

**PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

**Inquiry into budget estimates 2009–10**

Melbourne — 19 May 2009

Members

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Mr G. Rich-Phillips

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Witnesses

Mr P. Batchelor, Minister for Community Development,

Mr Y. Blacher, Secretary,

Ms G. Miles, Deputy Secretary,

Mr D. Ferrie, Executive Director, Community Programs, and

Mr S. Gregory, Chief Financial Officer, Department of Planning and Community Development.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for the portfolios of community development. On behalf of the committee I welcome the Honourable Peter Batchelor, MP, Minister for Community Development; Yehudi Blacher, secretary; Gillian Miles, deputy secretary, community development; Damian Ferrie, executive director, community programs; and Stephen Gregory, chief financial officer, from the Department of Planning and Community Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings. Only 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 and recording proceedings in the Legislative Council committee room.

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

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 10 minutes of the more complex financial performance information that relates to the budget estimates for the portfolio of community development.

**Mr BATCHELOR** — It is a pleasure to be here as the Minister for Community Development. You will have to bear with me; I am not quite 100 per cent today, but I did not want to miss PAEC. It is the highlight of my parliamentary career!

**The CHAIR** — I have a frog in my throat too.

#### **Overheads shown.**

**Mr BATCHELOR** — I just want to make a brief presentation. The context is that I will be going through some areas more quicker than others — A Fairer Victoria, where the future holds, the Community Support Fund, and emerging challenges.

The cornerstone of our social policy position to address disadvantage is A Fairer Victoria. This year we have continued the large investments in A Fairer Victoria. This year we have provided some \$925.6 million. As you can see from the graph, it continues a five-year program.

The importance and the relevance of A Fairer Victoria is that provides our social framework. As the minister responsible for coordinating this, it provides myself and our department the opportunity to get some of the mainstream agencies to deliver social outcomes.

This year we have paid particular importance to that, identifying four priorities. The first of those is getting the best start in life. In the budget we have provided some \$215 million. Our second priority was improving education and helping people getting into work. You would recall from earlier presentations that we understand the importance of providing economic participation, particularly in terms of helping people in employment. Those two subcategories provided some \$96.6 million of initiatives in the budget.

The third priority area was improving health and wellbeing — some \$288 million. The major boosts came in mental health and disability services. There is a significant increase for indigenous health with the important objective of closing the gap in life expectancy. We see great disparity between the indigenous life expectancy and the life expectancy of the rest of the community, particularly when you see that the life expectancy for males in Victoria is the highest in the world. When you contrast that with the indigenous community, it is quite a significant task that we have to do to bring about greater equality there. The fourth priority was developing

livable communities — some \$325 million. In this area, and in other areas of government activity, significant partnership has provided additional funds over and above these from the commonwealth government.

I will just outline some of the specific initiatives in this year's budget. For community facilities, particularly in bushfire-affected areas, we are providing some \$11.6 million. A three-year funding initiative from the Community Support Fund and some reprioritisation in existing grant streams to help rebuild those communities which were affected by the bushfires. This initiative will address a portion of the demand for community facilities in local government areas.

We will work in partnership with those not only in the bushfire areas but also those areas facing rapid population growth. It is to support the construction of community facilities such as libraries, neighbourhood houses, community centres and sporting facilities. It is important not only to meet the bushfire recovery but as our population grows in both the outer-metropolitan area and country Victoria we are seeing there is a need for the expansion of community facilities. An example you might say is in the city of Wyndham which will require an additional 10 multipurpose community facilities and 38 sports fields over the next 10 years to deal with population growth. We are trying to identify how we might help councils. A lot of this is their local responsibility, but we are trying to increase the strength and resilience of local communities.

Volunteering is an area that is important to this government. We are developing a volunteering and participation strategy. There has been \$9.3 million allocated in this budget. It is a whole-of-government volunteering and participation strategy. The strategy will deliver an online single-entry portal for volunteering in Victoria. This will provide some matching services on information and resources for community organisations and individuals who want to volunteer. A particular emphasis through this program is going to be on the engagement of young people, because we know that the engagement of young people goes to the issue of the longevity and helping the community organisations be sustainable, but also it will be of great assistance to young people, particularly as a tangible support tool for our Respect strategy.

We will also be providing a major awareness and recruitment campaign to promote community participation, particularly by young people and particularly to get people to volunteer post the bushfires. In earlier times we have understood that in times of natural emergencies and higher demand on volunteers and volunteer-based organisations, there is a bit of exhaustion. We want organisations to know that that is a realistic response. To try to address it by trying to retain volunteers but also trying to recruit new volunteers in the years ahead — knowing that this is a problem, trying to get ahead of it before it causes significant problems. We will also be providing resources and support to community organisations and local government to attract particularly younger volunteers. There is a bit of an emphasis this year on trying to get younger volunteers to contribute.

The other emphasis of this year's budget is place-based initiatives. We have a number of programs that have been in operation — community renewal, community building initiatives and Transport Connections. We have also got programs that are leveraging funds from the commonwealth. We are also providing, as I indicated, some money for community infrastructure. This map is an attempt to show the extent of participation of the combination of those community building programs.

The Community Support Fund is my area of responsibility. It operates, as you know, under the Gaming Regulation Act of 2003. There are a number of decisions made by government as to the allocation of funds under this annual expenditure of about \$108 million. You can see from the diagram there is a stream called the Victorian community support grants. That is a scheme administered by me to provide assistance to local communities and help deliver the Fairer Victoria agenda, with gambling services with \$28 million to deal with problem gambling. That is administered by the Minister for Gaming. There is a number of area activities and grant programs under the community services and grants programs, which are administered by separate ministers as a result of government decisions to allocate funds in those streams.

In 2008–09 the Community Support Fund provided \$15.4 million for our community support grants program. It included things like the Churchill community hub, which opened recently with the local member Russell Northe, or the refurbishment of the old Mornington Secondary College library. What we are trying to do is revitalise shared-use facilities in communities.

The support fund for 2009–10 is set out. That is how we expect the expenditure to flow and the allocation of the \$108 million. There is a range of programs: \$7.8 million for building community programs, as I mentioned

before; and there is also some \$21.6 million for sports programs, which are administered by the minister for sport.

The continuing and emerging challenges for us are, of course, the bushfire and the emergency recovery response. Recovery, as opposed to fighting the emergency, is longer and is drawn out. The other major response is climate change and its disproportionate impact on vulnerable communities. The impact of the global financial crisis and the economic downturn will be felt hardest by those who currently experience disadvantage. It will have an impact on the community sector, including the not-for-profits, whose income stream has dropped because of the loss of the value of their corpus and the loss of dividend — income coming in. This will flow through to community organisations. The other emerging issue is population growth, putting pressures of all sorts on people living in those areas.

**The CHAIR** — Thank you, Minister. I asked previously for details of federal grants under your department from the previous minister. I assume there will be a total response to us on that. I thought I would begin. You mentioned the bushfire response and the involvement of your portfolio and department in that and presumably also ongoing as the recovery phase is undertaken. There were details of this in budget paper 3, page 284. Could you give us some details, Minister, about what is happening and what is going to happen?

**Mr BATCHELOR** — Our department, like many others, has been required for, and happily responded to, the task of helping out at the time of the bushfires, and particularly this department has an ongoing responsibility to help during the recovery phase. We have played an important role, a useful role I believe, and we are doing that in a number of ways. To date we have provided direct financial support. We have used existing grant programs and some money provided by the budget to provide financial support to those organisations and councils in the bushfire-affected areas.

For example, grants of up to \$20 000 were made available to volunteer organisations. We also negotiated with some local councils and statewide organisations assistance of up to \$100 000, those in particular to coordinate volunteering partnerships. We have provided grants of some \$10 000 to neighbourhood houses, which played a very supportive role not only at the emergency time but also in the recovery phase, and there was some \$30 000 for recovery officers for local councils. We have taken the view that local councils were very close to the communities and to individuals, and we have responded to their requests in a number of these ways to make funds available.

In addition to that, we have also helped in an administrative way. The department has had personnel deployed to help with various tasks, such as providing secretariat support for the Community Recovery Fund. We have also had our local teams assisting local councils and working on the ground. We have also been managing the overwhelming response from business and the community. We have established a website and a hotline to register more than 22 000 people who volunteered to support the bushfire response.

We coordinated the massive response coming in from businesses and corporations that wanted to donate goods and services. Just some examples of that are: a New South Wales company called Duraplas donated six 10 000-litre water tanks to Flowerdale, and BP donated the fuel to transport the tanks there; OneSteel donated 800 pairs of overalls to relief centres in Whittlesea, Wandong and Buxton; Husqvarna donated not sewing machines but equipment such as chainsaws, spare parts, gloves and helmets to Mitchell Blaze Aid and relief centres in Wandong and Buxton; and a Sydney-based company, Shoes & Sox, donated 250 pairs of assorted shoes and socks to the Whittlesea material aid centre.

Our bureaucrats, our public servants, provided the coordination and assistance to match the offer and the areas of need in not only those instances, but they are just typical of a whole host of activities. I would like to use this as an opportunity of placing on record my thanks as minister for the work our staff did during this period of time. It was outstanding and it is ongoing.

**The CHAIR** — Thank you, Minister. I am sure the committee is highly appreciative of the work of the staff and also the many volunteers, who I am sure through all our communities have been involved. Flowerdale Road in my electorate ended up giving a special sort of assistance to the people of Flowerdale. Simple connections like that were repeated so often and so willingly throughout our community.

**Mr BATCHELOR** — That is right.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the no-interest loans schemes. The year before last government committed \$4.7 million over four years to that program. Can you tell the committee in view of the worsened economic environment whether any additional funds have been committed to that scheme this year; in terms of money already committed, how it is treated either as an output or asset initiative in the sense that it is a loan; and the performance of that scheme in terms of numbers of loans on issue, any history of defaults and the total value of the loan on issue?

**Mr BATCHELOR** — I will ask Mr Gregory to comment in a moment on its accounting treatment, but the no-interest loan scheme I think is a terrific scheme. It is run by the Good Shepherd Youth and Family Service. They provide low-interest loans of up to about \$1200 to low-income earners, and they assist these qualifying participants at times of emergency to purchase essential household items, say, maybe if the fridge breaks down or a baby might arrive and they might not have a washing machine or dryer — these sorts of things. Not only are they provided with the loan but they are provided with counselling and assistance to encourage them to manage their household budgets and to meet their various commitments.

In 2006–07 we committed \$4.7 million over four years. This increased the number of providers from 41 to 77, and the number of loans over this period increased from 850 to 4000. So it is a program that when it was established was for over a four-year period, and that commitment is continuing. Accordingly the number of loans and the number of people that it is servicing is systematically increased. The program, however, is, as I said, delivered by Good Shepherd but also the National Australia Bank. From an original commitment of \$3.3 million, the NAB has extended its commitment to \$5 million, in response to the success, as they see it, of both delivering assistance and the participants repaying those loans. Our commitment to this program in the 2006–07 budget has enabled us to leverage the external contribution from the National Australia Bank to extend the quantum and the reach of the program. You asked about accounting treatments.

**Mr GREGORY** — It is treated as a grant, because the loans are not with us, they are with the Good Shepherd, so we have granted the money to the Good Shepherd. The loan will get repaid to the Good Shepherd, and it will reissue the money as new loans.

**Mr RICH-PHILLIPS** — Do you have any information on success in terms of default rates or any feedback from Good Shepherd?

**Mr BATCHELOR** — Yes, we do. The feedback is that about 95 to 97 per cent of loans are repaid without default. This is a very high level of repayment amongst what in conventional terms would be regarded as a high-risk group. A fairly rigorous assessment process is undertaken by the Good Shepherd before a loan is provided, and they are provided through organisations not just necessarily the Good Shepherd but local organisations — community health centres, refugee and settlement organisations and Odyssey House — which have an additional relationship with the applicants in addition to the loan testing. The process also provides, as I said, some additional counselling support and financial assistance, and the hosting organisation takes an ongoing interest in terms of how they are going and if there are any problems. It is intensive, but it does produce a return.

**Mr RICH-PHILLIPS** — Does the government grant contribute to the counselling mechanisms or does the grant purely go to the actual loan mechanism?

**Mr BATCHELOR** — The corpus — the amount that is loaned out — comes from the National Australia Bank, and we fund the support services to facilitate it.

**The CHAIR** — There is also an emergency grants program, is there not, for white goods?

**Mr BATCHELOR** — Yes. It is a no-interest loan scheme. Elsewhere in government?

**The CHAIR** — Yes.

**Mr BATCHELOR** — Yes, but not as part of this; that is correct. There is one in East Burwood — a NILS program. What do you think of it?

**The CHAIR** — Pretty good. I have not used it, but I am told it is very good.

**Ms MUNT** — I refer you to page 178 of budget paper 3 under ‘Community development’ where it mentions:

Projects funded through the Victorian Community Support Grants program for the purpose of planning, community strengthening and infrastructure.

I noticed in your opening presentation that the estimated expenditure under the Victorian Community Support Grants program for 2008–09 was \$15.4 million, dropping in 2009–10 to \$11.9 million. Could you explain that revised expenditure? Are there any other streams of funding that are taking up that slack? Could you explain that to me?

**Mr BATCHELOR** — As I said in my presentation, the government determines the allocation of funding from the Community Support Fund. As you can see from that chart, it does that to a range of portfolio departments’ initiatives that are consistent with the legislation covering the fund. One of those grant streams is the Victorian Community Support Grants program. It is a program that supports communities to become stronger, better resourced and more inclusive places. This was announced in 2004. It enabled many communities to undertake a broad range of activities, such as community planning, infrastructure initiatives and community strengthening. It was a program based on applications. They were considered and provided to those community organisations and local councils that fell within the funding guidelines.

Subsequently the government provided other streams or grants within programs within the Community Support Fund. Some of the programs that were previously incorporated under the community support grants program were picked up by other funding streams. It is not a diminution of the amount going to these, but rather an expansion of the sorts of programs and grant streams that are now available in a broader range. In addition to the community support grants program, which is of similar size, we also have other programs, such as Modernising Neighbourhood Houses. Previously you could get that under the Community Support Fund, but another stream of funds has been made available for that specifically targeted towards neighbourhood houses.

We have also had volunteer grants that previously were part of it but which now have their own grant stream. We have also got a stream fostering the participation of men through the men’s sheds program. Another stream is the development of community enterprises. Whilst it may look like the level of support provided to the Victorian Community Support Grants program has decreased, actually there are these additional programs that are now available. We provide other funding streams, but they all still come under the umbrella of the Community Support Fund.

**Mr RICH-PHILLIPS** — Minister, can I take you to page 178 of budget paper 3, which is the community development output group. The question is in relation to the key performance measures which, with one exception, are all new for this year.

Equally you have abandoned roughly 20 key performance measures that were applicable to last year and earlier years that were in quite a degree of detail as to the performance of various programs under the community development portfolio. Given this committee’s previous comments, of which you would be aware, about the need for continuity of measures in order to be able to compare years, could you explain why those 17 or 18 measures have been abandoned and these new ones put in place?

**Mr BATCHELOR** — I am aware of the need for continuity, but the structure of government does change and we need to have the public accounts reflect those changes. Even within government areas of ongoing activity, decisions and priorities change over time, and that is true with community development in particular, because many of our activities are based on funding of programs for limited periods of time. An objective is sought and action is taken to address that, and then at a later point in time new priorities come forward.

We do not have the funding either in this program or indeed in the Victorian budget just to always incrementally add on top of an existing base. We are very specific in community development because we want to try to grow organisations and grow their strength and resilience so they can be financially independent and sustainable themselves. Then we place a bit of an emphasis on having programs that run for a defined period of time and address an issue, and we try to make that organisation sustainable or that program address the issue and address a contemporary issue of disadvantage.

We believe the new community development measures streamline the previous ones. They better reflect initiatives for Victorian communities, and hopefully they will be more sustainable going forward. But subject to that qualification always, as we change initiatives, which is a key feature of this portfolio — that is, changing initiatives over time — we do so to meet the required circumstances. You would have heard how within, say, our community support grants program we have placed great emphasis on supporting volunteering in bushfire-affected areas this year rather than spreading them thinly across the state. That has happened in a number of areas, and I think the reason for that is quite obvious. But we did undertake a review in consultation with the Department of Treasury and Finance, and we think it satisfactorily meets the requirements of the new community development area going forward.

**Mr RICH-PHILLIPS** — I guess, Minister, the old ones, which are on page 457, did relate to a lot of programs that are going forward, such as the CSF, community funding, the NILS program et cetera; so they are still contemporary programs, even though you have abandoned the measures.

**Mr BATCHELOR** — The footnotes there in the budget papers do provide an explanation of the linkages between the old and the new.

**Mr RICH-PHILLIPS** — There is a lot of consolidation.

**Mr BATCHELOR** — Yes.

**Mr RICH-PHILLIPS** — So a lot less detail.

**The CHAIR** — You will find in the department's response to the questionnaire in question 8.1 there is a detailed explanation of that: to allow for the assessment of the department's production and delivery of outputs. We are very interested in outcomes rather than just simply the outputs, Minister, and I am sure you are too.

**Mr RICH-PHILLIPS** — And some detail.

**Mr NOONAN** — Minister, I want to follow up on A Fairer Victoria. You spent a considerable period of time in your presentation just setting the social framework in terms of your responsibilities in this area. I note in budget paper 3 that pages 37 right through to 42 outline in some further detail all the commitments under A Fairer Victoria. I just wonder whether, for the committee's benefit, you might outline what new commitments exist as part of this budget estimates period and how those new commitments will support communities in the current difficult economic climate.

**Mr BATCHELOR** — Sure. I think in the presentation I outlined the four priority areas: getting the best start, improving education, improving health and wellbeing, and developing livable communities. We have achieved really quite significant improvements in these areas, and we want to continue that.

This year's *A Fairer Victoria* reflected the unprecedented cooperation with the commonwealth government, particularly around education, housing — social housing — health and indigenous Victorians. We have our \$926 million A Fairer Victoria initiative, but we also have \$2.8 million over five years of new commonwealth funding. That will be for important social initiatives, which will be organised through the national partnership agreements. There are an number of specific purpose payments which will also have a beneficial impact on the disadvantaged in this area in Victoria.

The areas that the national partnership will concentrate on include indigenous early childhood development and literacy and numeracy in our schools, particularly in low socioeconomic communities. In terms of health the concentration is on promotion and illness prevention. Also included are, as I mentioned before, closing the gap on life expectancy for indigenous Victorians and the area of particular importance to the Prime Minister, which is homelessness and the development of new housing units.

These are the areas that we think can lead to significant improvements because of the additional quantum provided by the commonwealth on this occasion.

**Mr RICH-PHILLIPS** — Minister, I take you to page 173 of the same budget paper, which refers to the indigenous community and cultural development outlook group, which I assume is under the Minister for Aboriginal Affairs rather than yourself.

**Mr BATCHELOR** — That is correct.

**Mr RICH-PHILLIPS** — There is a footnote there in relation to the output cost — relating to the decline in output cost. The footnote is (s), which says:

The decrease in total output cost from the 2008–09 expected outcome to the 2009–10 target relates to a number of programs lapsing at the end of 2008–09. However, these programs have received additional funding as part of the 2009–10 budget from the Community Support Fund.

My question is: why is the Community Support Fund being used to replace funding that was previously provided through a general appropriation? You may be aware of the all-party committee on gaming licensing last year which made a finding that the CSF should not be used to replace general appropriation. There is another example like this. The question is why is the CSF being used in this way to fund something that was previously funded through the budget appropriation?

**Mr BATCHELOR** — I think on this occasion some of the decisions that were made by the government in relation to the allocation of funding streams from the Community Support Fund provided on this occasion some funding for some programs but they were not on an ongoing basis; they might have been for one or two years, from memory, but not on a recurrent basis. These are programs that were within the legislative guidelines of the Community Support Fund and really provided a mechanism for meeting the needs of that occasion but not on an ongoing or recurrent basis, which I think was the basis of the original concern expressed by the all-party committee. I am not aware that we made any ongoing. I will check the veracity of that; there might be one or two-year commitments or that type of commitment but not an ongoing commitment to fund them from the Community Support Fund.

**Mr RICH-PHILLIPS** — Could you please clarify how long they do run for under CSF funding? Will you take that on notice?

**Mr BLACHER** — That depends on the program. You asked specifically in relation to the indigenous program?

**Mr RICH-PHILLIPS** — Yes.

**Mr BLACHER** — There is three years of funding coming out of the CSF for that particular program.

**Mr RICH-PHILLIPS** — So up to 2011–12?

**Mr BLACHER** — Up to and including 2011–12. That period of funding — one, two, three, sometimes four years — is quite usual; nothing exceptional there.

**Ms HUPPERT** — Minister, in your presentation relating to A Fairer Victoria you talked about the renewal programs. I note that in budget paper 3 on page 285 there is an allocation of \$9.3 million for community renewal programs; it is an extension. Could you please outline for the committee some of the work that has been achieved by community renewal so far and how that extension will benefit communities during the forward estimates period?

**Mr BATCHELOR** — This is part of our place-based initiatives. You would have seen the distribution map.

**The CHAIR** — Do you want to show that again?

**Mr BATCHELOR** — The community renewal projects, if you like, are a companion to the neighbourhood renewal which is administered out of the DHS and has been going for a longer period. This is a program that addresses location disadvantage in specific locations which are not dominated by the DHS housing estates and has been going for three years. It has been funded for three years.

The government made a decision to extend that funding for a further three years. We believe what had been achieved in terms of forming the strong local partnerships between residents and businesses and governments and community organisations had been helping people have a say and was worthy of extension. The sorts of things we would like to see developed over this three-year period are primarily to see the activities in each of these eight locations become more self-sustaining. They understand that and their primary objective is to access



external sources of funds or to build up all community organisations that would enable them to continue operating without government assistance.

We would expect them to work with local businesses to see if they can stimulate employment opportunities as well as a funding stream. We also want them to see if they can reciprocate that by stimulating local business activities through the use of community and social enterprises. These are where local people get together and establish a community enterprise that provides local employment and training opportunities but does that in the context of a business setting and teaches them business skills and can help them get job-ready or, if they are really successful, keeps them employed in viable local businesses. We also think they should look at increasing training opportunities, particularly linking with the federal employment programs.

There is a lot of money available at the federal level for employment programs and training opportunities, and we would like to see our community renewal programs leverage funding from those areas. We also want to see the community renewals — and we think that they will — link both children and importantly I suppose the decision-makers, the parents, into early childhood services and quality education in their local community, which is all designed to invest in the human capital of our young citizens.

We want them to enhance their ability, to be sustainable in the long run by developing confidence, new local leaders and networks so that people can essentially take charge of their community's own future. We are providing the support for them through the extension of this program.

To date we have seen seven community enterprises already funded, and they have created 46 jobs. That is not a large number, but it is at a very local level. It helps disadvantaged people, citizens who might not have been terribly interested in employment activity but have become job ready. We think that that will help them to be resilient during this economic downturn.

We have also seen local partnerships and collaborations right across the state, partnerships between other state departments and local community renewal activities, with federal governments, with businesses and, increasingly, with philanthropic organisations. We have also had local residents — in excess of 1500 — participate in volunteer activities. They have brought together nearly 100 community events to try to strengthen and bolster community participation, ranging from thankyou days through to ceremonies for young people and skateboarding events. They are the sorts of activities that have been successful in the past and we would like to see them continue.

**Ms PENNICUIK** — Minister, with regard to the Community Support Fund, I note that Victorians lost \$2.6 billion on poker machines in pubs and clubs last financial year, the Community Support Fund is the same \$108 million as it was the year before, and \$29.6 million of that goes on problem gambling. I just make that point. I am interested in the community support grants, which are the \$11.9 million. If you look at page 475 of budget paper 3, there are four of what look like large projects there. They add up, in my figures, to \$4.45 million. I presume that is \$4.45 million of the \$11.9 million. It also states there:

... approved funding for a number of local governments to undertake community infrastructure and planning projects.

It is not detailed, because you cannot get the information from the councils, or something, in time to detail it here. Can you confirm that? There are two questions to this. One is: would that information be available to be put up on the website, detailing those other projects funded by the community support grants? The other question is: what is the criteria for the allocation of those grants in terms of allocating the money to particular areas? The money comes out of particular areas — for example the Skyways Taverner in Airport West, which you might know about.

**Mr BATCHELOR** — No, I don't. What is it like?

**Ms PENNICUIK** — It reaped almost \$60 million from poker machines in three years and it is the biggest poker machine venue outside Crown Casino. Obviously money from there goes into the Community Support Fund. My question is about allocation to areas where the money is coming from.

**Mr BATCHELOR** — There were two questions there, and I am happy to answer both of those. The first one was, 'Is there a detailed list of the grants under the Victorian community support grants program?'. The answer to that is, 'Yes'. I think it is in our annual report, and it is also on the Web.

**Ms PENNICUIK** — I could not see it on the web. I was looking.

**Mr BATCHELOR** — It might be easier to find in the annual report.

**The CHAIR** — The tables office would have a copy.

**Mr BATCHELOR** — Yes, that is right. They are listed in the annual report in a chapter or on a page in the appropriate section. But that is just for that grant stream. If you look at the blue table you have there, I think it is the one on the left. They have been published in our annual report for quite some time. They are the ones that I am responsible for, and we itemise them there for three years, for transparency reasons.

The criteria for what can be funded under that grant program are also on the Web and they change over time, as I indicated earlier on. This year we will be having greater emphasis on bushfire areas. I do not know what number of poker machines there are in the bushfire-affected areas. There are probably not many but, because of the needs basis, they will receive a greater proportion of that grant stream over the last financial year and the next financial year. Once the recovery process has concluded, there will be a needs basis somewhere else. We do not link the grant streams directly to the areas where the activity takes place.

**Ms PENNICUIK** — So there is no correlation between the gambling losses and the amount of money that comes through the Community Support Fund?

**Mr BATCHELOR** — No, the fund receives money from the electronic gaming machines, and that is a fact of law. Then when we allocate our portion of the Community Support Fund to various allocations, they are based on an assessment of needs and how they match the guidelines that are current at that point in time.

**Mr SCOTT** — Minister, I would like to ask you a question regarding the whole-of-government volunteering strategy which you referred to in your presentation and is also referred to on page 343 of budget paper 3, which refers to development of a volunteering strategy to promote community participation in volunteering. Can you please outline what this strategy aims to do?

**Mr BATCHELOR** — Volunteers make a substantial contribution to our community. I have described them elsewhere as the lifeblood or the glue that holds communities together. I think at the time of the recent bushfires emergency, the role and preparedness of people from right across the state to lend a hand at a moment of need was really important, and volunteering can hold its head up high as a result of the contribution people made.

There have been estimates that in economic terms it is worth about \$10 billion a year to the Victorian economy. Volunteering is an important part of the economic, as well as the social, life of Victoria. We have allocated \$9.3 million to implement three key areas of this strategy. We want to have a major awareness and recruitment campaign to promote community participation.

We have learnt from, as I think I said earlier, the experience after earlier or other bushfires that there is an exhaustion factor. We want to say to community organisations, particularly ones like the CFA, 'Be aware of this phenomenon and take steps to keep those that you have got', and try to help them gain new volunteers. We are going to provide another element to this campaign for this year, which is resources and support to organisations to attract more younger people, and we are establishing an online portal which is in the language of the vernacular of young people and makes it a bit more accessible in terms of trying to get people to volunteer.

We do all of this because we know that when people are connected, they are happier and healthier, you have stronger and more active communities, and when a troubled time arrives, if you have a more connected community, you are able to deal with issues in a more constructive and meaningful way.

Again this came through in a number of areas that were severely affected by the bushfires. The local leadership that came to the fore was best in those areas where the community building initiatives were in place; they are a bit like our neighbourhood renewal programs, which you would know about from your own area, Mr Scott.

In 100 towns across country Victoria, there is the rural equivalent, the community building initiative. Up at Kinglake the outstanding community person was Anne Leadbeater, and she just happened to be the person who was the community building initiative engagement officer for that area. The skills that she learnt undertaking that task were able to be brought forward at a time of great need, and people turned to her. That is why we are

wanting to maintain these place-based initiatives and to be similarly supported by an active campaign of retaining, gaining and training volunteers.

**Mr RICH-PHILLIPS** — Minister, I take you back to the community development output group on page 178 of budget paper 3. Given this is now a consolidation with other things including neighbourhood houses, men's sheds and so forth, I wonder if you could provide the committee with a breakdown of that output cost? I understand that some of it is the net CSF money and the difference between inflows and outflows, but could you please break down the rest of it into its component parts as they relate to neighbourhood houses and men's sheds et cetera?

**Mr GREGORY** — I would have to take that on notice.

**Mr BATCHELOR** — Is that clear — what the request is?

**The CHAIR** — Yes, that is clear? Thanks for that.

**Ms MUNT** — Budget paper 3, page 178, refers to support for community enterprises. How will social traders build on this support, and how will that provide outcomes for disadvantaged Victorians? Could you please explain how social traders will work in a little bit more detail?

**Mr BATCHELOR** — I spoke earlier about our concept of community enterprises — they can also be referred to as social enterprises — where within an area, community members identify a commercial task that could be supported. They establish a business, work at it in a business-like way, gain skills in employment and bring social good to their local area.

An example of this is a fresh fruit and vegetable market that was established out in Frankston North. It is in a community renewal area. It is a social enterprise set up through the Brotherhood of St Laurence, I think, and the community has established a small fresh fruit and veggie market for the local community. It was established in the school hall, and every Friday, I think it is, people come along and buy their fresh fruit and vegetables and in increasing quantities. They buy fresh fruit and vegetables that they have not purchased previously and are given assistance on how to use and prepare meals from them. This is being set up with some assistance and guidance from the Brotherhood of St Laurence, and we have provided money to the Brotherhood of St Laurence to provide the administrative support to these organisations.

There are a number of examples of these where the Brotherhood of St Laurence and AMES have been leading the way. It is a social phenomenon that has been observed to deliver sustainable and enduring outcomes. There is a network of around 100 community enterprises that have been supported through our strategy since 2004 and they have generated up to 500 new jobs. Another example is the Sorghum Sisters, who have set up a catering business. They are refugees from the Horn of Africa. They have set it up in a refurbished kitchen in Carlton and they have now got a viable business supplying catering facilities but also training opportunities for refugee women in the high-rise flats here.

Social Traders is an extension of this. It is an arrangement we have entered into with a philanthropic organisation to provide a new source of community enterprises. Social Traders is a partnership where we have put in \$4 million and the philanthropic organisation has put in \$4 million. They are also providing in-kind support from businesses and community organisations and they will provide the community sector with relevant social businesses and community enterprises. It is in its embryonic and establishment phase at the moment and will start establishing enterprises later this year.

But there are a couple of significant and interesting developments here. Firstly, the government has gone into partnership with a philanthropic organisation, or a philanthropic organisation has gone into partnership with the government. They have put substantial amounts of money into a program that both they and we see as valuable in helping community organisations foster what in the jargon is called economic participation. We are helping people get a job, and often the best social help you can provide somebody is to help them get a job, an enduring long-term job.

**Ms MUNT** — Do you think as the program develops it might also link to other government departments? I see a link with social housing and a range of other links that could be put in place.

**Mr BATCHELOR** — Yes. This idea of community enterprises is already a concept that is adaptable and able to be picked up by other government departments. Sustainability Victoria, for example, has a retrofit program for homes in disadvantaged areas where they install water and energy-efficient devices. It provides jobs and training for people from the local area or from housing estates. Also, of course, in providing this training opportunity in the way that it does, it reduces the energy and water bills of those individual households, so it helps them.

The Department of Human Services uses it as part of its tools for community engagement in the neighbourhood renewal program. These are areas that get good support.

**Ms MUNT** — In my electorate there is a group that makes curtains for people when they move into social housing so that they have their own curtains. There is an embryonic business going on there.

**The CHAIR** — That is a good idea. I might add, Minister, that with this new rollout of federal money in terms of insulation, there should be enormous opportunities there in order to provide many jobs for exactly the people you are seeking to target, I would have thought.

**Mr BATCHELOR** — Yes. There is a bit of an issue there. We would have liked it to have been a much more structured program through community enterprises in the delivery of the federal program to install insulation. It is effectively going to be available to almost every house that does not have it in Victoria. It is a huge program. I think they have decided on a slightly different delivery model. You will be able to participate in that as a sort of provider by getting an accreditation. Then you would be able to go to work for one of those who undertakes this, so it is going to provide local opportunities and skill up people in a relatively quick and useful way.

**Mr RICH-PHILLIPS** — Minister, can I take you again to that community development output group?

**Mr BATCHELOR** — On page 178 again?

**Mr RICH-PHILLIPS** — Yes, 178, and the footnote on 181, which is footnote (h) relating to the Community Support Fund. It notes that it includes an adjustment of \$6.1 million for the CSF:

... being the difference between the estimated revenue of \$101.9 million and estimated payments of \$108 million in 2009–10.

It is that figure of \$101.9 million for revenue. I am just wondering, holding that figure in mind, if you could go to budget paper 4, which is the statement of finances, at page 237. Down the bottom it lists the actual payment into the Community Support Fund under the Gambling Regulation Act.

It lists it for 2009–10 as \$98.86 million, which is roughly a \$3 million difference between what the other budget paper says and what that appropriation says. I am just wondering if you can reconcile the difference between those two amounts.

**Mr BATCHELOR** — Sure. I will do that by asking Mr Gregory to help.

**Mr RICH-PHILLIPS** — You or Mr Gregory. I thought I would put the question to you first.

**Mr GREGORY** — In relation to that, that is the appropriation from the gaming money, but it is also \$3 million worth of interest on funds within the CSF expected to be earned through the year. So there is \$3 million worth of interest revenue that stays within the fund to fund programs.

**Mr RICH-PHILLIPS** — And does that figure include the money that goes off to the veterans fund?

**Mr GREGORY** — Yes. It is within the \$108 million, yes.

**Mr NOONAN** — Minister, I wanted to ask about the Office for the Community Sector, which was established not so long ago and is referred to in budget paper 3. I wonder whether you could provide an update on the progress of the office and details of any performance measures that have been sent to the office over the forward estimates period.

**Mr BATCHELOR** — The Office for the Community Sector was established following a review that was undertaken by Professor Fels and our response to that review. It was launched in 2008, and it has got a funding

commitment of \$13.8 million. Our response to this review by Allan Fels is to set out our practical strategy to fulfil the government's commitment to developing the not-for-profit sector and ensuring its long-term sustainability.

I think I mentioned to you before that volunteering delivers about \$10 billion to the Victorian economy, and as part of that the not-for-profit community organisations really deliver a valuable service to individuals and the community. In particular they provide opportunities for economic participation — I mentioned that before — but also for social participation. They are really central to developing strong communities, and that is why we are keen to see that the integrity, the strength and the capability of this sector as a whole and of individual organisations are established and enhanced.

To support them, if you like, to establish a champion for the not-for-profit sector within government, we established the Office for the Community Sector to work with the not-for-profit sector and to work with other government agencies to try to identify areas where government assistance could be provided to help reduce any barriers, to reduce red tape and to try to provide for financial sustainability. A number of bills, for example, have been amended around fundraising as part of this program to reduce the regulatory burden.

We are trying to establish some community foundations in areas that are experiencing disadvantage. We have set money aside to do that through the Office for the Community Sector. I would acknowledge that that is probably a lot harder these days than when the idea was first germinated, but nevertheless we will continue to do that. We want to have foundations that are from and for local communities to help organisations on an ongoing basis.

The Office for the Community Sector is also working with NGOs to develop a model framework in relation to workforce challenges. There are a variety of challenges facing the not-for-profit sector, including issues of retaining staff, getting in new and fresh ideas and retraining. We are also working with the sector through the Office for the Community Sector to see whether it is appropriate to establish a new representative body so that the voice of the not-for-profit sector can be heard loud and clear, and unambiguously.

A new task, I suppose, that the Office for the Community Sector has had to take on board is working in a way that is proactive to the challenges that are presented to NGOs from the economic downturn. We recognise that the economic downturn is going to have an economy-wide impact, and we want to know how it impacts on our not-for-profit sector as well as in other areas, and our Office for the Community Sector will do that.

**The CHAIR** — The final question on this portfolio, from Mr Rich-Phillips.

**Mr RICH-PHILLIPS** — Minister, just a question on the CSF again about the balances. I note the government has had a policy in the last couple of years of committing more expenditure each year than revenue to bring down the balance of the fund. Can you tell the committee, please, what the estimated 30 June balance in uncommitted funds will be for this year?

**Mr GREGORY** — The estimated balance at the end of this financial year will be \$47 million.

**Mr RICH-PHILLIPS** — And that is uncommitted funds, or is that a cash balance?

**Mr GREGORY** — No, it is committed funds.

**The CHAIR** — Unexpended, isn't it?

**Mr GREGORY** — It is committed but unexpended. We have committed that we will spend these moneys, but the timing of the payments will occur over the next two or three years.

**Mr RICH-PHILLIPS** — So effectively there will be a zero uncommitted balance that has not already been committed to projects?

**Mr GREGORY** — Yes, that is correct.

**Mr BATCHELOR** — Each year we get \$108 million to commit.

**Mr GREGORY** — There are no uncommitted funds for the next two years in relation to the CSF. It has been committed on three or four-year programs and grant programs that will cover the next two or three years.

**Mr RICH-PHILLIPS** — So going forward you will not be able to commit more than you are receiving in revenue?

**Mr GREGORY** — There are programs within there, like the VCSG, that are uncommitted in themselves. Out of the program that the minister administers himself we have not committed all the funds, but in theory we have allocated them to a program. We will not be allocating any more programs. There are individual grants you can pay out of those programs, but they are all allocated in relation to programs over the next couple of years.

**Mr RICH-PHILLIPS** — Thank you.

**The CHAIR** — I thank Ms Miles, Mr Ferrie, Mr Gregory and Mr Blacher for their attendance.