr BRUMBY — And there is \$638 000 efficient government savings incremental increase from 2008–09. The disaggregation of these savings across the department has been completed giving consideration to fixed and variable costs, past trends, budget capacity and expenditure which is required to achieve the department's required outcomes.

In terms of the more general questions you have asked across all departments, I am sorry but I do not have all of that information with me. I think you will need to ask the Treasurer about that tomorrow. I think it is an ideal question for the Treasurer. But I will make the point — —

Mr RICH-PHILLIPS — Is the expectation that it needs to be productivity driven across other departments?

Mr BRUMBY — There is some elimination of waste, but I have given public commitments in relation to the employment of public sector employees, that we will hold our public sector staff through the global financial crisis.

Some of this is, as you put it, productivity savings is in the category of good housekeeping — the normal things that you do across government. Obviously we have also reduced ongoing EBA wage costs. I do not know if you picked that up in the media, but we announced about six weeks ago that post the first week in May we would be moving to a new wages model based on 2.5 per cent rather than 3.25 per cent. There were a number of EBAs that were concluded before last week, consistent with the public announcement we made under the existing arrangements of 3.25 per cent strictly enforced. You will see over time there will be a reduction in wage outcomes as the new EBAs come up and they are signed off.

In addition the indexation of non-wage costs going forward has been reduced and again that reflects the fact that across the economy the rate of inflation is coming down. If you are aware, this time last year we were talking about inflation getting away from us. The Reserve Bank was putting up interest rates. It is a completely different environment. In that context, I think the combination of good housekeeping, productivity savings, lower non-wage costs in the forward estimates period plus lower EBA costs as they come up — all those things translate to a lower growth in expenditure going forward.

If I could just very briefly put it in the context of the budget: you will see in the budget out years that we have constrained budget spending. That is important, that is what you should do at a period in the economic cycle like this. We have had quite a boost this year in the 2009–10 budget; that in part reflects some of the flow-through of additional funds from the commonwealth through COAG for emergency departments and elsewhere. But going forward the rate of expenditure growth, if my memory is correct, has slowed to about 1.3 per cent, 1.4 per cent per annum.

That is important in terms of budget management and in terms of building up those surpluses over time. It is important obviously in terms of the AAA rating that Standard and Poor's have given us. So all of those things come together in what is a sensible arrangement to make savings but to do them in a way that will not require the termination of public sector employment.

Mr RICH-PHILLIPS — I think it was \$3 million from productivity within DPC. How are you going to actually drive that productivity? Are you going to get all these good people in the gallery to work an hour longer? Exactly how will you achieve that productivity gain?

Mr BRUMBY — In the gallery?

Mr RICH-PHILLIPS — Yes, half of DPC.

Mr BRUMBY — I thought you were referring to the press gallery actually. I think there are a few in the press gallery but they work very hard and they will have to work even harder in the future.

Mr RICH-PHILLIPS — DPC or the press?

Mr BRUMBY — Both. That is the reality of the environment we are in. As I said earlier, in all seriousness if you think of the position that Victoria and Australia is in today, if you think of all of the demands and pressures, whether it is global financial crisis, whether it is climate change, whether it is drought, whether it is COAG requirements, whether it is bushfires — there are enormous demands on our government at the moment.

I dare say everyone is working harder. I know that that is so in my office and I am sure that they are in your office. I know they are in DPC. It is a time of great demand on government.

The CHAIR — Thank you, Premier. Can I just pick up something you mentioned there before about climate change? As someone who has been involved in this and interested in it for over 20 years, I notice the office of climate change is mentioned on page 347 of budget paper 3. What initiatives do we have in the budget?

Mr BRUMBY — What page was that, Chair?

The CHAIR — Page 347 in budget paper 3.

Ms PENNICUIK — Thank you for that question, Chair.

The CHAIR — It mentions there the Office of Climate Change, which is continuing the provision of strategic policy advice and projects in relation to climate change.

Mr BRUMBY — Yes.

The CHAIR — I would just like to know what is happening.

Mr BRUMBY — The Office of Climate Change does a great job in my department. All departments have been collaborating. As I mentioned before in the answer to Ms Pennicuik, they have been collaborating to prepare a Victorian climate change green paper, which is due for release in the middle of the year. Then obviously later there will be a white paper. There has been a comprehensive audit of climate change policy which has been undertaken in preparation for an emission trading scheme being introduced, and the government's response to that review will be incorporated in the white paper.

We have the Victorian renewable energy target that I mentioned before. The government added a further \$182 million to the energy, technology and innovation strategy which builds on the existing \$187 million fund to support the low emissions energy technology. We also have got the energy saver incentives scheme which began operation on 1 January 2009 and requires electricity generators and retailers to help households make more energy efficient choices.

I might say that program is under way. I have met a number of groups in the NGO sector that are rolling out that program, and they are doing so with fantastic results. They are going into houses, auditing them, retrofitting them; so whether it is energy, whether it is heating, whether it is cooling, whether it is insulation, whether it is light globes — with all of those things they are getting significant savings, and significant savings are indeed possible.

In addition to that, obviously with the federal government's recent announcement of the changes to the CPRS, again we have had to rework some of that green paper to fit in some of those changes, and we will release that green paper as soon as possible.

The CHAIR — Thank you very much for that.

Mr WELLS — Premier, I just wonder if you could bring up the slide on debt?

Overhead 'Maintaining sustainable and low levels of debt' shown.

Mr WELLS — Yes, this one here.

Mr BRUMBY — Do you want that one or the next one?

Mr WELLS — No, this one here. Let me look at the next one because it might be more accurate.

The CHAIR — That is the Henry Bolte one, is it?

Mr WELLS — No, we will have to go back to the other one. I was trying to find one that is actually accurate but these two are — —

The CHAIR — Can we just have the question without commentary?

Mr WELLS — Can I get back to the bar graph maybe? I was trying to find one that was actually slightly accurate but I am struggling with it.

The CHAIR — As I said, questions without commentary.

Mr BRUMBY — Tell me what you are struggling with.

Mr WELLS — On page 90 of budget paper 4, your net debt fiscal aggregates, you have got your 2012–13 estimates at \$31 263.9 million. I am always interested — —

Mr BRUMBY — Hang on a minute.

Mr WELLS — Down the bottom.

The CHAIR — Table 2.4.

Mr BRUMBY — Table 2.4 — non-financial public sector?

The CHAIR — Yes.

Mr WELLS — I am always fascinated why you always try to con the Victorian people by only showing the general government debt and not the non-financial public sector net debt. There is a significant difference. This is only up to about \$16 billion. You do not have your \$31 billion, as in the budget papers.

Moving forward, I am wondering: can you give an assurance to Victorians that the actual net debt will not exceed the estimates shown on page 90? That is the first question; that is a straightforward question.

The CHAIR — You only get one question.

Mr WELLS — Hang on; it is the first one.

Mr BRUMBY — Yes, keep going.

Mr WELLS — Page 90.

Mr BRUMBY — Yes, I have got it.

Mr WELLS — We want a commitment that the debt levels are not going to increase, because we did ask the same question last year, and we did not have a satisfactory answer. The second part of the question is: when will this debt be repaid? Is there a comprehensive debt repayment schedule or plan in place for the increased debt that is being referred to in this budget paper?

The CHAIR — In respect of table 2.4?

Mr WELLS — Yes — straightforward.

The CHAIR — It is about the non-financial public sector balance — I just wanted to clarify that.

Mr BRUMBY — Let me go to the first part of your question. You said that there was a ‘con’, I think was the word you used.

Mr WELLS — Yes.

Mr BRUMBY — If we just go to the next graph, that is the whole lot.

Mr WELLS — But where is the \$31.3 billion?

Mr BRUMBY — It is in the 10 per cent.

Mr WELLS — No, take it back to the bar graph overhead. See the figure there that shows \$16 billion — see the left-hand side, it goes across; \$16 billion. You never show the total non-financial public sector net debt figure of \$31 billion. You only show part of the component. You do not ever show the other part of it. Why is that? There must be a reason why you do not want to show the full amount.

Mr BRUMBY — This is the presentation that we have been using every year we have been in government.

Mr WELLS — Yes, I know. It has been misleading every year as well.

Mr BRUMBY — I do not accept that. That is the general government net debt.

Mr WELLS — Yes, I know — general government debt. But it is not the non-financial public sector net debt.

Mr BRUMBY — They are all included in the tables. None of that material is hidden. Many people have focused on this. The ratings agencies over the years have been very focused on this number. More recently they have focused more generally on net financial liabilities, but they were very focused on this number because it is the net government debt which the government, the taxpayers, have to pay back. You see, the NFPS debt — if you take the desal plant, for example, call it \$3 billion, it is paid for by water bills.

Mr WELLS — But who is ultimately responsible for the carrying of that debt?

Mr BRUMBY — It is paid for by water users. If a ratings agency was looking at the \$3 billion for the desal plant, it will say, ‘It cost \$3 billion. What is the debt-to-asset balance sheet?’ — which by the way is still very strong for our water agencies — and, ‘What is the income stream to pay for it?’. The income stream is in the water prices, and it can be paid for like that for the next 10, 20, 30, 40 or 50 years. It is not an issue in that sense; it is paid for. It is no different to a regulated business.

A water business is a regulated business. You spend \$3 billion and you have a regulated price. The regulator sets the price. That price is there forever. That income stream is there forever, so the ratings agencies have not been too fussed about it. Ditto with the Port of Melbourne. It spends \$1 billion deepening the channel. What it wants to know is: are the funds coming in from the people who use the port of Melbourne, the charge per TEU and per ship coming in. Does it pay for that investment?’ The answer is: it does.

While it looks at that, it has been far less focused on that than what this figure is. That is because for a government to repay this figure, you need to do that out of your revenue, out of your taxes. It has been focused on that. That is the one we always put up, but I am happy to prepare you with another graph, but if I prepared you with another graph — if we go to the next slide — that is what it looks like. That figure at the end, the 10 per cent, that includes the NFPS. Our budget sector net debt gets up to about 5.3 per cent. The rest of it includes the NFPS. That is the NFPS there — they are there. As I said, that goes back to Henry Bolte.

There was just one other point I want to make.

Mr WELLS — What about answering part of the question.

Mr BRUMBY — I am answering your question.

Mr WELLS — Okay, let us get on to the first part.

Mr BRUMBY — What I would like, if you go elsewhere, page 274 of budget paper 4, this is something Treasury has put in.

Mr WELLS — Please!

Mr BRUMBY — I thought it might be instructive.

Mr WELLS — This is about when I was born!

Mr BRUMBY — I know you will not like the look of this — 1961–62, Henry Bolte. Have a look what he spent and move down to the bottom, Mr Wells, to where says ‘public debt transactions’ — four lines from the bottom.

Mr WELLS — Grasping at straws, but anyway, we might move on to try and get some of the answers to questions.

Mr BRUMBY — \$60 million — that is public debt interest; that is not the capital value. If you move back up the column, you will see that Mr Bolte was spending— —

Mr WELLS — This is 1961–62.

Mr BRUMBY — Yes. He was spending \$51 million on health and \$60 million on public debt interest.

Mr WELLS — How long was Treasury tied up doing that?

The CHAIR — Can you just let the Premier answer and not interfere?

Mr BRUMBY — Turn forward to the current year. If we were borrowing at the level Henry Bolte borrowed, when you were born — —

Mr WELLS — That is a ridiculous, illogical argument.

Mr BRUMBY — Is it?

Mr WELLS — Of course it is.

Mr BRUMBY — Our interest payments would be \$11 billion a year. You need to get this debt perspective in perspective. Our debt was much, much higher — —

Mr WELLS — I would not be using 50-year-old arguments.

Mr BRUMBY — Why not?

Mr WELLS — Hang on. Answer part of the question — —

The CHAIR (to Mr Wells) — If you stopped saying something, he might be able to answer the question.

Mr WELLS — It is quite straightforward. Can you give an assurance to Victorians that actual net debt will not exceed the estimates on page 90? That was the first part of my question. Can you give that guarantee, that there will not be an increase in debt that has already been outlined on page 90?

Mr BRUMBY — We prepare these estimates on the basis of the conditions that we understand at the time of the budget.

Mr WELLS — So there is no guarantee that the debts will be held at these levels?

Mr BRUMBY — I would think that our forecasts going forward are very conservative, but I cannot tell you what is going to happen with the international economy. I cannot say what is going to happen with the Australian economy.

The CHAIR — I think the Premier has answered — —

Mr WELLS — The second part of the question — —

Mr BRUMBY — What I can tell you — I am still answering the question — is that in relation to our commitment to a AAA credit rating, that commitment will not change, so that if the international environment declined or deteriorated even further, we would adjust our spending, our balance sheet, to ensure that we retained the AAA rating.

Mr WELLS — The second part of the question, with respect, is: do you have a comprehensive debt repayment schedule or plan and when do you envisage the debt being repaid?

Mr BRUMBY — I am just trying to find where it is in the budget papers, but you will see there that the graph of debt as a share of GSP starts coming — —

Mr WELLS — We are wanting to know when it is going to be repaid. Where is the debt repayment plan?

Mr BRUMBY — That is what I just said.

Mr WELLS — I know. We are looking at graphs as a percentage of GSP.

The CHAIR — Could you be patient, Mr Wells, and let the Premier answer rather than interfere or talk over the top of the Premier.

Mr BRUMBY — If you look at the statistics on pages 68 and 69 of budget paper 2, you will see that after peaking in 2012–13, these amounts start to reduce. I am not the Treasurer any more, and you can ask the Treasurer about these things tomorrow — —

Mr WELLS — I suspect we will.

Mr BRUMBY — I want you to understand the point I tried to make to you last year: whenever interest rates change, our net financial liabilities change, so if in the next year, for example, interest rates go up — just let us say they did — every 1 per cent increase in interest rates will take \$3 billion to \$4 billion off our net financial liabilities.

Mr WELLS — The sensitivity report — —

Mr BRUMBY — It is a complete nonsense to the number. We have said that to the accounting standards people, that when the interest rate comes down, it does not change the cost of running the organisation, but what it does do is show up an increased liability of \$3 billion or \$4 billion for the state. It is a complete nonsense. We do not have to service it; it does not change what superannuates get.

Mr WELLS — You do not have to service the debt?

Mr BRUMBY — It is not real debt. Don't you understand that?

Mr WELLS — I just want you to clarify that point.

The CHAIR — Let the Premier answer.

Mr WELLS — So you do not have to service the debt?

Mr BRUMBY — It is not borrowed money.

Mr WELLS — So you are not servicing the debt?

The CHAIR — He just explained it was a — —

Mr WELLS — No, that is fine. But that is what you are saying — you do not need to service that net debt that we are talking about on page 90?

The CHAIR — The Premier is trying to explain liabilities, if you allow — —

Mr BRUMBY — We are talking about net financial liabilities.

Mr WELLS — That is not what I was talking about. I was talking about net debt.

Mr BRUMBY — Which is what the ratings agencies examine. I am just saying to you, you asked me will I guarantee these numbers. If interest rates went up next year — and I hope they do not — but if they went up next year by 1 per cent, our net financial liabilities would reduce by almost \$4 billion a year; and these numbers would be much, much better, but none of the fundamentals will have changed; it is the way they measure the discount rate and its impact on our liabilities. Again can I refer you to page 55 of budget paper 2. It says:

While the state's reported superannuation liability is projected to increase by \$11.5 billion in 2008-09, \$7.4 billion of this increase is attributable to a reduction in the discount rate —

that is, the interest rate —

that is required to be used to value the superannuation liability ...

And it goes on to explain:

It is important to note that the increase in the reported superannuation liability arising from the reduction in discount rate has no impact on the amount of cash required to fund the state's superannuation liability over time ...

I do not know what is going to happen with interest rates in the future. That is a matter for the Reserve Bank, but I am making the point to you that these numbers can move around, and in the last year we have seen a movement in the bond rates of 3 to 4 percentage points, which has added \$10 billion to \$12 billion to liabilities but does not increase our servicing requirement, does not change what we pay superannuants, but it appears here in the budget books because of accounting standards — right?

The CHAIR — Okay.

Ms MUNT — Premier, in my last question I asked you about the global financial crisis, particularly streamlining to enable business to prosper and create jobs, but I was wondering if you can tell me, in light of the global financial crisis, if there are any programs under A Fairer Victoria that could assist those other Victorians who may be suffering as a result of the global financial crisis?

Mr BRUMBY — Thank you, and thank you too, Ms Munt, for your very strong commitment to A Fairer Victoria. As you know, we launched this on Thursday, and I think there have now been five A Fairer Victorias as a result of that. Kindergarten is now effectively free for all children from low income families. We are now the state closest to achieving a 90 per cent year 12 completion rate or its equivalent. The incidence of confirmed cases of child abuse and neglect is falling in Victoria against what has been a very big increase nationally. We have the lowest rate of people sleeping rough in a time of increased homelessness, and more than 3200 Victorians have been assisted in jobs through the workforce participation partnership program. These are all good things that we have achieved to date.

In this year's budget we added to that in what is the most difficult environment that we have had, as you know, for a long time. There was \$160 million in child protection services. We recruited, as I said before, up to 280 additional mental health workers; \$87 million to improve disability services; \$26 million for neighbourhood renewal, which has been a fantastic program in our state, and community renewal programs; and also \$47.4 million to help close the gap in life expectancy between Aboriginal Victorians and non-indigenous Victorians.

On top of all of that, this year, in partnership with the federal government, we will roll out what is the largest increase in social housing in our state in 50 years, again since the days of Henry Bolte in the 1950s and 1960s — the post-war migration boom.

So I think if you put all of those things together it is a great package, and as I said at the launch of A Fairer Victoria, I do not think you can be the best state in Australia, and that is our aspiration — whether we are or not is for other people to judge, but that is our aspiration — unless you are also the fairest state.

The CHAIR — Thank you, Premier. I think we will move to the portfolios of multicultural affairs and veterans affairs. I thank the witnesses who are leaving us for their attendance.

9.2 Multicultural Affairs Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 11 May 2009

Members

Mr R. Dalla-Riva

Ms J. Huppert

Ms J. Munt

Mr W. Noonan

Ms S. Pennicuik

Mr G. Rich-Phillips

Mr R. Scott

Mr B. Stensholt

Dr W. Sykes

Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr J. Brumby, Minister for Multicultural Affairs,

Mr G. Lekakis, Chair, Victorian Multicultural Commission,

Ms H. Silver, Secretary, and

Mr P. Reed, Deputy Secretary, Government and Corporate Group, Department of Premier and Cabinet.

The CHAIR — We welcome the Premier as the Minister for Multicultural Affairs; Mr George Lekakis, the chair of the Victorian Multicultural Commission; and again Ms Silver and Mr Reed from the Department of Premier and Cabinet. I call on the Premier to give a brief presentation of no more than 5 minutes on the more complex information relating to multicultural affairs.

Overheads shown.

Mr BRUMBY — On multicultural affairs I welcome to the table the head of the Victorian Multicultural Commission, George Lekakis. I will quickly run through some slides on the multicultural commission.

As you know, it is an independent statutory authority which provides advice to the government regarding our culturally, linguistically and religiously diverse society. In 2008 we amended the act to enhance the whole-of-government approach to require government departments to report on their responses and to formalise the merger. Following on from those amendments to the act, the Victorian Multicultural Commission, which was then a division of the Department of Planning and Community Development, was established as an administrative office related to the Department of Premier and Cabinet, and that occurred effective from 1 January 2009. I think that transition has been very smooth, and for me as Minister for Multicultural Affairs — although of course I always got very good service from the Department of Planning and Community Development — it is fantastic to have the Victorian Multicultural Commission located as a unit within the Department of Premier and Cabinet.

In terms of achievements. Turning to diversity, I think we saw that played out. We have seen so many examples of that across the state. In the bushfires so many different groups of different faiths across our community — the Buddhist faith, the Hindu faith. The Greek community, at the Antipodes Festival on 21 March the Greek community presented me with a very large cheque that it had raised through the Greek radio station and elsewhere towards the bushfires. Again diversity is a great strength.

We have also released the new multicultural policy — All of Us. We have made some amendments to the Multicultural Victoria Act. We also have the Cultural Precincts Enhancement Fund, which is something we promised at the last election. This is \$8 million over three years. I should say in relation to this that the demand on this fund has been huge, as you might expect. We have actually supplemented the fund, and you will see that in the budget papers. We have added an extra \$2 million to the fund, and that means it is now a \$10 million fund. I announced the first substantial funding from that to the Greek community on the Saturday night at the Antipodes Festival, and we will be doing the Italian community and the Chinese community very shortly.

Other achievements over the last year include the harmony initiative, with an additional \$2 million over two years. The latest budget has committed a further \$2 million over two years to continue this initiative. The Parliament of the World's Religions: this is going to be a very big event for Melbourne; it is coming in December with 5000 delegates. It will showcase our diversity internationally. Of course it will be held at the new convention centre, the biggest and greenest anywhere in Australia. We have committed \$2 million, the federal government \$2 million and the Melbourne City Council \$500 000. This is going to be a big event and a very important branding exercise for us.

On VMC community grants, the grants program for 2008–09 was something like \$4.6 million. I think that is a five or sixfold increase over the last decade. One of the programs I am very proud of as well is the refugee brokerage program. We are getting a number of refugees in our state, and this assists them. I think in 2008–09 we funded 11 partnership projects, and we are currently assisting something like 9000 individual refugees.

The next slide covers community harmony — boosting our multicultural advantage. This year's budget committed \$2 million over two years to further strengthen Victoria's community harmony. This is a very well-regarded program amongst the multicultural community. As I said,

on the refugee action program — \$2 million over two years to continue with the refugee action program. There is an additional \$200 000 allocated for a continued contribution towards refugee nursing. I might say it was great this morning when I launched the 2009–10 Victorian volunteer plan with Minister Batchelor.

We did that at the Adult Multicultural Education Services centre. One of the young volunteers, Jane, who spoke there this morning is a second or third-year uni student. She is an expert on English. She has been doing English tutoring as a volunteer for a Sudanese woman, a refugee, for the last year and making great progress. It is a lovely story about volunteering but also about assisting with refugees.

Finally can I say, Chair, in terms of the budget overview, if you take into consideration both the appropriations and CSF funding, you see that overall funding for multicultural affairs in 2009–10 is \$14.9 million. That is a very substantial amount indeed and a very big increase I think on where we have been in the last decade.

9.3 Arts Transcript

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 13 May 2009

Members

Mr R. Dalla-Riva
Ms J. Huppert
Ms J. Munt
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Kosky, Minister for the Arts,
Ms P. Hutchinson, Director,
Mr G. Andrews, Deputy Director, Policy and Programs,
Mr D. Carmody, Deputy Director, Agencies and Infrastructure, and
Ms J. Rowland, Senior Manager, Corporate Development, Agencies and Infrastructure, Arts Victoria,
Department of Premier and Cabinet.

The CHAIR — I welcome Ms Kosky, Minister for the Arts; Ms Penny Hutchinson; Mr Greg Andrews; Mr Dennis Carmody; and Ms Joan Rowland — all from the Department of Premier and Cabinet.

I call on the minister to give a brief presentation of no more than 5 minutes on the more complex matters relating to the arts portfolio.

Overheads shown.

Ms KOSKY — I just want to give a snapshot of what is happening in the arts, both in terms of attendance and participation and also some of the highlights of what is happening in the arts portfolio. Just a bit of a snapshot of the contribution of the arts — 82 per cent of all Victorians attend a cultural venue or an arts event at least once a year; 31 per cent of children in Victoria aged 5 to 14 play an instrument, sing, dance or act; 45 per cent of children are involved in art and craft activities.

In relation to employment, 21 per cent of Victorians have some involvement, paid or unpaid, in culture and leisure activities, and 3.4 per cent of all employed people have a cultural occupation as their main job. With cultural tourism, cultural visits represent 62 per cent of all international visitors to Victoria, and in 2007 there were 2.6 million domestic overnight cultural visitors, and around 2.7 million day visitors have attended cultural venues and events in Victoria.

Some of the highlights for this last financial year: we saw the completion of the MRC and the MTC theatre projects — that is, the Melbourne Recital Centre and the MTC — and 21 000 people went to the public open days in February in that awful heat. It is a demonstration that when you open these venues, Victorians will travel to them.

The 2008 Melbourne Winter Masterpieces blockbuster Art Deco was the third most popular exhibition in the NGV's history and attracted 240 000 people, so it was incredibly successful.

The Dinosaur Walk opened at Melbourne Museum in April 2009. Yes, I did open it — you can make whatever jokes you want to about that! What is really interesting is that over the Easter school holidays they had 78 000 people visit it. It was just extraordinary. Game On at ACMI drew a record crowd of 130 000, plus 20 000 for related public and school programs. I went to that three times — only because of my children, not because of my interest. There is work under way on the Australian centre for books, writing and ideas. And Melbourne's La Mama Theatre secured ownership of its Carlton home, and we provided assistance for that.

Some regional highlights: Bendigo Art Gallery's Golden Age of Couture, which I mentioned in my public transport presentation and was an exclusive exhibition from London's Victoria and Albert; it attracted 75 000 people during that period. That was an estimated economic impact of \$9 million, so that was quite extraordinary for a regional centre. Construction of Wangaratta's new performing arts centre is on track to open in September this year, and there are upgrades at performing arts facilities in Shepparton, Bendigo, Hamilton, Portland, Casterton and Heywood.

Some of the international highlights: I think it was very close to PAEC hearings last year when we were actually given the designation 'The second UNESCO City of Literature'.

The CHAIR — What is the first?

Ms KOSKY — Edinburgh is the first, so we are the second in the world. Geelong's Back To Back theatre won a prestigious New York dance and performance award. Melbourne author Nam Le won the Dylan Thomas prize, which is one of the world's richest literary awards. Malthouse Theatre's *Exit the King* is wowing audiences on Broadway in New York; and who is one of the lead actors in that?

The CHAIR — John Howard?

Ms KOSKY — Geoffrey Rush.

In terms of this budget we have got \$4.2 million for the State Library of Victoria, the SLV21 initiative, which is providing a lot of materials on line. There is also \$1 million for the state library for the initial business case for Queens Hall.

The Melbourne Museum exhibition renewal, so that we can keep renewing exhibitions at the Museum, gets \$9.2 million. The Dinosaur Walk is a really good example of that. You need to keep renewing exhibitions, Scienceworks and of course the Immigration Museum.

There is money there for the Arts Centre programming: \$4 million — that is for its programming at the Arts Centre; and there is also money: \$19 million for the operational maintenance of the Arts Centre. It is an older facility. Yes, we are doing the works as part of the cultural precinct, but we need to do the maintenance works as well for the entire Arts Centre.

There is \$2 million there for the Melbourne Winter Masterpieces exhibition indemnity. That is the insurance for the masterpieces. There is \$6.2 million which is securing a future for Victorian Opera. There is money there: \$0.5 million for arts audience expansion, which is really about encouraging further, people who are not the regular arts goers, to attend different performances.

We have got \$0.5 million there for physical theatre development, which is really focused on Circus Oz, which is a fantastic national and international facility and Melbourne is its home, so it is actually looking at some work to secure a long-term home for it.

There is money there for Public Records Office Victoria for its asset management support plan — \$3.3 million. In terms of the assets, there is money there for the cultural asset maintenance fund, again maintenance across the arts institutions, of \$21.5 million.

The Geelong Performance Arts Centre refurbishment has \$3 million, and there is also funding there, \$7.1 million, to support Public Records Office Victoria in terms of its asset management support plan.

It is a budget of \$81.5 million over that four-year period. The arts have been incredibly successful right around Victoria. It is not just about metro Melbourne, it is about the suburbs and the regions, and it is making sure that we can get the best in all of those locations, but we continue to encourage home-grown artists so that they not only live here, but they work here as well.

Ms HUPPERT — Minister, I refer you to page 194 of budget paper 3, and it talks about ‘Arts development and access’ output. Could you please provide some further details of expenditure and outcomes of the grant programs that come out of this output?

Ms KOSKY — We have got a whole range of different arts programs, most of which are about encouraging artists to develop new works, providing opportunities for artists to do cross-collaborations, obviously supporting the regions and the suburbs. There is a range of different programs, and we provide \$37 million per year to fund a whole range of programs; that is ongoing in terms of the budget. Most are competitive grants programs, so organisations, individuals, institutions have to apply for those grants, but some are negotiated as well. That is managed by Arts Victoria.

I will run through a range of them; it is always worth knowing, because I know that a number of you would get artists and organisations that are seeking funding for different projects. We have annual operations funding which is for organisations to deliver a one-year arts or cultural program. That is the operations, just to provide it.

We have got the Arts Development Program, which are small project grants to Victorian artists and arts organisations for the creation and presentation of new work in all forms. We have got the Community Partnerships Program for artists and art companies to work alongside Victorian communities. The Education Partnerships program and probably many of you are familiar with these, where funding is provided for primary and secondary schools in Victoria to engage artists, so that they have artists in residence; they can also provide funding for arts organisations to work with the schools as well.

There is the Indigenous Travel and Professional Development Fund. That is really about securing professional development opportunities for indigenous arts practitioners and arts workers. Then there is the international program which supports artists and art organisations to build their international profile, to travel overseas to develop networks, employment opportunities and also, obviously, exporting a lot of the different projects that have been developed here.

I mentioned Back To Back Theatre and obviously *Exit the King* as well which are touring internationally. We have also got the Touring Victoria Program. That is ensuring that artists and arts institutions can actually

travel around Victoria to present works; and Victoria Rocks, which is the contemporary musicians and groups targeted really at strengthening local contemporary music industry.

In addition to that are the negotiated ones, the local partnerships programs which are with local government. We develop a memorandum of understanding over a three-year period. They then have a definite three-year period of funding, so they can really plan for that funding and their projects, and there is an organisation program which is multiyear funding again for key Victorian arts organisation.

There are a lot of different programs. One of the benefits that quite a number of artists say to me is we do not identify disciplines in the different arts funding programs, which means that you can get a lot of cross-disciplinary works that develop, which does set us apart from what happens in other jurisdictions, which is also why we end up having, say, the MSO working with, it might be, small theatre companies; or the Victorian Opera will work with other organisations, and you also get work with, say, visual artists as well, so you get the cross-disciplinary focus which is really important for the development of new works.

Mr RICH-PHILLIPS — Minister, you mentioned visitation to certain events and institutions, but I want to ask you about the trend in visitation. I take you to pages 194–96 of the budget paper. Attendance at major performing arts organisations is halfway down page 194 and shows the actual in 2007–08 was 1.19 million declining to an expected outcome of 980 000. Also on the following page with respect to attendance at agencies, the 2007–08 actual was 8.875 million, and you are expecting it to decline to 8 million this year.

Can you explain why there is the decline and also with respect to the attendance at agencies can you give us a breakdown between the agencies for the last couple of years so we can see the trend by institution?

Ms KOSKY — I will need to come back to you on the last item. But if you actually look at the actual versus the target, the target was obviously lower so some of the actuals are to do with major exhibitions that might be on or major performances which have an increased attendance, so there are variations there, but we have taken a cautious approach in terms of the target for 2009–10, which is still above the target for 2008–09, certainly in relation to attendances at major performing arts organisations, really because at the moment we are not sure what the economic impact will be on subscriptions and on box office sales.

To date, for the Arts Centre, they are seeing some slight decline, not significant but it has dropped off a little bit because often it is discretionary income, and so that has dropped off a little bit. So we have set the target still at high levels, still matching previous targets, but not at the actual for 2007–08. It may be that it does not flow through in terms of the subscriptions and paying customers, but the arts agencies are conservative when they set their attendance figures. They do that so they ensure that they are financially viable in setting conservative targets rather than trying to be too optimistic and then not meeting them, and that obviously impacts on their bottom line.

Mr RICH-PHILLIPS — Has the recital centre met expectations since it opened?

Ms KOSKY — The recital centre is very new, so it is still getting work done on its program. They are still trying to get the programming to settle down. There are two elements to the Melbourne Recital Centre. There is both the programming that they do and they also have a strong focus — as part of their mandate in fact — to encourage multicultural organisations and other organisations to hire out the facilities. So there are two different elements: their own programming; and that hiring out.

In some areas the audiences have been greater than expected, for some of the events, and then in others it has been slightly down. So they are still getting that right. They have employed Sue Natrass who was originally involved in helping develop the program at the recital centre. Now that it has been established for a few months, she is doing a lot of research and surveying of people who have subscribed and also have attended to really find out what is working and changes that they might need to make.

It is fair to say that the Melbourne Recital Centre, being brand-new, has got to build up its own subscription base. Places like the Arts Centre, MTC, the Victorian Opera, the MSO, Music Viva, all have a subscription base and they have built those up over a really long period of time, and it takes a long time to build that subscription base. The MRC still has to do that, and it would be fair to say that given the economic circumstances, they are probably doing that at a difficult time, but I have absolutely no doubt they will do it.

Clearly groups like Music Viva that have moved into the Melbourne Recital Centre — in fact their subscription base has increased as a result of the change. So we will see some settling down of that, but I think having Sue Natrass involved to do the research, the surveying and make recommendations will really help focus on that, as well as the work that needs to occur with a whole lot of the multicultural organisations in terms of the space that is available, the salon that is available for them to actually use.

That is a first for them; that is a real shift for them. They need to be made aware of the facility and often they will be planning 12 months out for some of those works. So it is still settling down but from all the feedback we have had from the artists and people who have attended, it is just an amazing facility. It is one of the best. We would say it is the best in the world, but it is certainly very high standard. Artists are wanting to perform in it, and it is really just building up that subscription base.

Mr RICH-PHILLIPS — Are you happy to take the breakdown on notice?

Ms KOSKY — We will provide that information separately.

The CHAIR — Minister, I would like to ask you something which is not on your summary of initiatives because it was announced in the budget update. It is a huge project; it is the upgrade of Hamer Hall in the Southbank cultural precinct. I was wondering whether you could tell us about that, because I can see from page 348 of budget paper 3 that it is \$128.5 million, which is just wonderful in terms of the arts.

Ms KOSKY — It is a big project. The Hamer Hall redevelopment is part of the Southbank cultural precinct redevelopment. The government's view was that it was really important to do the works first at Hamer Hall. A lot of the works will be done internally, and there are issues. It has been there for some time. It is much loved, but it needs a facelift, both back of house and front of house, so a lot of the works focus on that.

Accessibility is a real issue. We need to make sure that disability access is built in obviously through the works that are being done, and also the connection with the external space and the river frontage is really important. When Hamer Hall was originally developed, like lots of arts institutions, they looked inside and they had a shell almost around them. What we want to do is open that up much more so it is much more accessible to the river frontage, which of course is really important. At the moment you cannot get down from Hamer Hall; it is a very awkward, circuitous route to get down onto the river frontage. So all of that will be sorted, which means that it will connect with a lot of the eating places and that whole experience.

That work is under way. Ashton Raggatt MacDougall have just been appointed, with Peter Elliot, as the successful architects for the project. It was very close; there were some really good proposals. They are going to be doing the work. It means that for a period of time Hamer Hall will have to close, obviously, so at the moment Arts Victoria is working with the Arts Centre to look at alternative arrangements for the major companies so that they can continue to operate, but they will not have that facility whilst major works are under way. It is a really exciting project, and it is the first part of that arts precinct development.

I did notice in one of the papers recently that there is a suggestion that the whole project is off. That is not the case at all, and we always made it quite clear that this was the first stage of that whole precinct development. It will eventually connect right into that spine.

The CHAIR — The money is put in there — \$65 million in 2010–11 and \$40 million in 2011–12. It is a lot of money.

Dr SYKES — I refer you to page 194 of budget paper 3, the line item 'regional Touring Victoria destinations'. Back in 2007–08 you had 43; your target for 2008–09 went up to 53; the expected outcome for 2008–09 is 45; and the target for 2009–10 is 45. What is the explanation for the drop-off from that 2008 higher target down to a lower target in 2009–10?

Ms KOSKY — One of the issues there is really the increasing costs of the regional touring, so a lot of projects that have gone in are actually at a higher level than previously. We actually have an independent panel, which is made up of artists; I should make that clear. They make recommendations to me. It is made up of a range of different artists from different areas of the arts. What has happened is that the costs have gone up, so there are slightly fewer projects that are being funded as a result. That is anticipated to be so, and that is why those figures are as they are in the budget papers. It is actually not a reduction in funding, but some projects are more costly.

Dr SYKES — I guess I would make a plea on behalf of regional Victorians that if the costs are going up, rather than cutting the services to fit the cloth if we could keep in mind that, particularly in the tough times we are experiencing, a little bit of relief by going off to a cultural event does a hell of a lot for the mental wellbeing of people.

Ms KOSKY — Absolutely, and one of the things we have been doing is working, particularly with the Murrindindi shire, following the bushfires. I was very conscious that there are a lot of artists in that community but also that the arts are a really important part of their reconstruction and how they develop as communities as well as also being part of that grieving, so we put aside funding. We have changed some of the time lines for them to apply for grants; we extended them. We have also put aside — \$25 000 I think it is.

Ms HUTCHINSON — Yes, I think it is.

Ms KOSKY — We have put aside \$25 000 particularly for artists in bushfire-affected regions. We have provided an arts officer for the Murrindindi shire to work with artists. I met with them recently — I have met with them twice — and they are struggling to even get their heads in order to really focus on projects, so we are providing that support for them to do that. There are some really exciting projects that will come out as a result of that. It will help with the healing but also be part of where they want to move to next. There are quite a few projects there.

Dr SYKES — I think that is fine, particularly for the Murrindindi people, who have been absolutely devastated. But there are also, as you know, the Mudgegonga people, which impacts on the surrounding communities of Myrtleford, Bright and Mount Beauty.

Ms KOSKY — Sorry, the additional funding, the \$25 000, is available for all artists in bushfire-affected regions. You might want to let people know if they do not already know — —

Ms HUTCHINSON — It is \$50 000.

Ms KOSKY — It is \$50 000, sorry; I underquoted. So there is a turnaround of about — —

Mr ANDREWS — It is monthly.

Ms KOSKY — Every month it is put in, so there is no time line. So please do let anyone know that, and I am happy to provide the information to you. That is for all bushfire-affected areas. It was only the arts officer in Murrindindi, because financially for the council that was difficult for them to achieve, but all the other arrangements apply right across those bushfire-affected areas.

The CHAIR — Thank you for that. I want to put on notice: can your department provide the committee with a description of any federal grants, both outputs and assets, that you might receive in the budget? Can you also provide information about the accountability mechanisms in respect of these grants?

Ms KOSKY — Yes.

The CHAIR — That concludes the consideration of the budget estimates for the portfolio of the arts. I thank the minister and departmental officers for their attendance today. Where questions are taken on notice the committee will follow up with you in writing at a later date and request written responses to be provided within 30 days.

Ms KOSKY — No-one asked me this question. I would just like to let you know the dates, because you will be interested. It is important for Hansard: under Melbourne Winter Masterpieces there will be an invitation for parliamentary viewings of the Pompeii exhibition, which is at the museum, on Monday, 27 July — you will all get invitations and you are welcome to bring your families — and for the Dali exhibition, it will be Tuesday, 4 August. The invitations will go out shortly. I know we will see quite a few of you there.

The CHAIR — Thank you very much, Minister.