

## CHAPTER 14: THRIVING ECONOMY

### **Key findings of the Committee:**

- 14.1** There were difficult economic conditions in 2008-09, most notably the effects of the Global Financial Crisis, the February 2009 bushfires and continuing drought. These required the Government to adapt existing programs and implement a number of new ones in response.
- 14.2** The Securing Jobs for Your Future – Skills for Victoria policy includes among its goals adapting skills training to the demands of the labour market and upgrading TAFE facilities. Skills Victoria has developed a framework for analysing what skills are needed in Victoria and a suite of performance indicators monitoring government initiatives. The Committee believes that it would be valuable to publish this information. A number of TAFE upgrades are progressing to schedule.
- 14.3** Significant funding has been provided to increase the number of apprentices and trainees and to increase their completion rates. The available statistics suggest that the Government’s programs have achieved some success, but it is important for more data to be provided in the future to fully assess these programs.
- 14.4** The Skill Up program aided a larger number of workers than in previous years, but the Victorian Skills Commission was unable to provide any measures of the quality of the program.
- 14.5** The Department of Planning and Community Development was able to facilitate Nation Building projects to quickly create jobs in Victoria to mitigate the effects of the Global Financial Crisis in 2008-09.
- 14.6** The Global Financial Crisis has also impacted on investment in Victorian energy and earth resources, and on research and development in the agriculture sector. The amount of money flowing into these fields from private industry was reduced in 2008-09.
- 14.7** The Government’s initial response to the February 2009 bushfires included a \$51 million assistance package for businesses and farms and a \$10 million Tourism Industry Support Package. These programs were substantially implemented within the 2008-09 financial year. A range of performance indicators has been set for the Tourism Industry Support Package but performance indicators could be improved for the business and farm assistance package.
- 14.8** Victoria has made progress in a number of key areas of competition and regulatory reform identified in the Council of Australian Governments’ National Reform Agenda.
- 14.9** The Government has introduced a range of measures to cater for Melbourne’s increasing population, including moving towards a multi-centred city, planning reforms, assisting local councils to plan for additional housing and co-ordinating action between State and Commonwealth governments. The creation of six Central Activity Districts around Melbourne is a particularly significant change with a substantial funding commitment. It is important that the progress of these areas at achieving the Government’s aims be monitored and reported.

**14.10 The Department of Transport has commenced a project to identify potential future skill shortages. The Department is currently implementing a number of programs to reduce this risk and will introduce more as a result of the project.**

**14.11 For the previous two years, the proportion of V/Line trains running late has been significantly above the target. There was a slight improvement between 2007-08 and 2008-09.**

**14.12 The Safe Taxi Audit has now inspected every taxi cab in Victoria. Although the proportion of taxis conforming to the quality standards was below the target in 2008-09, a number of actions have been implemented to improve this in the future.**

## **14.1. Introduction**

Thriving Economy is the first *Growing Victoria Together* vision examined by the Committee in this year's Financial and Performance Outcomes Report.

## **14.2. More quality jobs and thriving, innovative industries across Victoria**

There were difficult economic conditions in 2008-09, including the effects of the Global Financial Crisis, the February 2009 bushfires and the prolonged drought. These conditions created new challenges for the Government in trying to facilitate employment and investment in Victoria.

Statistics from the Australian Bureau of Statistics provide a measure of the impact of these conditions on the job market. The participation rate remained relatively constant between 2007-08 and 2008-09 (dropping from an average of 65.2 per cent in 2007-08 to an average of 64.6 per cent in 2008-09). However, the unemployment rate rose from an average of 4.5 per cent to 5.1 per cent for the year.<sup>351</sup> The Government has also indicated that employers have tended to reduce the number of hours more than the number of employees.<sup>352</sup>

Some aspects of the way that the Government tackled the economic challenges in 2008-09 have been discussed in Chapter 7 (Fiscal Stimulus Packages and Grants) and Chapter 9 (Response to the February 2009 Bushfires).

### **14.2.1 Adapting training to meet changing Conditions**

The Department of Innovation, Industry and Regional Development explained that it undertook additional activities in response to the Global Financial Crisis, which included the following actions to assist with employment:<sup>353</sup>

- *introduced a retrenched workers package to assist with retraining and re-entry into the workforce;*
- *boosted apprenticeship retention and completion measures; and*
- *implemented the National Building and Jobs Plan with a greater than normal level of industry briefing in the lead up to the tender processes.*

351 ABS Cat. No. 6202.0

352 Department of Treasury and Finance, *Financial Report for the State of Victoria 2008-09*, 14 October 2009, p.15

353 Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.37

## Securing Jobs for Your Future – Skills for Victoria

In addition to those activities, 2008-09 also saw the commencement of the *Securing Jobs for Your Future – Skills for Victoria* policy. The policy was released in August 2008 with a staged implementation beginning from 1 January 2009.<sup>354</sup> It was designed to address a skills shortage in the Victorian labour market<sup>355</sup> through providing \$316 million over four years ‘to create over 170,000 new training places, upgrade TAFE facilities and deliver more flexibility for individuals, employers and training providers.’<sup>356</sup>

The policy’s goals include, ‘increasing the number of people undertaking training in the areas and at the levels where skills are needed for Victoria’s economic and social development.’<sup>357</sup> The Victorian Skills Commission advised the Committee that:<sup>358</sup>

*A key goal of the Securing Jobs for Your Future – Skills for Victoria policy statement is to enable employers to engage more effectively with the demand driven training system. The vehicle to achieve this is through more effective information provision that will enable employers to easily find information about the skills system, current information on employment and skills shortages and to encourage employers to take up the Victorian Guarantee.*

*In terms of determining skills needs, Skills Victoria, on behalf of the VSC, has developed a labour market intelligence monitoring and analysing framework. This includes the collection and analysis of a wide range of secondary information including:*

- *macroeconomic data (main sources: Victorian Department of Treasury and Finance, Access Economics, Australian Industry Group, Australian Bureau of Statistics);*
- *skills needs information:*
  - *other skill shortages lists (main sources: Workforce Victoria, Department of Education, Employment and Workplace Relations, the Clarius Skills Index, the Hudsons Report);*
  - *Industry Training Advisory Bodies industry skills needs reports – validated by Access Economics;*
  - *other industry intelligence – Department of Innovation, Industry and Regional Development industry divisions, Market Facilitation Strategy; and*
- *employment demand forecasts for occupations/skills from the Centre of Policy Studies Monash model.*

354 Department of Innovation, Industry and Regional Development, *Securing Jobs for Your Future – Skills for Victoria*, August 2008, p.32

355 *ibid.*, p.4

356 Skills Victoria, *Ministerial Statements* webpage <<http://www.skills.vic.gov.au/corporate/directions/ministerial-statements>>, accessed 30 March 2010

357 Department of Innovation, Industry and Regional Development, *Securing Jobs for Your Future – Skills for Victoria*, August 2008, p.10

358 Victorian Skills Commission, response to the Committee’s 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.3

*Skills Victoria is updating the analysis on an ongoing basis, incorporating new data and input as they become available, with industry intelligence used to validate the analysis.*

*All of this analysis contributes to the aforementioned information provision.*

In terms of measuring its performance relative to the goal of ‘*increasing the number of people undertaking training in the areas and at the levels where skills are needed*’, the Victorian Skills Commission informed the Committee that this is done:<sup>359</sup>

*...through statistical monitoring reports prepared by Skills Victoria on both a quarterly and annual basis.*

*The VSC Quarterly Dashboard Report provides a suite of performance indicators, with a particular focus on tracking the impact of initiatives contained in Securing Jobs for Your Future – Skills for Victoria. This includes indicators which measure the areas and levels where skills are needed such as VET activity at the Diploma and Advanced Diploma levels and activity by apprentices and trainees. Data for training at the industry level is also provided.*

*The annual VSC Outcomes Monitoring Report provides Commission members with a broad suite of performance indicators, many of which measure the areas and levels where skills are needed. This includes indicators which measure workforce participation, equitable access to skills development and opportunities for existing workers to build higher qualifications.*

The Victorian Skills Commission informed the Committee that there are not yet any data available to measure the Commission’s performance to date.<sup>360</sup>

Crucial to the success of the *Securing Jobs for Your Future – Skills for Victoria* policy is that the training be appropriate as far as possible to the requirements of the labour market.<sup>361</sup> The Committee recognises that a more demand-driven approach is a key element of how this will be achieved. However, it is still important for there to be analytical work undertaken by the Government to ensure that the program is effectively meeting all of the market’s needs. The Committee therefore welcomes the description of Skills Victoria’s ‘*labour market intelligence monitoring and analysing framework*.’

The Committee is particularly pleased to see this in light of its recommendation in a previous report that:<sup>362</sup>

*...the Department of Innovation, Industry and Regional Development gather information covering the small business sector which stratifies the number of jobs created by firm size and per sector/industry in each year.*

---

359 *ibid.*, p.4

360 *ibid.*

361 Department of Innovation, Industry and Regional Development, *Securing Jobs for Your Future – Skills for Victoria*, August 2008, p.15

362 Public Accounts and Estimates Committee, *Report on the 2007-08 Financial and Performance Outcomes*, May 2009, recommendation 40, p.311

The Government's response to this recommendation accepted it in principle but noted that this information was not currently available through the Australian Bureau of Statistics.<sup>363</sup> The Committee hopes that the data gathered by Skills Victoria may enable the Department to provide at least some of the recommended information which is not available from the Australian Bureau of Statistics.

The Victorian Skills Commission does not publish its Quarterly Dashboard Reports or annual Outcomes Monitoring Report on its website. Although the Department of Innovation, Industry and Regional Development has introduced some new performance measures related to the *Securing Jobs for Your Future – Skills for Victoria* programs into its departmental output statement in Budget Paper No. 3, these measures generally relate to quantities of users (either businesses or employees). These measures do not provide information about what industries are being catered to or whether the needs of both small businesses and large corporations are being met. The Committee considers such data crucial for assessing the effectiveness of the programs by making it possible to identify any industries needing additional assistance and whether the program is sufficient for both large and small businesses and is successful at catering to all needs.

The Committee notes that the Victorian Skills Commission is monitoring and internally reporting its progress on such measures. Accountability could be improved if this information were made publicly available.

**Recommendation 34:**     **The Victorian Skills Commission publish the Quarterly Dashboard Reports and annual Outcomes Monitoring Report on its website.**

**Recommendation 35:**     **The Victorian Skills Commission annually produce a new report providing a detailed analysis of the skills needs identified in Victoria and how the Government's programs have performed relative to meeting these particular needs.**

**Recommendation 36:**     **The Victorian Skills Commission's publications should include statistics of which skills are needed, which industries need them and what size firms (in terms of their numbers of employees) require the skills.**

### **TAFE Facilities**

In addition to new training places, upgrading TAFE facilities is one of the elements of the *Securing Jobs for Your Future – Skills for Victoria* program.<sup>364</sup> The Department of Innovation, Industry and Regional Development's 2008-09 annual report mentioned that Victoria has secured \$168 million of funding for asset management in TAFE institutes.<sup>365</sup> The Committee also notes that significant money was provided in the 2008-09 Victorian Budget for TAFE maintenance and asset investment.

363 Victorian Government, *Responses to the Recommendations of the Public Accounts and Estimates Committee's 87<sup>th</sup> Report on the 2007-08 Financial and Performance Outcomes*, November 2009, p.24

364 Skills Victoria, *Ministerial Statements* webpage (<http://www.skills.vic.gov.au/corporate/directions/ministerial-statements>), accessed 30 March 2010

365 Department of Innovation, Industry and Regional Development, *2008-09 Annual Report*, October 2009, nn.3-4, p.66

The Department informed the Committee that the expected outcomes from this funding were as follows:<sup>366</sup>

***Education Investment Fund (EIF)***

*EIF provided \$56.1 million to create or develop significant infrastructure that: transforms knowledge generations and teaching capabilities; boosts participation in tertiary education; meets domestic skills needs now and in the future; enhances innovation capacity; and enhances competitiveness in education and research.*

***Teaching and Learning Capital Fund (TLCF)***

*TLCF will fund \$114.1 million of initiatives focused on modernising and improving the quality of teaching and learning across the vocational education and training sector in one of the following two elements of the fund.*

- *Training Infrastructure Investment for Tomorrow (TIIFT)*

*TIIFT funding will provide \$65.2 million for infrastructure to assist institutes to adjust to the emerging training needs of the local economies in which they operate, and to support the national training system to address the industry's emerging green skills requirements. This funding covered 10 projects across 10 separate institutes.*

- *Better TAFE Facilities (BTF)*

*BTF funding will provide \$23.4 million in immediate maintenance needs, small capital works and equipment and plant purchases, and roll out the On Campus Network (Wireless) Connectivity project worth \$25.6 million. Projects at each of the State's 18 institutes have been funded from this source.*

*The funding noted in the 2008-09 Victorian Budget was directed towards a range of essential maintenance works across the system, as well as long term projects at four of the 18 institutes (Wodonga, Northern Melbourne, Bendigo and Ballarat University). These allocations were part of the regular asset program.*

Progress towards these outcomes is being monitored through a variety of means:<sup>367</sup>

***EIF:*** *All funding payments are staged against agreed milestones, as well as the projects participation in the national evaluation program and report directly to DEEWR at regular intervals, the requirements of which are tailored to the individual projects. Reports detail project outcomes, short term and long term benefits/gains and overall financial performance. Funding is paid directly to the institutes and institutes report independently of the Department to the Commonwealth. Institutes provide regular updates to the Department through Skills Victoria.*

---

366 Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, pp.29–30

367 *ibid.*, pp.30–1

*TLCF: An implementation plan has been prepared for each project with funding in excess of \$500,000. Performance measures in the implementation plans are milestones, timeframes for completion of milestones; and expenditure associated with each milestone. Institutes are assessed against these measures via a monthly report to Skills Victoria. Skills Victoria reports progress to DEEWR monthly.*

*Additionally, Skills Victoria monitors other sundry requirements under the funding deed such as acknowledgment and publication; and insurance and compliance on an ongoing basis.*

*It is important to note that the funding for both the BTF and TIIFT elements of TLCF is provided on the basis that infrastructure funding by the State is not reduced as a result of the receipt of TLCF.*

### **Victorian Budget**

*As with all capital programs, the budget funded programs are required to be completed within the agreed timeframes, within budget and fit for the purpose the assets were created. These projects are progressing and meeting those guidelines.*

The Department advised the Committee that all projects were progressing in line with their targets,<sup>368</sup> although the Committee notes that there have been delays to a number of TAFE projects (see Section 3.4 of this report).

The amount of funding provided for infrastructure in TAFE facilities is significant. The Committee notes that project performance on these projects is being monitored by Skills Victoria and other bodies. The Committee looks forward to the Department of Innovation, Industry and Regional Development providing information about the progress and outcomes of these projects in future annual reports.

As quoted above, the Department of Innovation, Industry and Regional Development indicated that the objectives of these projects included adapting to future local training needs. The Education Investment Fund seeks to fund infrastructure that ‘*meets domestic skills needs now and in the future.*’ The Training Infrastructure Investment for Tomorrow program provides funding ‘*for infrastructure to adjust to the emerging training needs of the local economies.*’ These aims emphasise the importance of making readily available the information discussed in Recommendations 37–40.

## **Apprenticeships and Traineeships**

The recent final report of the COAG's Australian Apprentices Taskforce also identified completion rates for apprenticeships as a key area needing change for government to meet the labour market's needs.<sup>369</sup> The Taskforce identified a number of factors of the current environment which make it important for governments to support people to commence and complete apprenticeships, including:<sup>370</sup>

- increased government spending on infrastructure;
- COAG's target to halve the proportion of Australians aged 20-64 without qualifications at Certificate III level and above;
- the ageing trades workforce; and
- the effects of the Global Financial Crisis.

The Victorian Government has identified the Apprenticeship and Traineeship Completion Bonus Scheme, which seeks to achieve this goal, as '*highly successful*' and has extended the scheme with an additional \$25 million in the 2009-10 Budget.<sup>371</sup> The Apprenticeship/Traineeship Completion Bonus Scheme for 2008-09 cost \$27,672,914. The Apprentice Trade Bonus program cost an additional \$8,800,726.<sup>372</sup>

The Committee notes that, although the Department of Innovation, Industry and Regional Development and the Victorian Skills Commission provide details of the numbers of apprentices and trainees commencing and completing courses each year in their annual reports,<sup>373</sup> they do not provide completion rates for each year's cohort. The Victorian Skills Commission advised the Committee that:<sup>374</sup>

*Since the introduction of the Apprenticeship/Traineeship Completion Bonus Scheme in 2003, the completion rate for apprentices who commenced in that year has remained at 65.7 per cent. Due to the long training duration of apprenticeships (4-6 years) the completion rates for cohorts commencing after 2003 cannot be calculated accurately, however the estimated rate for the cohorts commencing in 2004 is one percentage point higher than in 2003.*

*The completion rate for the traineeship cohort that commenced in 2003 has increased from 54 to 56 per cent. More noticeable increases have been shown by the 2004 and 2005 trainee cohorts at 60 per cent and 61.3 per cent respectively.*

*The Apprentice Trade Bonus was introduced in 2006. Due to the long training duration of apprenticeships there is insufficient data to calculate the completion rates of the 2006 apprentice cohort at this time.*

---

369 *ibid.*, pp.8, 12

370 Australian Apprentices Taskforce, *Final Report*, December 2009, pp.6-10

371 Department of Treasury and Finance, *2009-10 Treasurer's Speech – Budget Paper No. 1*, p.8; Department of Treasury and Finance, *Budget Paper No. 3, 2009-10 Service Delivery*, p.326

372 Victorian Skills Commission, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, pp.5-6

373 Department of Innovation, Industry and Regional Development, *2008-09 Annual Report*, p.70; Victorian Skills Commission, *2008-09 Annual Report*, p.20

374 *ibid.*

Understanding how the completion rates for apprenticeships and traineeships are changing is important both to understand the current labour market and to assess the effectiveness of current programs. The Committee considers that the information currently provided in the annual reports of the Department of Innovation, Industry and Regional Development and the Victorian Skills Commission would be significantly enhanced by also indicating the completion rate for each year's cohort as it becomes known and by providing five rolling years of data so that the particular year's results can be contextualised and the effectiveness of programs assessed

**Recommendation 37:** In future annual reports, in addition to publishing the number of commencements and completions for the year, the Department of Innovation, Industry and Regional Development provide details of completion rates (as proportions of commencements) for each year's cohorts of apprentices and trainees as they become known. For all of this information, five rolling years of data should be published.

## Skill Up

The *Skill Up* program is 'a rapid response vocational counselling and training program that focuses on helping retrenched workers upgrade their skills or develop new skills so they can re-enter the workforce as quickly as possible.'<sup>375</sup> The Victorian Skills Commission's annual report indicates that 5,834 retrenched workers received funding for training through the *Skill Up* program. This is a significant increase on previous years. In terms of how the effectiveness of the program is measured, the Victorian Skills Commission advised the Committee that:<sup>376</sup>

*Skill Up program feedback has shown that early intervention and dedicated support can shift the focus of retrenched workers from the immediate concern of being made redundant to the opportunities open to them. This has led to increased transition to training. The effectiveness of the program is measured by the number of people offered support and the speed of the response, with the program offering support to 5,834 workers against a target of 1,000 workers to be offered assistance through Skill Up.*

*The Skill Up program does not have access to non-participants to assess their employment outcomes.*

The Committee considers that it is not sufficient to measure the success of a program by only the quantity of participants and the timeliness of delivery. It is also essential to track and know the quality of the outcomes achieved by the program.

**Recommendation 38:** The Department of Innovation, Industry and Regional Development develop quality measures for the *Skill Up* program.

375 Victorian Skills Commission, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.8

376 *ibid.*, pp.8–9

## **14.2.2 Creating and maintaining jobs to mitigate the effects of the Global Financial Crisis**

The Global Financial Crisis was a key driver of the changes in the labour market in 2008-09 as investment funds, particularly for new infrastructure, became scarcer. The State and Commonwealth governments responded with a number of programs aimed to mitigate the effects of the crisis, as discussed in Chapter 7. Job creation by the Department of Innovation, Industry and Regional Development in regional Victoria has been discussed in Chapter 13.

The Department of Planning and Community Development's *Annual Report 2008-09* discloses that:<sup>377</sup>

- (a) in February, Victoria signed up to the National Partnership Agreement on the *Nation Building and Jobs Plan*, agreeing to take action to support the timely and effective delivery of key projects and infrastructure funded under the Plan; and
- (b) the timely delivery of the initiatives funded under the Commonwealth Government's *Nation Building – Economic Stimulus Plan* is one of the ways the Victorian Government helped shield households and businesses from the worst effects of the global financial crisis.

In terms of its activities during 2008-09, the Department explained that:<sup>378</sup>

*Amendment VC56 to the Victoria Planning Provisions (VPP) was prepared in 2008-09, introducing temporary streamlined planning provisions to facilitate assessment of Nation Building projects relating to schools and social housing. During 2008-09, a unit solely dedicated to managing the assessment and approval of Nation Building projects was established within DPCD.*

*Sixty schools projects were assessed by the Nation Building Unit in 2008-09 and approved by the Minister for Planning. The schools projects approved in 2008-09 represented a 14% share of the total number of projects submitted for approval under the Building the Education Revolution program.*

The Department's *Annual Report 2008-09* also explains that, in response to the announcement that the Victorian Government would introduce new planning reforms to fast-track key building projects and create more jobs to help Victoria through the Global Financial Crisis, the Department expanded its capacity to facilitate more development projects through the planning system.<sup>379</sup>

This capacity extension included the establishment of the Development Facilitation Taskforce in February 2009, which:<sup>380</sup>

*...considered 48 projects in 2008-09. In some instances, Ministerial action was considered by the Taskforce to be warranted and the Minister took direct action in a total of 13 projects in 2008-09. These projects represent development of \$2.78*

---

377 Department of Planning and Community Development, *2008-09 Annual Report*, p.30

378 Department of Planning and Community Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 24 February 2010, p.7

379 Department of Planning and Community Development, *2008-09 Annual Report*, p.30

380 Department of Planning and Community Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 24 February 2010, p.11

*billion for Victoria and have the potential to create over 16,000 jobs (both direct and indirect) for Victorians.*

The Committee is pleased to see that processes to facilitate these projects have been established. The Committee has discussed issues connected with the implementation and reporting of these projects in Chapter 7.

### **14.2.3 Investment facilitation and the Global Financial Crisis**

The Department of Primary Industries' annual report indicates that the Global Financial Crisis (GFC) has resulted in '*delays to some major projects under DPI facilitation.*'<sup>381</sup> Concerned about the possible impacts of such delays to the Victorian economy and to jobs, and seeking to understand the scope of such impacts, the Committee sought further information from the Department.

The Department of Primary Industries explained that:<sup>382</sup>

*A key responsibility for DPI is the facilitation of major energy and earth resources developments across the State. Facilitation includes promoting new opportunities for investment in Victoria along with the provision of advice and assistance in navigating the approvals processes required for new projects. Reducing impediments to investment helps to position Victoria as a place for investment and is consistent with the Department's strategy for negotiating and facilitating major investments. Most of the investment that DPI facilitates is made and delivered by the private sector. However, explaining and providing information about statutory approvals processes (from exploration through to project construction) particularly to new investors is a vital role performed by DPI. Benefits include reducing costs to industry by minimising delays, ensuring that companies are engaging effectively with local communities, encouraging the acceleration of new developments to bring forward economic benefits to the State and highlighting the opportunities for investment that exist in Victoria.*

*The reference in the Annual Report to 'delays in some projects under DPI Facilitation' relates to private sector developments impacted by the GFC for which DPI is providing facilitation assistance. In most cases, they are proposed developments that DPI has not provided any funding towards and that DPI does not control, or they are projects that DPI has contributed some technology grants to (e.g. International Power ...).*

*The GFC has resulted in companies finding it very difficult to access new finance. Investors are therefore delaying major investment decisions including postponing feasibility studies. Government can influence new energy and resources developments through the policy and regulatory environment that is established but the decision to proceed with new projects rests with industry.*

381 *ibid.*, p.16

382 Department of Primary Industries, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 4 February 2010, p.16

*Examples of potential major developments impacted by the current financial environment include:*

- *Monash Energy – A potential \$5-10 billion project to convert coal to produce up to 60,000 barrels of diesel per day. Shell and Anglo American have not committed to developing this project. DPI is in continuing discussions with Monash Energy and is reviewing the mining licence conditions associated with this development.*
- *Ignite Energy Resources (IER) is investigating a range of options for the development of coal in the Latrobe Valley (e.g. coal to liquids) and is in the process of raising capital to enable pre-feasibility assessments for specific projects. DPI is continuing to monitor the progress made by IER.*

*More generally exploration investors have found it difficult to secure finance that has contributed to a partial contraction in new earth resources activities.*

*The Department continues to promote Victorian investment opportunities (e.g. Resources Victoria Conference held in August 2009), engage with potential new investors and continues to provide information and advice regarding approvals processes for the State's energy and earth resources. This ongoing focus on facilitation aims to create a more favourable investment environment for Victoria during challenging times.*

The Department of Primary Industries' annual report also indicates that the Global Financial Crisis and drought have led to reduced levies to research and development organisations in the agriculture sector.<sup>383</sup> In terms of quantifying the impact of this, the Department advised in response to questioning by the Committee that:<sup>384</sup>

*Rural Research and Development Corporations (RDCs) are funded by industry levies, matched dollar for dollar by the Commonwealth Government up to 0.5% of industry Gross Value of Production (GVP).*

*The GFC and drought (together with various other external challenges such as international trade competition) have led to reduced levy income for Research and Development (R&D) in several agricultural sectors.*

*DPI does not have access to any consolidated national figures across all RDCs. Impacts on RDCs relevant to Victoria vary. For example, Grains Research and Development Corporation (GRDC), as part of its Drought Response Strategy, has reduced its national research expenditure since 2006-07 from around \$110 million to approximately \$90 million per annum. Meat and Livestock Australia (MLA) R&D levy income has declined by 1-2% per annum since 2006-07. For dairy, dairy levy collection declined by approximately 10% in 2007-08 compared with 2006-07, although Dairy Australia (DA) have sought to hold expenditure on R&D at steady levels. National wool levy revenue declined from \$46 million in 2006-07 to \$34 million in 2008-09. Grape and Wine RDC expenditure on R&D has declined from around \$26 million in 2006-07 to approx \$22.5 million in 2008-09.*

---

383 Department of Primary Industries, 2008-09 Annual Report, p.16

384 Department of Primary Industries, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 4 February 2010, p.17

*For DPI, revenue from the dairy, meat, wool, horticulture, wine and grains RDC's for RD&E declined from approx \$20 million in 2006-07 to approx. \$17.5 million in 2008-09. Whilst DPI plans aspects of its programs annually on known or forecast RDC revenues, declines in RDC funding reduce Research, Development & Evaluation outputs and thereby can slow the achievement of planned outcomes.*

The Committee notes the impact of the Global Financial Crisis and drought on RDC funding and will seek to examine the matter further in the future. The Committee suggests that the Department of Primary Industries provide in its next annual report a more comprehensive analysis of trends and outcomes in Victorian research and development in the agricultural sector.

#### **14.2.4 Assistance for businesses, farms and tourism following the February 2009 bushfires**

The largest programs in response to the February 2009 bushfires administered by the Department of Innovation, Industry and Regional Development were the \$51 million assistance package for businesses and farms and the Victorian Bushfire Tourism Industry Support Package. The Committee sought additional information on how these programs were structured as well as performance details up to 30 June 2009.

Regarding the Tourism Industry Support Package, the Department explained:<sup>385</sup>

*The Commonwealth and Victorian Governments announced a jointly funded \$10 million package over two years to encourage tourists back to regions economically affected by the February 2009 bushfires.*

*The package consists of:*

- *\$6 million towards a cooperative marketing and brand rebuilding program to promote visitation to economically-affected areas;*
- *\$1 million to bring forward postponed events and marketing of existing events; and*
- *\$3 million to assist with the enhancement and redevelopment of tourism and visitor facility infrastructure in national, state and regional parks adjoining bushfire affected areas.*

*Total expenditure as at 30 June 2009 relating to this package was \$2,557,390. Some of the activities undertaken during this period include:*

- *corporate and consumer marketing campaigns that provided information that tourist towns, villages and parks were again open for business;*
- *public relations activities to generate positive media coverage of fire affected regions and dispel negative perceptions as a result of the bushfires;*
- *event marketing support; and*
- *subsidies to tourism businesses from fire affected areas to attend the Australian Tourism Exchange and other international trade shows.*

385 Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, pp.39–42

*The aim of the \$10 million tourism package is to encourage tourists back to Victoria's fire-affected regions. The key objectives associated with the programs that underpin this package are to:*

- *stimulate visitation and expenditure in regional Victoria's bushfire affected regions;*
- *restore consumer confidence of the tourism offerings and experiences in regional Victoria;*
- *enhance the capabilities of the regional tourism industry to market and develop their destinations; and*
- *restore and enhance visitor facilities in Parks adjoining bushfire affected areas.*

*Through the delivery of enhanced destination marketing campaigns, event development activities and industry development support, it is anticipated that the contribution of tourism in fire-affected regions will stabilise and the industry will be better equipped to continue to maximise the benefits of tourism into the future.*

*Key performance indicators associated with this funding package are outlined in the table below:*

**Table 14.1: Key Performance Indicators for the Tourism Industry Support Package**

<b>Performance evaluation questions</b>	<b>Performance measures</b>	<b>Performance targets</b>
<i>Have we assisted in generating reasons for visitors to return to bushfire affected regions?</i>	Number of tourism events funded	50 events funded
<i>Did we communicate with consumers to mitigate negative perceptions of bushfire-affected regions?</i>	Value of news stories about fire affected regions	\$5.6 million*
<i>Were the processes that were put into place to streamline decision making and implement recovery strategies effective and embraced by industry partners?</i>	Level of industry satisfaction and engagement with regional response and recovery groups	Positive satisfaction rating by regional response and recovery group members
<i>Are we helping bushfire affected tourism operators gain entry into key international markets?</i>	Number of businesses from bushfire affected regions participating in marketing programs and international trade missions to key markets	25-35
<i>Have we stimulated tourism activity in parks by enhancing the visitor experience?</i>	Completion of new infrastructure works	Infrastructure and project works completed by June 2011
<i>Has visitation to regional Victoria stabilised?</i>	Domestic overnight visitor numbers in regional Victoria	12.2– 13.1 million*
<i>Has the economic contribution of domestic tourism to regional Victoria been maintained?</i>	Visitor expenditure in regional Victoria (domestic)	\$5.8 - \$6.5 billion*

Note: \* Represent annual targets. Targets will be set on a rolling basis.

Source: Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.41

*The implementation and effectiveness of the tourism recovery program is monitored on a quarterly basis by the co-chaired State and Commonwealth Tourism Bushfires Task Force and the Tourism Victoria Board.*

*Key performance indicators are reported against on an annual basis where relevant, and will be evaluated at the end of the program in 2011.*

*All performance indicators are currently on track to be achieved within the targets.*

Regarding the assistance for businesses and farms, the Department advised the Committee as follows:<sup>386</sup>

*In 2008-09 a total of \$15.6 million was provided to small businesses and farms directly impacted by the February 2009 bushfires. Businesses were assisted in a number of ways:*

- *tier 1 grants for up to \$5,000 for immediate cleanup;*
- *tier 2 grants up to \$20,000 were provided to assist with reconstruction;*
- *Special Circumstances grants of \$5,000 for businesses who were not eligible for tier 1 or 2 business recovery grants on the basis that they did not derive at least 51 per cent of their income from that business; and*
- *low interest loans of up to \$200,000.*

*A breakdown of each grant category is provided below:*

**Table 14.2: 2008-09 Expenditure on Assistance for Businesses and Farms in Response to the February 2009 Bushfires**

Government assistance	Amount provided in 2008-09 (\$)
Tier 1 grants	5,996,691
Tier 2 grants	7,765,616
Special Circumstances grants	590,000
Low interest loans	1,267,000

Source: Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.40

*The objective of the \$51 million assistance package for businesses and farms was to assist businesses which experienced direct fire damage, planned to re-establish in the same area and experienced the loss of the majority of their income.*

*The performance indicators are the number of grants, loans and enquiries received and referral to business advisors. The administration of the program is performed by the Rural Finance Corporation.*

*The performance of the initiative as at 30 June 2009 is detailed below:*

386 Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, pp.39-42

**Table 14.3: 2008-09 Performance on Assistance for Businesses and Farms in Response to the February 2009 Bushfires**

Government assistance	Approved	In progress
Tier 1 grants	1,231	64
Tier 2 grants	451	276
Special Circumstances grants	1,800	350
Low interest loans	10	38
	<b>Businesses assisted</b>	
Total enquiries		10,556
No referrals to business advisers		554

Source: Department of Innovation, Industry and Regional Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 8 February 2010, p.42

The February 2009 bushfires created a need for urgent assistance to affected areas. The Committee is pleased to see that the Department was able to commence these programs to support industry in a relatively short period of time. However, even in such circumstances it remains important to ensure that programs are effective and achieve value for money.

In relation to the Tourism Industry Support Package, the Committee is pleased to note that a good range of performance measures have been established and are being monitored.

The information presented to the Committee about the assistance for businesses and farms, however, suggests that less robust measures have been established for that program. The Committee understands that this is in part due to the nature of the program, which is focused on enabling businesses to run themselves rather than government-driven action. From this perspective, the quantity measures established are important and relevant.

It is, however, also important to ensure that the program is the most effective way of assisting businesses and farms and that the grants are effectively achieving the desired outcomes. This is particularly the case given that, at the start of 2009-10, there remained \$35 million to be spent in this program.

**Recommendation 39: The Department of Innovation, Industry and Regional Development develop quality measures for the assistance program for businesses and farms affected by the bushfires and report on these, as well as its quantity measures, in future annual reports.**

### 14.2.5 Increasing Victoria's Productivity and Competitiveness

The Council of Australian Governments (COAG) Reform Council identified seven areas of competition and regulatory reform for monitoring.<sup>387</sup> In its March 2009 report, the COAG Reform Council detailed the governments' performance against 70 measures with milestones, of which 23 were classified as late, very late or stalled.<sup>388</sup> In many cases, however, the initiatives being measured require input from multiple jurisdictions, and it is not necessarily possible to isolate the progress of Victoria in particular from the COAG report.

In response to questions from the Committee, the Department of Premier and Cabinet provided the following information about Victoria's progress in those seven areas:<sup>389</sup>

*Building on the National Competition Policy and the subsequent National Reform Agenda, the Council of Australian Governments (COAG) made further commitments to enhance productivity and the efficient functioning of Australian markets. On 29 November 2008, COAG signed the National Partnership Agreement to Deliver a Seamless National Economy (the NPA). This agreement commits COAG to:*

- *continue to reduce the level of unnecessary and/or inconsistent regulation across jurisdictions;*
- *deliver agreed COAG deregulation and competition priorities; and*
- *improve processes for regulation making and review.*

*This significant agreement is intended to contribute to outcomes such as a seamless national economy, longer-term growth, and expanding medium-term productive capacity.*

*The National Reform Agenda items cited in the question have generally been subsumed into the Seamless National Economy NPA. While the implementation plan for the Seamless National Economy NPA does not contain all the agreed milestones from the National Reform Agenda, work continued in 2008-09 on the National Reform Agenda milestones as well as the NPA milestones. Further detail on progress on the requested National Reform Agenda items is addressed below.*

#### **National Energy Market Reforms**

*The establishment of a national energy market has been a strong focus for COAG for over a decade and governments have made significant progress on these reforms over this time.*

387 Council of Australian Governments Reform Council, *2009 COAG Reform Council Report: Report to the Council of Australian Governments on Implementation of the National Reform Agenda*, March 2009

388 *ibid.*, pp. xii–xviii

389 Department of Premier and Cabinet, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 2 February 2010, pp.11–15

*A key reform for 2008/09 has been establishment of the Australian Energy Market Operator. Legislation to establish the Australian Energy Market Operator passed the Commonwealth Parliament on 11 March 2009, with provisions commencing 1 July 2009. As a result of this new law, the Australian Energy Market Operator, and associated governance arrangements, commenced on 1 July 2009.*

*Progress was made in 2008/09 on number of energy market reforms, including the harmonisation of derogations from the National Framework and integration of the spot and forward markets into the National Energy Market prudential requirements. Victoria will continue to participate in national actions in this area through the Ministerial Council on Energy and its Standing Committee of Officials.*

### **Electricity smart meters**

*Victoria is progressing ahead of other jurisdictions in the national roll-out of electricity smart meters.*

*National legislation and rules were developed in 2008 to establish the national framework for the roll-out of electricity smart meters. National legislation was subsequently introduced into the South Australian Parliament (as lead legislator) in September 2009.*

*On 20 January 2009, the Australian Energy Market Commission granted the Victorian Government's request for a jurisdictional derogation from the National Electricity Law for distributors to act as the 'responsible person' for the roll-out of smart meters. This derogation, which commenced on 1 July 2009, allows Victoria to pursue its electricity smart meter roll-out in advance of agreed national rule changes.*

### **Transport Pricing Reforms and Research Agenda**

#### **Heavy Vehicles**

*Work progressed on reforms to heavy vehicle regulation during 2008-09, which led to the 2 July 2009 COAG agreement to a national heavy vehicle regulator and a national body of law for all vehicles over 4.5 tonnes.*

*COAG agreed to direct the Australian Transport Council (ATC) to proceed with preliminary implementation steps towards a national heavy vehicle regulator and a national body of legislation.*

*COAG also directed ATC to recommend to COAG by the end of 2010 a final National Partnership Agreement for delivery of the national Heavy Vehicle Regulator.*

*ATC has put in place governance arrangements to deliver the preliminary implementation steps through the creation of a Heavy Vehicle Steering Committee (HVSC) chaired by the Commonwealth. The HVSC is supported by a Taskforce of jurisdictional officers who are undertaking elements of the reform.*

*Victoria is working with other jurisdictions to progress this work, and is one of several jurisdictions to have also expressed interest in hosting the heavy vehicle regulator.*

## **Urban Congestion**

*In November 2008, the ATC agreed that road pricing schemes need to be carefully designed and specific to their proposed locations. ATC agreed that jurisdictions will cooperate in modelling the congestion, network, socio-economic and emissions outcomes of various targeted pricing scenarios.*

*ATC has established the Network Performance Standing Sub-Committee, of which Victoria is a member, to investigate urban transport system performance indicators, business vehicle responses to urban congestion and urban road demand management modelling. This sub-committee has a number of urban congestion projects that have been completed or are on-track.*

## **National Rail Safety Reforms**

*Work progressed to enable COAG agreement to develop a national rail safety regulatory system, with further consideration of the scope and form of the regulator following receipt of advice at the end of 2009 from the Standing Committee on Transport on specific safety requirements within jurisdictions, especially in relation to urban systems and the interface with interstate and freight operations. The ATC will report to COAG at its first meeting in 2010 on progress in developing a national rail safety regulatory system and investigator with a view to bringing the final National Partnership Agreement to COAG for approval by mid-2011. This advice should consider all options, including how to strengthen the effectiveness of the Rail Safety Regulators Panel.*

## **Infrastructure Regulation**

*On 10 February 2006, as part of the National Reform Agenda, COAG agreed to the Competition and Infrastructure Reform Agreement (CIRA) to provide for a simpler and consistent national approach to the economic regulation of significant infrastructure. The CIRA commits Victoria and other jurisdictions to review the effectiveness and relevance of access regimes for significant infrastructure, a process which Victoria is making significant steps to achieving. Progress in key areas is outlined below.*

### **Access Regimes for certification**

*Prior to lodging its access regimes for certification with the National Competition Council, the Victorian Government will review each regime and determine if it is still necessary, and if so, whether the regimes need to be varied. It will submit them to the National Competition Council.*

### **Channel Access Regime**

*Under section 53 of the Victorian Port Services Act 1995, the Victorian Essential Services Commission (ESC) was required to conduct and complete a review of the regulation of prescribed port services by June 2009.*

*In addition, on 29 January 2009 the Victorian Minister for Finance referred related matters to the ESC as follows:*

*“in making its recommendations about the regulation of Victorian ports, including pricing and access regulation, the Commission should have regard to the principles outlined in clauses 4.1 and 4.2 of the Competition and Infrastructure Reform Agreement (CIRA).”*

*The ESC delivered its final report, the ‘Victorian Ports Regulation Review’, on 25 July 2009. The Victorian Government supports all of the ESC recommendations, except for recommendation five, which advocated for retaining a formal Channel Access Regime in the Port of Melbourne shared channels. The Government considers that the existing governance arrangements minimise the potential for abuse of market power, and that removing the access regime will represent a substantial reduction in the regulatory burden imposed on the provision of container port access in Victoria.*

#### **Victorian Rail Access Regime (VRAR)**

*In signing the Competition and Infrastructure Reform Agreement, Victoria agreed to submit each of its state-based access regimes to the National Competition Council for certification by the end of 2010. Review of the VRAR is required ahead of its submission. As such, on 26 June 2009 the Government directed the ESC to undertake a review of the ongoing need for the VRAR, requiring it to report by the end of January 2010. In addition, if the report recommends continuing the VRAR, the ESC has been requested to advise on any objectives, scope and form of regulation that should apply. A request from the ESC for a three week extension was recently approved by Government.*

#### **Grain Handling and Storage Access Regime (GHSAR)**

*The ESC commenced a review of the Victorian GHSAR in November 2008. The scope of the review included:*

- a) whether the GHSAR is necessary in order to ensure competition or competitive tension in upstream and/or downstream markets;*
- b) whether it is economically feasible to duplicate the infrastructure;*
- c) whether there is net benefit from continuing the GHSAR;*
- d) whether regulation of any or all grain handling facilities is necessary; and*
- e) whether the GHSAR in its current form is able to be certified by the National Competition Council and, if not, what changes would be required in order that it could be certified.*

*The ESC provided its report to the Government in May 2009. The Victorian Government supports the ESC’s recommendation to repeal the Grain Handling and Storage Act 1995 and will act to do so following the 2009-10 grain harvest to ensure there is overlap with the Commonwealth scheme over the next harvest period.*

*The report also recommended that the Government support an industry code of conduct when the Commonwealth’s Wheat Export Marketing Act 2008 is reviewed in 2010 by the Productivity Commission. The Government will consider supporting such a code if it is recommended by the Productivity Commission.*

### **National System of Trade Measurement**

*The establishment of a national system of trade measurement is expected to be operational from 1 July 2010 and will be funded and administered by the Commonwealth Government.*

*Progress was made during 2008-09 with the National Measurement Institute consulting with States and Territories on the regulations for the national system. Offers were made to State and Territory trade measurement staff and processes for managing displaced staff are in place.*

### **Building Regulation Reform**

#### **Building Code of Australia Variations**

*Since the Building Code of Australia (BCA) was established in 1994, approximately 200 variations have been removed; however, some variations are necessary due to State specific factors, such as climate variations and jurisdictional differences which may not be directly related to construction. Approximately 100 State & Territory variations still remain nationally. Victoria has approximately 10 variations from the BCA and work will continue to evaluate the validity of these variations.*

#### **Delineation and streamlining of local government processes**

*The Victorian 'gateway model' is robust and on this basis is being used for national adoption to progress the delineation and streamlining of local government processes that impact on building regulation.*

The Committee is pleased to note from the Department of Premier and Cabinet's response that progress has been made by Victoria in all seven areas of reform. The Committee will continue to monitor progress in these areas in future reports.

## **14.3. Growing and linking all of Victoria**

### **14.3.1 Growing Victoria's Population**

*Growing Victoria Together* anticipated Victoria's population reaching 6 million by 2025. By September 2008, it had reached 5.3 million and on current trends is expected to reach 6 million in 2017 and 7 million in 2030.<sup>390</sup> Government policy objectives were extended during 2008-09 with the release of *Melbourne @ 5 million*.<sup>391</sup> The Government has put in place a number of programs to cater for the expected growth. The Committee sought detail on the progress of some of these plans.

Plans affecting regional and rural Victoria have been discussed in Chapter 13 above. This section looks at plans for Melbourne.

390 Department of Treasury and Finance, Budget Paper No. 3, 2009-10 *Service Delivery*, pp.384-5

391 Department of Planning and Community Development, *Melbourne @ 5 million – Melbourne 2030: a planning update*, December 2008

The Department of Planning and Community Development provided the following additional information to the Committee about initiatives that have been implemented over 2007-08 and 2008-09:<sup>392</sup>

*The Government is taking action to manage Melbourne's growth through a wide range of initiatives to deliver Melbourne 2030 and Melbourne @ 5 million objectives. This is supported by significant investment through the Victorian Transport Plan and a range of other Government initiatives.*

*A number of key initiatives have been undertaken over 2007-2009 to manage Melbourne's growth, including housing affordability:*

***Creation of a multi-centred city***

*Melbourne @ 5 million was released in December 2008 and provided for the creation of a multi-centred city through the development of six Central Activities Districts (CADs): Box Hill, Broadmeadows, Dandenong, Frankston, Ringwood and Footscray. These centres will be the focus of a substantial proportion of future employment growth and public investment. An additional \$139 million over four years for the CAD Program was announced in the 2009-10 State Budget, which included:*

- *\$62.9 million for Broadmeadows CAD to improve pedestrian, cycling and public transport connections and to facilitate private sector investment in the local economy.*
- *\$17.4 million for fit-out of a Broadmeadows government services building to co-locate key government, community and support services.*
- *\$39 million for completion of a new town square and urban heart for Ringwood and improved safety around Maroondah Highway.*
- *\$19.7 million for urban development strategies and scoping work for urban improvement projects in CADs.*

*This funding also provides for work to be undertaken to increase employment opportunities along priority corridors linking the CADs as identified in Melbourne @ 5 million. These employment corridors will link activity centres, universities, research and technology precincts, medical precincts, and areas with high employment. Three employment corridors will be given priority attention by the government: Avalon Airport to Werribee, Melton, Melbourne Airport and Donnybrook (Hume-Mitchell); Caulfield to Dandenong; and Monash University/Chadstone to Box Hill, Austin Hospital and Bell Street.*

*Melbourne @ 5 million identified that a review of Melbourne's Urban Growth Boundary was needed. This review has resulted in the Minister for Planning approving and now seeking parliamentary ratification of Amendment VC55 of the Victorian Planning Provisions. Subject to Parliament's approval of the Growth Areas Infrastructure Contribution legislation, it will then come into operation.*

---

392 Department of Planning and Community Development, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 24 February 2010, pp.8-9

### ***Planning Reforms***

*The Government has also initiated a range of reforms to fast-track key building projects and create more jobs, including:*

- *Modernising the Planning and Environment Act 1987 to enhance the operation of Victoria's planning system. The draft Amendment Bill and an accompanying Commentary on the draft Bill have been released for comment.*
- *Introduction of new planning reforms to centre on conducting a rolling audit of pending projects and identifying significant projects that will deliver economic and employment benefits. The Department has also expanded its capacity to facilitate more development projects through the planning system ...*
- *Application of the Urban Growth Zone across broad acre land in growth areas, covering both residential and employment land.*
- *Production of the 2007 and 2008 Urban Development Program (UDP) Annual Reports clarifying land availability and supply issues to ensure the Victorian Government's commitment to adequate land supply and housing affordability for all Victorians.*

### ***Meeting housing needs***

*It is anticipated that 316,000 new dwellings will be located in established areas over the next 20 years. Planning for all of Melbourne was released in May 2008 and included a commitment to 'support councils to plan for future community needs, by developing clear requirements for the amount and diversity of housing needed in each municipality, taking into account the capacity of each area to accommodate growth and the protection of neighbourhood amenity and the character of streets'. The Government has provided \$1.5 million in grants to enable local governments and the Municipal Association of Victoria to provide the necessary assistance for this work.*

### ***Coordinated approach between State and Commonwealth governments***

*Coordinated action between State and Commonwealth governments has been undertaken to improve housing affordability. This includes:*

- *Completing the negotiation of a new National Affordable Housing Agreement with the Commonwealth Government.*
- *Improving housing affordability through work with the Commonwealth Government to progress the new National Rental Affordability Scheme and the Housing Affordability Fund.*
- *Timely delivery of the initiatives funded under the Commonwealth Government's Nation Building Economic Stimulus Plan to help shield households and businesses from the worst effects of the global financial crisis ...*
- *Providing jurisdictional support to the national Housing Supply Council through the Housing Working Group (Data sub-group).*

The Committee particularly notes the importance of the change to a multi-centred city structure in the *Melbourne @ 5 million* plan. The resulting CADs will be important for the success of the plan, and constitute large financial commitments from the Government.<sup>393</sup> The Committee therefore considers it important that detailed information about the success of these projects against meaningful, objective measures be reported.

The *Melbourne @ 5 million* plan indicates that the intention of the CADs are to provide:<sup>394</sup>

- *Significant CBD-type jobs and commercial services;*
- *A strong and diverse retail sector;*
- *Specialised goods and services drawing on a large regional catchment;*
- *Significant opportunities for housing redevelopment in and around these centres;*
- *High levels of accessibility for walking, cycling, public transport or car by being located at a junction in the Principal Public Transport Network; and*
- *Vibrant centres of community activity with a range of public facilities.*

The Department of Planning and Community Development's 2008-09 annual report provides information about what projects are being undertaken in the CADs, and the Department's output performance measures primarily focus on the planning process and compliance with plans for these and other projects. This reporting could be usefully complemented by measuring and providing information about how each CAD is meeting the six aims identified above, including comprehensively planning for change and how such plans are being implemented.

**Recommendation 40: The Department of Planning and Community Development provide in its future annual reports details of each Central Activity District's success to date at achieving the Central Activity District intentions as described in Melbourne @ 5 million.**

### **14.3.2 Rail Services – workforce availability and V/Line Services**

As part of its goal of 'Growing and linking all of Victoria', the *Growing Victoria Together* plan includes increasing the proportion of trips taken by public transport in Melbourne and making regional rail services available to more Victorians. Over the last few years, the amount of services and the number of patrons have risen significantly in both metropolitan and regional areas.<sup>395</sup>

The *Victoria Transport Plan* includes further expansion of rail services in coming years. It also includes the development of infrastructure, some of which has been discussed in Section 13.5 above.

---

393 In addition to the funding mentioned above, the Committee notes projects such as the \$52.1 million Footscray Renewal initiative and \$80.3 million for the Broadmeadows CAD – Department of Planning and Community Development, *2008-09 Annual Report*, p.31

394 Department of Planning and Community Development, *Melbourne @ 5 million*, December 2008, p.11

395 Department of Treasury and Finance, Budget Paper No. 3, *2009-10 Service Delivery*, pp.385, 388

## **Workforce Availability**

Among the challenges facing the transport portfolio, the *Department of Transport Plan 2009* indicates that the ageing workforce has created a risk of loss of skills due to retirement, which poses a significant risk for a number of specialist skill groups within the transport sector that have a significantly older age profile.<sup>396</sup> The Department of Transport provided further details to the Committee about what strategies it has put in place to address this risk:<sup>397</sup>

*The department has commenced a comprehensive transport sector skills project, in partnership with other VPS departments/agencies and the wider transport sector. The objective of this exercise is to:*

- *Assess the extent to which skills shortages exist or likely to arise in various parts of the transport sector, and the associated risks to transport project and service delivery.*
- *Identify potential measures by government, private and educational entities to address the actual or expected skills shortages.*

*The outcome of the aforementioned project will better inform the department in terms of specialist skill group most affected, anecdotal evidence also suggests the following groups may pose a skill loss risk due to aging and retirement:*

- *Rail track maintenance*
- *Safe working*
- *Railway engineering*
- *Bus and coach drivers*
- *Transport engineering*
- *Capital infrastructure and procurement project management*

*As part of the recent train and tram refranchising bidding process, transport operator bids were required to include strategies to combat the risk of skill shortages including as a result of retirement, for specialist skill groups. Metro Trains Melbourne and Yarra Tram are implementing their strategies accordingly, including a training academy.*

*In addition, a railway training facility owned and operated by VicTrack on behalf of the State and industry is currently operating at the Newport rail yard. Registered training organisations may book and use this venue for a nominal fee.*

396 *Department of Transport Plan 2009*, p.17

397 Department of Transport, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 25 February 2010, pp.26–7

*Further strategies will result from the transport sector skills project mentioned above, and may include initiatives such as:*

- *Government and industry funded classroom and on-the-job training*
- *Skilled migration*
- *Improvements to apprenticeship system*
- *Attracting more women to the transport sector*
- *Closer interaction with stakeholders*

*The Department is also either implementing or has in place the following strategies:*

- *Expanding and targeting the DOT Engineering Graduate Recruitment and Vacation Programs*
- *Succession planning*
- *Career pathway and development planning*
- *Targeted employment strategies to attract people with specific skill sets*
- *Promoting DOT's flexible working arrangements/options*
- *Strengthening the quality of the manager/team member relationship*
- *Building an inclusive culture, including:*
  - *Women leading transport*
  - *Increasing opportunities for people with disabilities*
  - *Increasing opportunities for people with a mental illness*
  - *Helping people facing life altering events and promoting wellbeing in DOT*
- *Promote the visibility of DOT as an employer of a diverse workforce*
- *Significant emphasis on creating a values based organisation where people feel valued*
- *Strong emphases on creating a safe working environment for DOT people*
- *Mentoring program (knowledge transfer)*
- *Redevelopment of the DOT Alumni Program*

The Committee welcomes the range of measures being taken to address ageing workforce issues and skills availability and urges the Department of Transport to actively monitor and report on these matters.

**Recommendation 41:** The Department of Transport provide in its annual report an analysis of workforce issues in Victoria in the rail transport sector.

### V/Line Services

In terms of service provision, V/Line has a target of no more than 8 per cent of trains being more than six minutes late for short-haul services or 11 minutes late for long-haul journeys. The Department of Transport's annual report indicated that these targets were not met in 2008-09<sup>398</sup> and the Committee sought further details from the Department. The data supplied are summarised in Table 14.4.

The Committee notes an overall slight improvement in punctuality, with the average proportion of late trains across all lines reducing from 13.8 per cent in 2007-08 to 13.2 per cent in 2008-09. However, this remains well above the target of no more than 8 per cent. In fact only one line (Ararat) managed to achieve this target.

In its annual report, the Department explained that failure to meet timeliness targets was '*due to the impact of incidents relating to extreme heat, the Victorian bushfires and congestion on the metropolitan network.*'<sup>399</sup> The Committee notes that the proportion of trains running late did peak for most lines in January 2009, with January to April being the months with the largest numbers of delays on most lines (see Table 14.4).

Although there were some lines that improved significantly, there were also a number of lines where the proportion of late trains increased significantly (see Figures 14.1 and 14.2). However, when the January-April period is excluded from the 2008-09 results, all but one of the lines had an improved rate compared to 2007-08.

**Table 14.4: Average Proportions of Late Trains, by Line**

Line	2007-08 (%)	2008-09 (%)	2008-09 excluding January-April (%)
<b>6 minutes or greater</b>			
Geelong	15.1	14.9	13.8
Ballarat	12.5	12.3	10.8
Bendigo	13.7	14.6	12.9
Seymour	11.3	14.8	11.8
Gippsland	17.8	17.1	15.5
<b>11 minutes or greater</b>			
Warrnambool	11.9	11.1	9.7
Ararat	7.5	7.3	5.3
Swan Hill/Echuca	13.3	13.8	11.4
Shepparton	10.3	11.3	9.0
Albury/Wodonga	17.4	9.4	9.4
Bairnsdale/Sale	20.6	18.6	17.7
<b>Average</b>	<b>13.8</b>	<b>13.2</b>	<b>11.6</b>

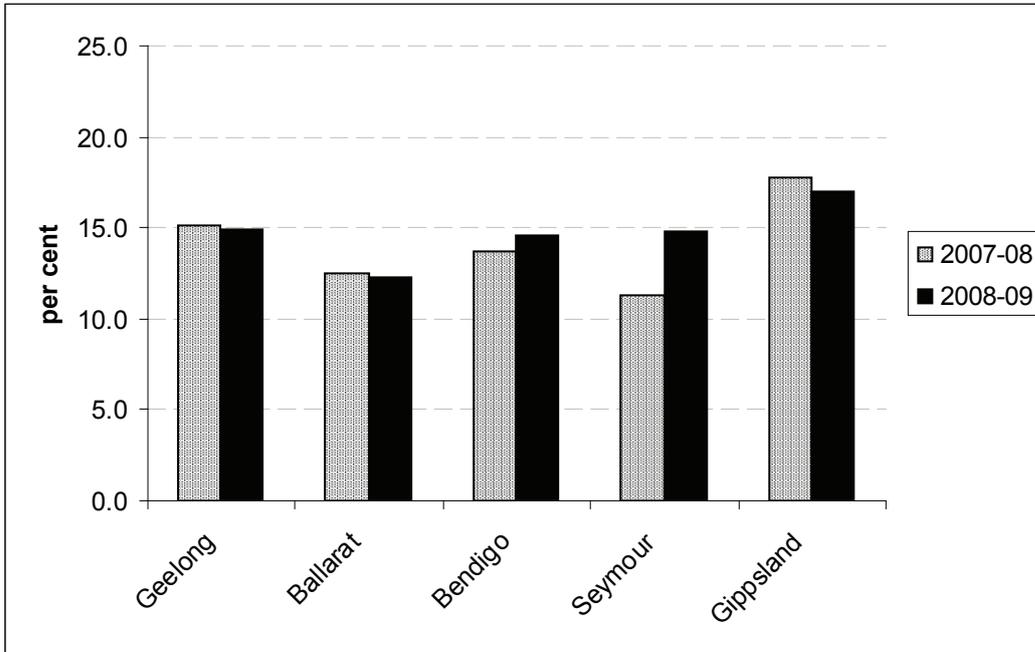
Source: Department of Transport, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 25 February 2010, p.29

398 Department of Transport, 2008-09 Annual Report, p.167

399 *ibid.*

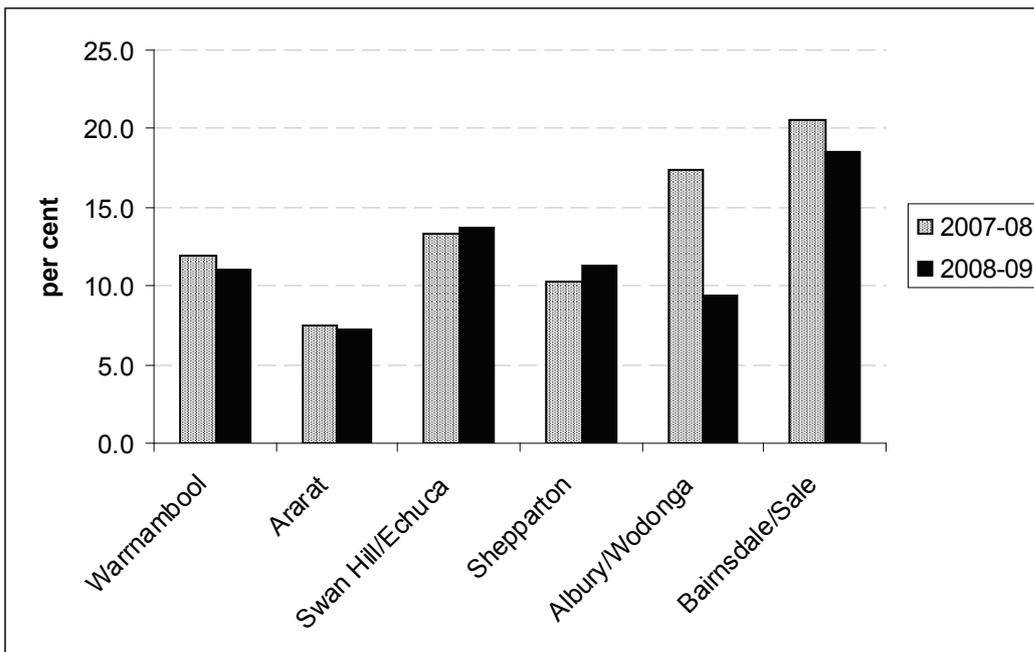
In its *Report on the 2009-10 Budget Estimates*, the Committee had anticipated that it would consider matters related to rail service provision in this report in the light of the findings of the Select Committee on Train Services. However, that committee’s final reporting date has been extended and so the findings are not available to the Public Accounts and Estimates Committee at this time. The Committee will consider the findings of the Select Committee in its next inquiry into financial and performance outcomes.

**Figure 14.1: Average Proportion of Trains Six Minutes or More Late, by Line, Comparing 2007-08 and 2008-09**



Source: Department of Transport, response to the Committee’s 2008–09 Financial and Performance Outcomes Questionnaire – Part Two, received 25 February 2010, p.29

**Figure 14.2: Average Proportion of Trains 11 Minutes or More Late, by Line, Comparing 2007-08 and 2008-09**



Source: Department of Transport, response to the Committee’s 2008–09 Financial and Performance Outcomes Questionnaire – Part Two, received 25 February 2010, p.29

### 14.3.3 Taxis

The Department of Transport's annual reported indicated that 72 per cent of taxis conformed to quality standards in 2008-09 compared to a target of more than 80 per cent.<sup>400</sup> As this is only a marginal improvement on the 2007-08 result of 70 per cent,<sup>401</sup> the Committee sought further information on what action the Department of Transport was taking to further address the quality standards of Victorian taxis.

In addition to regular on-road inspections conducted by the Victorian Taxi Directorate (VTD), the *Safe Taxi Audit 2008-09* was completed in December 2009, having inspected every taxi-cab in Victoria to ensure that they all complied with quality standards. The Department of Transport provided the following information about what actions it planned for the future to ensure quality standards are met:<sup>402</sup>

*Targeted taxi-cab inspections will continue to focus on full vehicle inspections, now with the inclusion of service specific inspections addressing quality standards, safety related matters and service standards.*

*An audit program has been established to ensure taxi operators are held accountable for the quality of taxis and the behaviour of the taxi drivers. An on-going risk based audit schedule is employed that involves analysis of previous vehicle inspections of the operators' taxi fleet, formal complaints submitted to the VTD, and previous audit results. The analysis of this data identifies operators that may not be complying with the industry standards, and allows them to be targeted. The results of these audits are also used to alert the Transport Safety and Compliance unit to taxis that are potentially not meeting quality standards.*

*Additionally, the analysis of this data highlights trends emerging throughout the industry. This allows the VTD to implement an integrated approach to detecting operators that permit below standard practices in order to improve these practices. This is done via targeted audit programs and information sharing across the business units.*

*Passengers and the public are encouraged to lodge complaints and feedback with the VTD if their taxi experience is of substandard quality. Public feedback is used by the Transport Safety and Compliance unit of VTD to target issues that occur on the roads. Procedures for lodging complaints are located in all taxis and on the VTD website.*

The Committee hopes that these programs will be effective in raising the standards of taxi-cabs in Victoria to meet or exceed the Department's target.

400 Department of Transport, *2008-09 Annual Report*, p.161

401 Department of Transport, *2007-08 Annual Report*, p.192

402 Department of Transport, response to the Committee's 2008-09 Financial and Performance Outcomes Questionnaire – Part Two, received 25 February 2010, p.30

