

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2016–17

Melbourne — 13 May 2016

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Dr Rachel Carling-Jenkins

Mr Tim Smith

Mr Steve Dimopoulos

Ms Vicki Ward

Mr Danny O'Brien

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#### Witnesses

Mr Gavin Jennings, Special Minister of State,

Mr Chris Eccles, Secretary,

Mr Tony Bates, Deputy Secretary, Governance Policy and Coordination, and

Mr Sam Porter, Acting General Counsel, Department of Premier and Cabinet.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Special Minister of State, the Honourable Gavin Jennings, MLC; Mr Chris Eccles, Secretary of the Department of Premier and Cabinet; Mr Tony Bates, Deputy Secretary, Governance Policy and Coordination; and Mr Sam Porter, Acting General Counsel.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving onto the next group. I will advise witnesses who will be asking questions at each segment.

All evidence given today is being recorded by Hansard, and you will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audiorecord or videorecord any part of these proceedings. Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I now invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee. Minister.

**Mr JENNINGS** — Thank you, Chair, and I thank PAEC for the opportunity to spend some time with you this morning. I understand that you have had a busy week or so already. I know that you have very high sugar content; I can tell that.

**Ms SHING** — We are enjoying each other's company immensely, Minister.

**Mr JENNINGS** — I hope that by the end of it you do not need any insulin or any other form of medical intervention to assist you. In that regard, my lack of generosity of spirit should not be considered to be any other thing than concern for your welfare.

#### **Members interjecting.**

**Mr JENNINGS** — Tough but fair.

#### **Visual presentation.**

**Mr JENNINGS** — I just want to briefly run through a quick presentation for you to outline the breadth of issues that I have been responsible for and continue to be responsible for across the government. I am relying on the slides ticking over so that I can give you a bit of a backdrop to some of the matters that we have been most mindful of in the last 12 months, as I lead in to the work that we are doing this year.

Members of the Parliament would be aware that we have made significant commitments as an incoming government in relation to improving transparency, accountability and integrity within the legislative framework and the practices by which government works and Parliament would expect of government in its statutory agencies. So in the last 12 months we have introduced — and in fact passed, the upper house — pieces of legislation that are going to come back to the Assembly, and will hopefully be adopted by the Assembly, next sitting week, that will see the delivery of commitments in relation to giving the Auditor-General follow-the-dollar powers and to providing for improvements to the powers and the functioning of the Independent Broad-based Anti-corruption Commission. And indeed, there is a piece of legislation in the Assembly at the moment which is delivering on the government's commitment in relation to placing closer

guidelines and restrictions on what constitutes appropriate forms of government advertising that will be subjected to the scrutiny of the Auditor-General.

In terms of public sector reform that has been undertaken in the last year, there are significant highlights we should draw to your attention this morning. The regional partnerships model that we have established across regional Victoria and that will be rolled out through metropolitan Melbourne as well will provide a greater space and opportunity for members of the local communities to have a direct say to government about what the priorities and focus and attention of government should be and make recommendations for how we work together. So this is a level up beyond local government in terms of catchments of regional concern that the government is very mindful of and committed to be responsive to. Those reforms I have embarked upon with a number of my colleagues to make sure that they are in place.

I draw to the attention of the committee today the emerging work on Service Victoria, which will provide a platform for bringing together a unified capability across the public sector in terms of the way in which we process large transactions with our community. We adopt a more online-friendly presence between the Victorian community and our citizens so that they feel better informed, better engaged and can actually complete transactions — whether that be for the range of their car registration or other licensing regimes or births, deaths and marriages applications. They can actually have that done in an online way, which is currently not available to them.

We released in the last 24 hours the information technology strategy, as had been promised, to bring together various elements of our capability uplift across information technology across the public service in how we build an internal capability, and we have released — refreshed — the telecommunications procurement and management strategy program, and we put that to market a couple of months ago.

In relation to the innovation that underpins some of the work that I have been associated with, we are looking at new ways in which government can — particularly using technology but other forms of innovative reform — try to align our services in a more user-friendly, real-time response capability across government. We have funded a number of initiatives through the Public Sector Innovation Fund to deliver on that, which includes the code for Victoria challenge, where we see some of the best minds in terms of technology and app-based solutions, data collection, analytical solutions and web-based practitioners actually come together to support our efforts. We have established an embedded program for fellows to come in from outside of government to work with government agencies on those matters. And we have recently established within the Department of Premier and Cabinet a behavioural insights unit to have a look at the way in which we can support a better use of government services and a better understanding of what services are available to people and how they can make the most of them into the future.

I just want to provide the committee with a snapshot of the state of the public sector. We actually understand how important it is, both in terms of its capability, its breadth of engagement across the Victorian community and the support it provides — more than 37 000 within the inner public service but if you consider, more broadly, public entities and public sector activities, we are talking about 239 000 employees who work across those agencies. That is a significant element of the Victorian economy in its own right — 8.7 per cent of the labour force in Victoria is through public sector entities, and 15 per cent of gross state product is actually attributed to the contribution of our public sector. That is quite extraordinary. The good news is that we have had reasonable growth — 2 per cent growth — in full-time positions across the public sector in the last year, and indeed the good news that I have got here is that 84 per cent of people who work within the public sector are happy to do so. In fact they see us and our agencies as the employer of choice.

In relation to the next slide, which outlines what we have added to in the budget, we have got programs that we will try to continually support. They enhance the capability of our people, creating better systems that they work within and indeed the transparency and accountability of the work that they perform so that we measure outcomes better and the community can be better informed about those outcomes. The initiatives that are particularly clearly identified within budget paper 3 relate to the management of public records, improving professional public administration within DPC and across the public service more broadly, adding to our public sector capability and integrity by supporting the work of the Victorian public sector commissioner, and making sure that we deal with the obligations of the office of the commissioner for privacy and data protection.

We have supported the Victorian Ombudsman to find an office for relocation in circumstances where, when we came to government, the Ombudsman was left stranded in accommodation where there was no ability to

actually renew those contractual arrangements. We have found alternative accommodation for the Ombudsman, and the Ombudsman's office is very happy about that.

In relation to the work that is coming through the family violence recommendations and the commitments that are embedded within the budget, with the \$572 million commitment to family violence that came out of the government's response to the family violence royal commission, there is an investment to support a greater data analytical capability, to support real-time service improvements to particularly victims of family violence who are seeking the support of government agencies, police, courts — any of our agencies — in terms of providing real-time information that is available to be able to be used to provide better support and more responsiveness. As I have indicated in my presentation up until now, Service Victoria will be a major investment and a major feature of our priorities in the upcoming year, and there is a significant investment that was made within the budget to support its ongoing development.

**The CHAIR** — Thank you, Minister. We have got time now for government questions. Ms Shing, until 12.18 p.m.

**Ms SHING** — Thank you, Minister, for attending today, for providing your presentation and for the evidence that you are about to give. I take you to budget paper 3, page 303, if I may, 'Public sector integrity', and those outputs and deliverables refer to overseeing the Victorian protective data security regime, enhancing the Victorian government's transparency and openness and providing advice, education and guidance to public agencies. Can I ask you for further information in relation to how the government has fulfilled a commitment to strengthen integrity and accountability by reference to perhaps some context insofar as it relates to history and how we have gotten to this point but also then perhaps 1½ minutes or so in relation to where we are heading from here?

**Mr JENNINGS** — Thank you.

**Ms SHING** — We have limited time available; this is why we are trammelling you.

**Mr JENNINGS** — I understand. In fact, Ms Shing, I will not rely on my 4½ hours in committee stage on this piece of legislation — —

**Ms SHING** — *Hansard* is always there for everyone else to read.

**Mr JENNINGS** — They were there, and I am certain that the members of PAEC will actually want to augment whatever I say to you in the next few minutes with that 4½-hour contribution. Put simply, the reforms, as I have raced through in my introduction, satisfy election commitments made by our incoming government to provide for greater powers for, in particular I will highlight, the Auditor-General and IBAC by enabling them to pursue more rigorously and more fulsomely and with a greater degree of confidence their lines of inquiry relating to their jurisdictional cover.

In the case of the Auditor-General, the key issue here has been to provide them with an opportunity for follow-the-dollar power. What that means is that if a public agency, a department, effectively enters into a contractual arrangement or subcontracts out part of their responsibility and enters into a contractual arrangement with an associated entity — it could be a non-government organisation, it could be a corporation, it could be people who actually undertake a construction on behalf of the community, so it could range from a community-based service to an infrastructure program — they have the ability to follow that public expenditure into that agency and have a look at how well the public moneys were acquitted.

I am certain, Public Accounts and Estimates Committee, when you are outside of this stage of your deliberations, this is something that you are very mindful of in terms of your ongoing relationship with the Auditor-General — about the way in which the office can adequately acquit their responsibility in terms of being able to be very clear about the net effect of public money being spent in this way. The Auditor-General has been very committed to this outcome. We had a series of ongoing discussions about the best way in which that could be acquitted. Indeed, being a responsive government, right up until the committee stage last week, we were happy to actually accommodate some additional refinement that the Auditor-General had to our piece of legislation to make sure that that could be acquitted properly.

In relation to IBAC the critical issue for IBAC was that we believe — in fact I think the outgoing government that we replaced accepted — that there were some difficulties with the scope of concern and the limits that were placed upon the range of issues that IBAC may be able to look at.

**Ms SHING** — So serious misconduct in public office, for example?

**Mr JENNINGS** — Serious misconduct in public office, as distinct from misconduct in public office — how high that threshold was in terms of whether IBAC has an ability to start its inquiries on a range of matters that may have had a lower threshold. They still have quite drastic consequences in relation to the potential for criminal convictions that actually may flow from them if in fact there is an abrogation of public sector duties or responsibilities that may lead to a benefit individually derived, whether it actually demonstrates corrupt practice or collusive practices that may compromise the public interest, that may lead in their own right to criminal conviction. That is what our bill provides for. The test that IBAC applied previously made it very difficult for them to actually make an assessment about how high that misdemeanour may be in terms of the chain of criminal matters.

**Ms SHING** — As part of threshold requirements for a successful prosecution — is that what you are referring to, Minister?

**Mr JENNINGS** — A successful prosecution, in fact — and they were hamstrung. In addition, they were hamstrung because of what is the prima facie evidence that would have been required under the previous legislation. In fact, they were almost snookered before they started, in many instances, in that until they could prove a case they could not start investigating a case. So what has been remedied in this legislation is that both in terms of the depth of issues that can be dealt with but also what is required on the basis of a suspicion, on the basis of reasonable grounds of evidence that comes to IBAC, they can now commence an inquiry that was previously not available to them.

**Ms SHING** — What about in terms of future reform to the integrity system? I note that there were over a dozen pieces of legislation under the former government designed to affect the integrity framework that was in place until recently. Where is the direction heading now in relation to streamlining or synthesising that framework?

**Mr JENNINGS** — It is a good question in relation to streamlining or synthesising. We are trying to do both in a very complex field. It would be our intention to synthesise them to the extent that there is no jurisdictional gap between what the Auditor-General does, what IBAC does, what the Ombudsman does in relation to what scope of issues they can deal with, so that in fact an investigation does not fall between the gap and that from the citizens' perspective there is closure in relation to that investigative journey, so that we do not actually have blind spots in the investigative journey because they are outside of the jurisdictional cover of agencies.

**Ms SHING** — I might hand over now to Ms Ward. Thank you, Minister.

**Ms WARD** — Minister, just quickly. As you finished up your presentation you referred to Service Victoria as a major investment and a major feature. If you look at budget paper 3, page 106, as well as within your presentation, \$81 million would have been allocated to the Service Victoria initiative. Can you talk us through how this is contributing to the public sector and how it is going to improve things?

**Mr JENNINGS** — Okay. I can give you a tangible example of why the situation has to improve. We know most people —

**Ms WARD** — I will take that on notice, Minister, when we do run out of time in 20 seconds.

**Mr JENNINGS** — Okay. At the moment less than 1 per cent of the transactions that take place between the Victorian government and its citizens are completed online, in one journey — less than 1 per cent. This is despite the fact that 65 per cent of the population would prefer to do their business online. So that is something we have to fix.

**The CHAIR** — Order! Mr Smith, until 12.29 p.m.

**Mr T. SMITH** — Thank you, Chair. Welcome, Minister. Could you briefly provide an update for the committee as to the negotiations on the EBA between the UFU and the government?

**Mr JENNINGS** — I am not certain how on earth that is pinned to the budget or how that is pinned to my responsibility.

**The CHAIR** — I think that question — —

**Mr T. SMITH** — I refer to budget paper 5, page 6, pertaining to public sector — —

**The CHAIR** — I think that question is probably better directed, Mr Smith, to either the Minister for Industrial Relations or the Minister for Emergency Services. I do not think that would be within the remit of the Special Minister of State.

**Mr T. SMITH** — Given that this minister is a department of Premier minister, and the Premier has now intervened in this case, I would have thought that it is entirely appropriate.

**Ms WARD** — I think you think wrong, Mr Smith.

**The CHAIR** — Order! While I appreciate, Mr Smith, there is in the budget a line item for the central bargaining unit — and I think that was used as a reference point for the discussion with the Premier last Friday — and while I appreciate the fact that any EBA agreed to would have an impact upon the forward estimates and therefore would be in the remit of estimates in relation to prospective expenditure, I am not quite sure whether the Special Minister of State would have any purview in relation to this particular negotiation, given the fact that it would not fit within his portfolio responsibilities. But if the minister would care to or want to elaborate further, I am happy for him to, but I do not think it would be relevant to the minister.

**Ms SHING** — To the extent that it does not involve expressing an opinion in contravention of — —

**Mr D. O'BRIEN** — Without assistance, thanks, Ms Shing. We do not need your help. It is our time.

**Ms SHING** — Apparently you do, because you do not understand how things are relevant to — —

**The CHAIR** — Order! Ms Shing. Correct me, Minister, if I am wrong, but if you wish to elaborate further, I would have thought that it is not within your remit.

**Mr JENNINGS** — It is certainly not within my remit and certainly I do not believe that it is within the scope of PAEC's entitlement to ask me a question on this matter. Anything that I would volunteer about my knowledge about this matter may only invite further questions that may not be helpful. In fact, if Mr Smith can actually cast his question to indicate what specific ministerial responsibility I have in relation to this and how it is pinned to the budget, then I am happy to consider my answer.

**Mr T. SMITH** — Well, you are the Special Minister of State. You are the minister for everything, you are on every single subcommittee of the cabinet, you pull the strings of every other minister, so I would have thought — —

**Members interjecting.**

**The CHAIR** — Order!

**Ms SHING** — A point of order: Mr Smith, you have just referred to the Special Minister of State as pulling the strings of every other minister. I would invite you to withdraw that remark.

**Mr T. SMITH** — You are not a minister, Ms Shing, so you cannot take offence at that.

**Ms SHING** — Through the Chair, I think that is deeply unparliamentary in relation to the assertion that you have just made that the Special Minister of State 'pulls the strings of every other minister'.

**Mr D. O'BRIEN** — On the point of order, Chair, as we discussed the other day, you cannot take offence on behalf of someone else. That is what standing orders are.

**Ms SHING** — It is not about taking offence; it is about unparliamentary conduct.

**Mr D. O'BRIEN** — We also have an agreement that we will not unnecessarily take points of order to waste time — —

**Ms SHING** — What, unlike the 43 minutes you wasted yesterday in relation to seeking to have the minister recalled before PAEC?

**The CHAIR** — Order!

**Mr D. O'BRIEN** — Can we please get on with questioning the witness?

**The CHAIR** — Order! Did the minister take exception to the comment made by Mr Smith?

**Mr JENNINGS** — I just want to deal with it in this way. I have been in this place, as Mr Smith has actually put on the public record, since about the 15th century. He thinks I have been here for a very long period of time. And I have been here for a long period of time — and not once, not once have I asked anybody to withdraw or not once have I indicated I have taken offence to anything, and I am not going to do it today.

What I can say to you, Mr Smith, is that your assertion is completely incorrect. That is not the relationship I have with my ministerial colleagues. It is most inaccurate, ill informed and in fact does not help us much.

**The CHAIR** — Mr Smith, your question, please. Mr O'Brien.

**Mr D. O'BRIEN** — I will move on. My question is actually to Mr Bates, relating to the government's release of the information technology strategy yesterday. The strategy proposed 26 actions to be completed by June 2017, but with the exception of Service Victoria, which has its own funding line in budget paper 3, page 103, what new funding is allocated in this budget to fund the other 25 action items?

**The CHAIR** — Mr O'Brien, budget paper 3 — —

**Mr D. O'BRIEN** — Page 103, where Service Victoria is listed, but the question is actually — there are 26 other actions — what funding is allocated to implement those?

**Mr BATES** — Mr O'Brien, most of the activities we think we can do within existing budgets. There is an amount of money that DPC holds which has been reallocated from some initiatives of the previous government around Project Atlas and the CenITex conversion, so there is a reserve of money there that we can access for that. But most of the actions at the moment are around improving governance of CenITex and trying to improve the capability of the public service in terms of managing ICT procurements and understanding how they specify through procurement what they are purchasing, so we think most of those actions can be funded within existing budget allocations of departments.

**Mr MORRIS** — Chair, just before Mr O'Brien goes on, could we have details of those reallocations, the amount that was not expended, how much has been reallocated and what it has been allocated to; on notice, I am happy with, but if we could have that.

**Mr BATES** — Yes, we can do that on notice.

**Mr MORRIS** — Thank you.

**Mr D. O'BRIEN** — Thank you. Following on from that, you talk about being able to deliver within existing funding, but budget paper 3, page 294, indicates that there is a \$4 million cut to the public sector ICT in this year's budget. How is that consistent with delivering the new strategy?

**Mr BATES** — That reduction reflects the profile that we had. It is related to Mr Morris's question about that there was funding in previous budgets that were fixed term, so some of them stepped down over the forward estimates. That 30 down to 26 is a reflection of the allocations that were already in the forward estimates.

**Mr D. O'BRIEN** — Sorry, can you say that again? The step down was already in the forward estimates.

**Mr BATES** — Yes. That is correct.

**Mr D. O'BRIEN** — It still does not really answer the question, though, as to how a whole new strategy is to be implemented when there is actually less money coming into that section.

**Mr BATES** — Really that step down — and I will just grab some notes here — and again, as I have said to Mr Morris, we will provide the detail on notice, but the step down to 26 is reflective of the budget allocations from previous budgets. So the information and communications technology line from a couple of years back, I think it was from the 14–15 budget or the 13–14, that had a profile that had \$14 million in 15–16, and that amount reduces to 5.4 million in 16–17 and then reduces further to zero in 17–18, so that profile you see is reflective of the allocations from past budgets.

**Mr D. O'BRIEN** — Given that answer, Mr Bates, does that indicate that the launch yesterday of a new strategy is effectively just a rebranding of the previous government's strategy and just a continuation of the projects that were already underway?

**Mr JENNINGS** — Would that not be a question that you should ask me?

**Ms SHING** — That is a political question.

**Mr D. O'BRIEN** — I asked Mr Bates.

**The CHAIR** — I think, Mr O'Brien, custom and practice is that questions in relation to government decision-making processes rest with the minister, and implementation rests with the public service. I do not think you can realistically expect a public servant to provide commentary around that on that issue.

**Mr JENNINGS** — At any time I am happy to help.

**Mr D. O'BRIEN** — Okay. I appreciate that. I will direct it then to the minister. There is less money in the budget. We have heard that is consistent with previous budgets — —

**Mr JENNINGS** — No, just hang on. I heard your question, I heard what Mr Bates said and I can actually augment what Mr Bates said by indicating to you that there is a line item that relates to the implementation of risk assessment that comes out of the initiative line that relates to the family violence royal commission which will include the establishment of a new data agency, which will be able to provide — or a capability across government that currently does not exist in relation to enhancing our ability to respond to real-time services. So that appears in the budget in a number of — I can draw attention to that line item if you need it, because it appears in a couple of locations within budget paper 3.

The additional issue that is very important for us to understand is that there is significant investment made on IT procurement across government, and part of our endeavours will be to make sure that we spend what are the allocations wisely. So in fact the assumption that Mr O'Brien is actually putting to us that all the initiatives in this strategy require new money as distinct from a new approach is the one that I have to address. Some of it relates to new initiatives — Service Victoria, a data agency and other initiatives in relation to the innovation fund. Those projects that come out of the innovation fund will all be significant new investments. But also the way in which we procure IT in the future and procure any of our data capability, we are trying to find greater discipline that will end up saving money in the budget. At least half of those elements in the strategy will be budget savers rather than adding to our costs.

**Mr D. O'BRIEN** — In the 10 seconds left I will not bother trying to ask anything, Minister, because — —

**Mr BATES** — Mr O'Brien, I can probably just clarify. We talked about how some of the previous initiatives have been — —

**The CHAIR** — Order! Dr Carling-Jenkins, until 12.35 p.m.

**Mr D. O'BRIEN** — Thank you for trying.

**Ms SHING** — Transparency at its best.

**Dr CARLING-JENKINS** — Ten seconds does not give you a lot of time, does it. Welcome, Minister. Thank you for your presentation. I do appreciate that. It certainly expanded on some of the areas of the budget. I



appreciated that. I would like to direct your attention to the machinery of government changes. Budget paper 5, page 76, mentions these. Last year you will recall that I asked about the changes, especially as they related to DHHS, and at that time you talked about developing an effective service delivery model through bringing the two departments together. Mr Eccles actually also talked at PAEC last year about the capability review, which at that stage, for that department, was in the middle stages of that. Minister, I just wonder if you could comment on the specific challenges and efficiencies from the reorganisation of DHHS? And then, Mr Eccles, if you could perhaps comment on the results of the capability review in reference to those same things?

**Mr JENNINGS** — Okay. I just want to walk a fine line of being responsive to your question and actually staying within my ministerial responsibilities. That is a fine line that you would not want to traverse. Within my activities, I support my colleagues at a ministerial level and their agencies in trying to find the best way to achieve an integration of the policy imperatives and the programmatic support of what the Victorian government provides. There has been a lot of work undertaken in the last year to assist in the transition to the NDIS. So that has been a joined-up effort that clearly I have been involved in, because I have worked with my colleagues in that department in trying to make sure that we account for the breadth of those transitional arrangements, how we work through the case management issues, the empowerment of clients to make sure that they not be left with missing a service when they have been promised greater services — that is something that we have actually concentrated a lot on — and how we have negotiated with the commonwealth government effectively. The reason I draw attention to that in particular is that that is involved with an additional capability within the Department of Premier and Cabinet, who have supported me and my ministerial colleagues in making sure that we acquit that responsibility properly. That has been a priority for us across our agency and the department.

We have also been very collaborative in relation to issues dealing with social housing in particular and the availability of public housing provision. There has been quite a lot of policy work that has actually been undertaken with the Premier and Premier and Cabinet that I have been engaged in supporting my ministerial colleagues in that work. They realise that that is a large obligation right across the profile of the needs of their clients to make sure that adequate and appropriate supportive housing structures are put in place. So that is work we have done in collaboration. Similarly through the family violence program, in terms of implementation, there has been a significant capability built at the Department of Premier and Cabinet that we have supported to assist in what will be wraparound services designed and delivered by those agencies. That will be a feature of their ongoing refinement and their integration of program delivery, because it will be an increasing feature of what we try to do as a government to make sure that clients get the appropriate wrapping around of services, the appropriate stability and certainty in their accommodation and that they feel more secure and supported by the Victorian government. That is our intention. We are actually pretty confident that that is where we are at on the trajectory, but you would understand from your background the complexity of those issues.

**Dr CARLING-JENKINS** — Absolutely, particularly for the public sector workforce.

**Mr JENNINGS** — Yes, the public sector workforce. Again, we have been walking a tightrope in terms of the vulnerability that some existing people in the workforce may feel in relation to the NDIS, for example. We actually feel that they need to have certainty about the transitional arrangements that will see the service types to be transferred into direct funding relationships with the NDIS rather than being necessarily directly provided by government. There is that issue. There is a huge escalation in what the workforce demands may be, so we have worked collaboratively with our colleague the minister for skills to look at workforce development, so that in fact we try to get a skills forum in place through that portfolio to meet the rise in the need of the number of people who are going to be employed in the workforce very soon.

**Dr CARLING-JENKINS** — Thank you, Minister. You have 30 seconds, Mr Eccles.

**Mr ECCLES** — I do indeed. The capability review which I alluded to last year has now been completed and has been implemented. The issues canvassed in terms of organisational design, systems enhancement and capability have all been put into play to ensure greater alignment with government objectives. If it was helpful in the last nanosecond, I could provide you with a more comprehensive description of the positive outcomes that have emerged from that review.

**Dr CARLING-JENKINS** — I would appreciate that. Thank you very much.

**The CHAIR** — Ms Ward until 12.45 p.m.

**Ms WARD** — Minister, you briefly got a chance to respond to my previous question, which you have taken on notice, but I would like to draw you back to Mr O'Brien's question where you talked about budget savings in the area of IT. I know that you also mentioned that about 1 per cent of transactions are being conducted online by Victorians, whereas around, say, 65 per cent of people actually want to do that. Can you explain to us how the money the government is going to invest in improving this usage is not going to be a waste of money?

**Mr JENNINGS** — I think that anybody who actually understands the very clunky way that a lot of the high-volume transactions take place between Victorians and government agencies at the moment, which sometimes requires our citizens to partially complete online applications then either scan it, print it off, physically take it to a different location to complete it, have their photograph taken and do three tumble turns on the way through, can understand that that is not a very desirable from the citizen's perspective, and inevitably it leads to a lack of productivity and speed by which those transactions can take place. So we are wanting to make sure that we have a very accessible online presence where our clients can complete in an easily navigable form across the various platforms, whether it be VicRoads; whether it be births, deaths and marriages; whether it be an application form for getting on a waiting list in housing services — whatever the process is of providing for an application in the first instance, it can be done online.

**Ms WARD** — I know my constituents find marriages to be very Byzantine.

**Mr JENNINGS** — Well, we all do in a variety of ways, except we are fighting fiercely for the right of everyone to have one. We may share that view, but that is a social objective — that everyone has the right to have one.

**Ms SHING** — Thanks, Minister. With that answer, I will just confirm 'Darn tootin' from this side of the table and move onto Infrastructure Victoria.

**Dr CARLING-JENKINS** — Not from everyone on this side of the table.

**Ms SHING** — Well, no, sorry, from my perspective, I should say. I will exclude Dr Carling-Jenkins from that.

**Dr CARLING-JENKINS** — Thank you.

**Ms SHING** — I refer to budget paper 3, page 293, and to the outputs for Infrastructure Victoria. I would ask that you outline for the committee the publications or discussion papers that Infrastructure Victoria has released and also the time frames in relation to consideration or inclusion of specific matters into the 30-year infrastructure strategy.

**Mr JENNINGS** — Okay. This format means we do actually move at quite a pace, don't we, really?

**Ms SHING** — It is a canter.

**Mr JENNINGS** — Absolutely. The major activity of Infrastructure Victoria in its first year is to establish a 30-year strategy to provide the community with some confidence that we account for our long-term needs right across our infrastructure needs, and that is not limited by transport — quite often people place a limit on infrastructure being transport — but what is the broad requirement. That may be in health, in education, in precinct development, in urban renewal, in terms of what might be beyond the physical infrastructure, what might be technology and other forms of capability that we need to make sure that we actually support our infrastructure needs into the future.

That has been their primary task, and they are working very purposefully to be able to do that, but in the preparation of that work they have released a series of discussion papers and reports — far beyond what they were obliged to do in the budget paper last year — which included a paper in November 2015 entitled *From the Ground Up*, which sets out the objectives and identifies the infrastructure needs of Victoria. In February they published four documents: *Learning from the past*; *Learning from others*; *The Current and Future State of Victoria — a macro perspective*, which was a report that was commissioned and undertaken by Deloitte's; and *The Current and Future State of Victoria — a spatial perspective*, a technical report by SGS; and then publication of infrastructure capability assessments, which actually gave a bit of a snapshot of our current infrastructure capability, which obviously leads to a gap conclusion of where we are deficient in those.

They are currently embarking upon discussions with the community in relation to very user-friendly We Hear You documents encouraging people to come out and tell us what they think of infrastructure in the future. They are about to publish, within the coming days, options papers and a publication to support their work to arrive at the strategy by the end of the year.

**Ms SHING** — How does the independence of Infrastructure Victoria compare to other jurisdictions around Australia, Minister?

**Mr JENNINGS** — Well, I am fully mindful, as the minister who is responsible for Infrastructure Victoria, of how independent they are, when I am mindful of how much I have had to say in relation to the design of all of those publications that have currently gone out. The answer is not much, if at all. I think probably most members of the Parliament and most members of the community may not believe this, but it is actually in the spirit of the legislation that we introduced, and when you actually see across ministerial control in Victoria and the ability for the minister to direct Infrastructure Victoria, I do not have powers of direction, unlike every other jurisdiction.

**Mr T. SMITH** — You have got a lot of powers of direction, Minister.

**Mr JENNINGS** — I am not crouching any longer, Mr Smith.

**Ms SHING** — It just goes to show that Mr Smith does not believe you, yes. So, on that basis, you would say that there is a greater degree of independence or a lesser degree of independence than other similar bodies around Australia, Minister?

**Mr JENNINGS** — When we released our legislation we actually did a matrix of independence, so right across the primary purpose of Infrastructure Victoria you will be amazed to know that New South Wales, Australia and Queensland all reckon that the purpose is pretty independent, but then after that when you actually get in ministerial control, the breadth of analysis, the extent of engagement and the degree of transparency in the reporting, there is only one jurisdiction that comes through with a tick on all of those.

**Ms SHING** — Which jurisdiction would that be, Minister?

**Mr JENNINGS** — That is Victoria.

**Ms SHING** — Thank you, Minister.

**Mr DIMOPOULOS** — Minister, thank you for that. Just picking up on Infrastructure Victoria, obviously expertise is at the board level, but it is also at the staff level, so particularly for a 30-year strategy and for a whole bunch of other work that the authority is going to do, how is it building its internal expertise? And how can you have confidence in fact that it is doing that in a good and appropriate way?

**Mr JENNINGS** — Thank you for that. This is the one issue that I have had discussions on with the board chair and the CEO, Jim Miller and Michel Masson. We have had discussions about the way in which that can be addressed, and they are very effusive about the talent and the professionalism that they have been able to bring across the disciplines required. We do need people with analytical capability in terms of understanding the demographic and economic pressures in Victoria. We actually understand we need to have people who have expertise in planning and in engineering. They need to have people who are actually pretty good at relating to citizens to actually elicit their view and support that sectoral engagement. There is a very well-rounded team that they have been able to put together. They have come up to pretty much full establishment within the last few months, and we have got great confidence, and they have great confidence, in the team that they have built.

**Mr DIMOPOULOS** — With full establishment, what does that look like?

**Mr JENNINGS** — It is a very good question. I knew I was going to inevitably lead to that answer. I will have to find the answer to that question.

**Mr DIMOPOULOS** — I suppose more in a sense that people come from the private sector, they come from the government sector.

**Mr JENNINGS** — Sorry, I thought you actually meant in relation to the number of employees.

**Mr DIMOPOULOS** — That would be helpful too, whatever you can tell us.

**Mr JENNINGS** — Rather than eat up precious seconds — —

**Ms SHING** — It might be taken on notice if you have got something else.

**Mr DIMOPOULOS** — Yes.

**Mr JENNINGS** — Okay, yes, exactly. There are 33 fixed-term and ongoing staff that have been recruited to the organisation; 15 of these have substantial private sector involvement. Of the categories that I have described, there are 14 who are working in strategy; advisory and research, 7; communications engagement, 6; corporate cooperations, 4; and executive management, 2.

**Mr DIMOPOULOS** — And obviously a very influential, high-powered board, so it is obviously going to be setting us up in good stead. Thank you, Minister.

**Mr D. O'BRIEN** — Minister, I want to go to Service Victoria, budget paper 3, 103, as I gave before. The DPC questionnaire response that we received earlier indicates that about \$34.5 million is expected to be spent on staff expenses for Service Victoria, but the budget outlines 81.1 million for 16–17. Can you outline what the other \$46.6 million is to be used for?

**Mr JENNINGS** — This relates to the technology that is going to be required, the design elements that need to be brought to bear and the procurement arrangements in relation to putting those systems in place. So a simple way — well, there is no simple way of understanding, but I will do my best to describe the simple. If this task was just an issue of bringing 400 websites and reducing them to 1, that in itself, even though that may involve a lot of data entry and reprogramming and design, could be achieved quite easily in relative terms. But what is not so easy is when you actually try to look at how the interface works between datasets that may currently exist and operating systems that may apply. Let us use VicRoads as an example, and I hope when I use that example that you have already talked to Minister Donnellan.

**Mr D. O'BRIEN** — Yes.

**Mr JENNINGS** — Good.

**Mr D. O'BRIEN** — But we will make a note of that for next time.

**Mr JENNINGS** — Because I did not want to be taking a shot at any agency that is setting them up for further scrutiny. But anybody who understands VicRoads, understands that it is one of the largest datasets in Victoria. I know under previous governments attempts were made to try to make that very large dataset workable, more manageable and more responsive to urgent needs. So in our terms it is actually seen as a legacy dataset and a legacy data management system that has a huge value because of the entries that are within its — very voluminous — —

**Mr D. O'BRIEN** — Sorry, Minister, I know it is a complicated answer, but can we come to the point a bit? We have limited time.

**Mr JENNINGS** — The reason why I was giving you this example is we are trying to look at ways in which, rather than completely re-enter every data entry, you can design a system, procure a system in terms of its ease of access for the citizen at the consumer interface, that can actually go in and out of that huge dataset without having to go through and reprocess and re-churn and recalibrate the machinery of that dataset. This is the reason why I focused on this answer. It is a very highly technical, complex issue that we are actually going to design and procure that outcome. So from the citizen's perspective — —

**Mr D. O'BRIEN** — So a lot of that 46 million then will go to contractors, presumably?

**Mr JENNINGS** — Some of it will go to contractors, absolutely it will. There will be a crossover between what is our in-house capability, what we need to contract out, who we need to partner with. In fact there will be a range of small, innovative start-ups that will be able to provide us with interface and app-based solutions. There will be some that will actually be very mature, well-recognised operating systems. Agencies that will

actually be working in place will be procuring. We will be building together with them to be able to address these issues.

**Mr D. O'BRIEN** — Okay. Thank you, Minister. The budget, as I said, outlines 81.1 million for Service Victoria, but it is only for 16–17. Have you yet to make a decision about whether it will continue to operate beyond that?

**Mr JENNINGS** — It is definitely the intention for us to actually get to a very mature state within the next 12 months of that expenditure. I have identified VicRoads as being one of the first datasets and the first services that we actually start to deal with, because in fact it comprises about 40 per cent of all transactions that occur in Victoria. So what we are looking at is doing it in bite-size bits, dealing with some small datasets and some small agencies and some small registration systems and the biggest and then, after we have completed those we bring them online so we get a high volume of traffic, so that by the time that we go online our aspiration would be to basically cover half of the transactions in the first cut and then cumulatively build in and fold in other aspects of the datasets in the future so that in fact ultimately we cover the entire field.

**Mr D. O'BRIEN** — So is there likely to be more funding for Service Victoria next year?

**Mr JENNINGS** — There is absolutely likely to be more funding.

**Mr D. O'BRIEN** — Can I move to Infrastructure Victoria, BP3, page 293. I note the quantity performance measures have been amended from 'Number of research, advisory or long-term project reports completed' last year to a far broader 'Number of publications or discussion papers released'. The performance measures are only six publications for 16–17. This is an organisation getting \$10 million per year. Why has this performance measure been so significantly broadened? Does the government consider it unreasonable for Infrastructure Victoria to do more than six projects?

**Mr JENNINGS** — No, I do not think it is unreasonable at all, but what — —

**The CHAIR** — I think, Mr O'Brien, it is six publications or discussion papers, not projects.

**Mr D. O'BRIEN** — Actually that is what I meant to say. It is a very good point, Chair, because we are talking about papers, which I think might actually include annual reports. So what are they actually doing for their \$10 million?

**Mr JENNINGS** — I think, Mr O'Brien, you must have been in consultation with your colleagues when I just answered a question a few minutes ago. But the primary focus, the primary task, is to do something that has never been done before — have a well-recognised, established and regarded 30-year investment strategy for the infrastructure needs of the state. That has never been done at any expense — —

**Mr D. O'BRIEN** — And yet some of the biggest projects in the state have not been referred to it.

**The CHAIR** — The minister is answering your question, Mr O'Brien.

**Mr JENNINGS** — I have spent a lot of hours in the Victorian Parliament, and it is unfortunately our loss that you are not in the Council any longer — it is a disappointment to us — because the important work, the essential work, in terms of meeting our commitment as we came to office as a government, was to establish Infrastructure Victoria as the repository of knowledge about our infrastructure needs into the future, to establish a well-regarded, respected and, hopefully, be received in a bipartisan or tripartisan way — —

**Mr D. O'BRIEN** — Well, if it had any work to do, we might be prepared to, but it has got six reports to produce. Anyway, Minister, thank you. I will hand over to Mr Smith.

**Mr JENNINGS** — Well, I do not know that you can thank me, because you cut me off.

**Mr T. SMITH** — I note that DPC's total spend has increased by 50 per cent this budget, up by 220 million — —

**The CHAIR** — Sorry, do you have a budget paper reference, Mr Smith?

**Mr T. SMITH** — Budget paper 3, page 289, Chair. I further note that the DPC general questionnaire response to this committee, page 31, indicates that an additional 109 bureaucrats have been employed in the department over the past 12 months, whilst the department appears to have no idea how many it is forecasting it will employ by the end of 2016–17. Minister, given that the spending on non-frontline public sector jobs is set to climb by hundreds of millions of dollars this year, can you indicate approximately how many additional bureaucrats you expect will be employed by the department in 2016–17?

**Mr JENNINGS** — I thought the questionnaire did address this question. Can we go back to the questionnaire?

**Mr T. SMITH** — Additional.

**Mr JENNINGS** — It is in question 29. I would have thought the questionnaire answers your question.

**Mr T. SMITH** — Additional?

**Mr JENNINGS** — Okay. I think the issue that relates to your question basically comes back to and is in parallel with the question I answered — Dr Carling-Jenkins’s question — was the whole-of-government support; that the Department of Premier and Cabinet are providing a range of whole-of-government initiatives, which include the ones that I referred to in my answer. So they are the implementation of family violence — —

**Mr T. SMITH** — These are additional bureaucrats in 2016–17.

**The CHAIR** — The minister is answering your question, Mr Smith.

**Mr JENNINGS** — You asked me what do they do, and I — —

**Mr T. SMITH** — And I want to know how many.

**The CHAIR** — Order! Mr Smith, the minister is answering your question — 1 minute.

**Mr JENNINGS** — What we are talking about is that the full implementation of the recommendation of the family violence royal commission is that we have made it an indicative response in the first pass within the budget. There is an acknowledged role for the Department of Premier and Cabinet to play that coordinating role in a number of activities, and in relation to the work that we are doing on NDIS in particular. That has been the primary driver of the whole-of-government role that DPC has provided in the last 12 months. In terms of what further announcements there might be in relation to the full implementation of the family violence recommendations, that is a work in progress. We have said that is a work in progress, and that may impact — —

**Mr T. SMITH** — Chair, please, 15 seconds. I want an answer, Chair, please.

**The CHAIR** — The minister is answering your question, Mr Smith.

**Mr T. SMITH** — It is not an answer, Chair.

**The CHAIR** — The minister is being responsive.

**Mr JENNINGS** — I am giving you the context by which — —

**Mr T. SMITH** — I want an answer, Chair.

**The CHAIR** — The minister is being responsive to the question that was asked.

**Mr JENNINGS** — What is the work, what is the whole-of-government activity and why it will grow.

**Mr T. SMITH** — I can see why he runs the place, Chair. It is very good at — —

**The CHAIR** — Order, Mr Smith! Ms Pennicuik for 5 minutes.

**Ms PENNICUIK** — Good afternoon, Minister, and members of the department who have come here today.

I was going to ask you a question, but I have changed my mind now, having listened to everything that you have been saying, particularly about Service Victoria and the information technology statement that you announced and that government members have been talking about. I think it is very interesting in terms of how you might amalgamate or integrate the service provision of different departments et cetera, if that is what is intended. One of the issues it does raise is the issue of data security. When you talk about people having to jump through hoops, do somersaults and take photos, if this is all going online, it does raise the issue of data security.

I noticed in the budget paper 3, page 103, that the ongoing funding to meet the obligation of the commissioner for privacy and data protection is 400 000 in this particular year but nothing in the ongoing years even though it says 'ongoing'. It does not appear to be ongoing. So I wonder if you could make some comments about that — firstly, about funding for the commissioner and, secondly, how it relates to that project that we have been talking about this morning.

**Mr JENNINGS** — So there is a number of things that I need to actually tell you about. You are quite right that there needs to be a balance in terms of protecting the privacy of information and then the sharing of information across government agencies, and in fact you would want that information sharing to occur in a way which is authorised and understood by the client or our citizen.

**Ms PENNICUIK** — And the security of that data from outside.

**Mr JENNINGS** — Yes, well, I had not finished the whole story. So certainly there needs to be an authorisation, an ability to share that information appropriately and to make sure that it is housed and contained in an appropriate fashion, and we have to be pretty clear on the rules by which people would access it into the future. So there will be ongoing consideration of that, and we will introduce legislation based upon the advice of the commissioner and of our agencies about the best way in which we can do that. So that will lead to legislative reform to underpin that work into the future.

We also realise that there is a need for us to be very clear about our obligations of sharing information more broadly, access to information, public disclosure of information and the way in which there should be appropriate security, both in terms of the containment of what I have described as datasets but are information about people, ultimately, and we have to be respectful of that. In terms of the ICT strategy we also have to be alive to the way in which we build cybersecurity capability and the way in which we protect those datasets from potential intrusion or unwelcome breaches of security.

Now, regarding the last bit of your equation about the dollars that have been allocated, the dollars that have been allocated for this financial year support the ongoing establishment and the work that is being undertaken. It is maintaining effort this year. In an acknowledgement that in fact there will be some changes that may be required in the years to come, this important work will not be ignored; in fact I want to give you confidence that we will be giving further attention to this work in the future, and I am sure there will be opportunities for you to scrutinise the government's intention and the effect of what we are doing to make sure that we get the right balance between what you have asked me to achieve.

**Ms PENNICUIK** — Thank you, Minister. If I could quickly, in the 30 seconds I have remaining, refer you to page 106, which refers to the public sector mutuals as an alternative human service delivery model, which sounds very interesting. You may have to take it on notice as to more information as to what particular areas those PSM's will be concentrated in.

**Mr JENNINGS** — There is one area that has been thought about, and it is in relation to the transitional arrangements for NDIS and what might the appropriate models be of those services.

**The CHAIR** — Order! Time has expired. I would like to thank the witnesses for their attendance, the Special Minister of State, the Honourable Gavin Jennings, MLC, Mr Eccles, Mr Bates and Mr Porter. The committee will follow up on any questions taken on notice in writing, and a written response should be provided within 14 calendar days of that request.

All broadcasting and recording equipment must now be turned off.

**Witnesses withdrew.**