

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Budget estimates 2020–21 (Andrews)**

Melbourne—Friday, 27 November 2020

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallenge



**WITNESSES**

Mr Daniel Andrews, MP, Premier,

Mr Jeremi Moule, Secretary,

Ms Kate Houghton, Deputy Secretary, Social Policy Group, and

Mr Tim Ada, Deputy Secretary, Economic Policy and State Productivity Group, Department of Premier and Cabinet.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee.

I would like to begin by acknowledging the traditional owners of the land on which we are meeting, and we pay our respects to them, their culture, their elders past, present and future and elders from other communities who may be joining us here today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2020–21 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

Please note that witnesses and members may remove their masks when speaking to the committee but must replace them when they are not.

All mobile telephones should be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. Comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

I welcome the Premier and his officers from the department and I invite you to make an opening statement or presentation of no more than 10 minutes, and this will be followed by questions from the committee.

Thank you, Premier.

**Mr ANDREWS:** Thank you very much, Chair, for the kind invitation to be here today. I want to go through a brief presentation just on this year's budget to put it into some context.

**Visual presentation.**

**Mr ANDREWS:** Obviously this is a year like no other and therefore the budget needs to respond to the unique circumstances and challenges that we face and also find the opportunities within those challenges. The centrepiece of the budget is of course a plan for jobs to get Victorians back to work. Beyond that of course it is about building our state as we rebuild our economy, supporting industries and leveraging our strengths as well, Chair, so that we can make those things that we are well regarded and very well known for an even more important part of our economy, part of our community—and of course all budgets are not just about numbers; they are about people. So it is about making sure that no community and no Victorian individual or family is left behind.

Just to run through some of the key elements to our mission to get Victorians back to work, there is \$1 billion for training and skills. We know that TAFE and training is critical to workforce opportunities and life opportunities. We are providing up to 80 000 new training places over four years. Free TAFE remains a very significant part of our policy priority. It is all about making sure that we have got the skills that Victorians want and that our economy needs today and into the future.

There is just under \$850 million for the new jobs tax credit, which is all about rewarding those businesses who rehire staff with lower payroll tax. That is just a commonsense way that we can promote employment and stimulate the economy.

There is just over \$600 million to Jobs Victoria, a very successful network that provides tailored support, individual support, to those who often are doing it toughest. There is \$250 million in wage subsidies, with at least \$150 million that directly supports women—who have been forced to shoulder the heaviest burden out of this pandemic event—back into work.

Five million dollars of course—it seems a small amount of money, but it is a very significant shift in fairness and safety across our workplaces and across the Victorian economy. Insecure work is simply toxic, and it has come time for us to no longer ignore that issue but to do something meaningful about it, and this pilot scheme will mean that workers in a number of particularly public-facing and therefore high-risk industries will be able to access five days of sick pay. This is a trial program, a pilot program, but one that we are proud to put forward. The time has come for us to do something meaningful about insecure work and the fact that it is a danger to safety. It is all about dignity and giving people a living wage so that they can provide for their children. This is the sort of leadership that I think should be provided across the whole nation. But if others are not prepared to do it, we are, and we will push forward and hopefully we can convince others to join us in this.

In terms of the point I made in relation to the disproportionate burden that women have carried through this pandemic event, there are many different initiatives that will underpin increased female employment. With tutors in our schools to bring our students back up to speed—as you can see there, 4100 tutors across government and non-government schools—around 80 per cent of those jobs are expected to be filled by women. We have been inundated with—I have not asked my good friend the Deputy Premier for an update, but at one point I think we had more than 10 000, perhaps even as many as 15 000 people, who had registered interest in those 4100 jobs, so it is a very important part of it. There is \$235 million for the recovery workforce. That is about 500 new jobs across mental health, family violence, child protection. There is a very significant majority of employees who would be expected to be women in those sectors.

Making kinder free next year is very important in terms of encouraging women back into the workforce and helping to juggle that work-life balance. We think workforce participation will be the real winner out of that as well as household budgets—\$2000 per child is a very, very important boost at a time when people need it. There is just over \$80 million for outside-school-hours care. There are about 400 schools that do not provide that service now. They will provide it because of the intervention that we have made. There is \$17 million to continue and to promote gender equality. They are not just words, they are not just principles, we are putting that into direct action—a tangible, meaningful direct action that is about equality, safety, empowerment, dignity and all the things we should be able to take for granted but sadly we cannot and we are not. There is \$5 million for women in construction. That is a very heavily male-dominated industry. That can change, but it will not happen by accident. So there are some very targeted initiatives to achieve that outcome. Women in transport, similarly, whether that be in training and scholarships or direct employment opportunities.

The next pillar in terms of rebuilding our state as well as our economy is the biggest boost in the history of our nation—not just our state but the biggest boost in the history of our nation—to social and affordable housing. This is really important for that sense of certainty and security for those who do not have a roof over their head that they can actually count on as well as for creating 10 000 jobs a year for each of the next four years. This is unprecedented investment, and that real double benefit of stimulus and employment is giving that construction sector a pipeline of work but also making sure that many of the most vulnerable in our community have got what they need most—secure, affordable housing that they can use as the foundation to build a life and to have all the life opportunities that every Victorian should be entitled to.

The Suburban Rail Loop is a project Victorians voted for. We will make a profound start with \$2.2 billion for the first stage from Cheltenham to Box Hill, and there will be many more milestones and many more dollars invested in that project. It is exactly what we need. There is \$2 billion in partnership with the commonwealth government, we are pleased to say, on Geelong fast rail for getting services down to 50 minutes and creating jobs.

There is a \$1.9 billion school building blitz—plus of course if you add in the building works allocations that we made earlier in the year, this is without any doubt the biggest boost to school capital, school fabric, that the state has ever seen. That is great for kids, great for tradies and fantastic for school communities as well, particularly given that so much learning these days—modern team-based learning, cohort-based learning—can only be made possible if you have got the right physical spaces, and that is exactly what this boost does.

There is \$1.6 billion around energy efficiency. This has been lauded by those who, for a long time, have advocated for more serious action to make a proper transition to not just energy efficiency in the home but a very different energy mix. This is a transition. It is not something you can just flick a switch on. But this is a profound investment, and one that will mean more power, more reliable power, cheaper power and many more people employed as a result.

Successive governments—led by, I must say, our side of the aisle—have invested very substantially in our sporting infrastructure, with more than \$1 billion down at the tennis centre. The arts precinct is no less important to drive visitation, to drive jobs. The \$1.4 billion for the first phase delivers NGV Contemporary and an 18 000 square metre park as well as some urgent works and upgrades at the Arts Centre. It is jobs in construction, but it is also tourism jobs. This build will mean another 3 million visitors a year to that very exciting precinct, absolutely cementing us as the cultural and creative capital of our nation, our region, with one of the top 10 modern galleries in the world. We are in the top 20 now, but I think we can do even better.

In terms of industries and trying to leverage our strengths, the Breakthrough Victoria Fund—and I was at the WEHI yesterday—this is the missing link in taking the great ideas and great science for which we are absolutely renowned across the world, dealing with the various valleys of death that occur in the development of any product and making sure that not just the idea is Victorian but the prototyping, the scaling, the manufacturing is Victorian as well. We do not want our ideas, our science, our breakthroughs to be sent to China or to Vietnam or to Singapore or to Silicon Valley for the profound job outcome. We think that can happen here. More of that value chain will be Victorian because of this investment. And again, it has been praised in really unprecedented terms by the scientific and innovation community because it is what we need.

On digital future, connectivity has really been something that we have all learned and understood the importance of, if we did not already know, but whether it is black spots or business-grade broadband, this is a massive win for regional Victoria. It is not a space that we by rights should actually step into, but when you see a problem and you can do something about it then you get on and get the job done. Beyond the breakthrough fund there is also support for other research in a number of very important medical research institutes, not least of which is the initiative to form the Australian Institute for Infectious Disease, as well as further strong support for advanced manufacturing. We know that that really is the industry and the output of the future, so it is very important that we invest in that strongly.

There is a whole range of different initiatives you can see there, from travel vouchers to support regional tourism as well as infrastructure all the way through to the Growing Suburbs Fund, making sure that our ag sector is well supported—and it is—and of course our school and community safety programs, very small in scale but significant in outcome.

Just to give you a sense that this is an investment for every Victorian and a budget that puts people first right across the state, no matter where they live, that is regional Victoria. Each of those represents an investment. The next one is metropolitan Melbourne. Thank you very much, Chair.

**The CHAIR:** Thank you, Premier. I will hand to Mr Richard Riordan, MP, for the first questions. Thank you, Deputy Chair.

**Mr RIORDAN:** Thank you, Chair, and welcome, Premier, and your department. Premier, budget paper 4, page 10, your budgeted forecast debt is to rise to \$154.8 billion by 2024, just four years away. This is the highest debt in Victoria's history. When do you plan to pay the first dollar of principal back?

**Mr ANDREWS:** Mr Riordan, can I point to the fact that this is a budget for unprecedented times. This is a one-in-100-year pandemic event, and it is my practice to follow the advice of the experts. The experts told us firstly in relation to getting the public health situation under control that we needed to take very difficult steps, and we followed the advice of the doctors, we followed the advice of the scientists, we followed the advice and had the data lead us in our public health response. Today we mark the 28th day of zero cases across our state. That is something that all Victorians should be fundamentally proud of.

**Mr RIORDAN:** Premier, I appreciate you want to talk about what you have been doing with COVID. This is a budget question, and we will have time later this afternoon for you to talk about COVID. This is a budget question. Budget experts will tell you: you need a plan.

**Mr ANDREWS:** I am coming to the budget.

**Mr RIORDAN:** You need to know when you are going to pay the dollars back, and Victorians need to know when and how the dollars will be paid back.

**Mr RIORDAN:** Mr Riordan, this is your time, and if you want to ask the question again that is fine, but believe me, as I always do, I will answer each of the questions you ask me.

**Mr RIORDAN:** Good. So a date, please, Premier?

**Mr ANDREWS:** I am coming to budget experts. Just as public health experts have led our public health response, the success of which is undeniable and a great credit to the Victorian community, with 28 days of zero cases, it is my intention and the intention of the government I lead to follow other experts—for instance, no less a source than, say, the governor of the Reserve Bank, who indicates to us that now is the time to borrow. Now is the time to borrow, given the unprecedented nature of the event and the unprecedentedly low cost of borrowing. In terms of repaying the borrowings that are essential both in very practical terms but also in policy terms—and that is not just, can I say, Mr Riordan, the view of the governor of the bank, Philip Lowe, it is also the view of Steven Kennedy—

**Mr RIORDAN:** Premier, taking loans is not the question. It is: are you unable to tell us when you are going to start paying it back?

**Mr ANDREWS:** Mr Riordan, as I have said to you, this is your time. These are your 10 minutes or 15 minutes—however many minutes the Chair has agreed to give you.

**Mr RIORDAN:** And you are doing a jolly good job wasting them, Premier.

**The CHAIR:** Mr Riordan, I think you are wasting them yourself.

**Mr ANDREWS:** With the greatest of respect, Mr Riordan, I do not think talking about 28 days of zero cases or the views of the governor of the Reserve Bank is a waste of time.

**Mr RIORDAN:** That is not the question, Premier. This hearing is talking about the budget. You have been asked a simple question: do you have a date when you start paying the money back?

**Mr ANDREWS:** And I will answer it in a manner that I see fit. I will answer your question and I will come to it in terms that I will formulate. That is the way this works. That is the way it works.

**Mr RIORDAN:** Premier, this committee—you are not here to reimagine—

**The CHAIR:** Mr Riordan, could you allow the Premier—

**Mr ANDREWS:** I am here to answer your questions and I will not be directed by you as to how I do that.

**Mr RIORDAN:** Sorry, Chair, the Premier does not have a role to reimagine my questions. My question was simple: a date for when you plan to pay the \$154 billion, which is more than any other state. When do you plan to start to pay the principal back?

**Mr ANDREWS:** Well, somewhat less than the trillion dollars than the commonwealth government have engaged, and it is consistent with—

**Mr RIORDAN:** Premier, with all due respect, you are not the federal government, you are the Victorian state government.

**Mr ANDREWS:** Chair, I am more than happy to answer questions, but what I have not come along here today to do is to try and reduce complex and very important issues to one-word answers. I do not think that does this process any credit or any good.

*Members interjecting.*

**Mr RIORDAN:** Well, any sort of answer would be good.

**Mr ANDREWS:** I am simply not prepared to do that.

**The CHAIR:** Mr Riordan, Mr O'Brien and Ms Vallence—

**Mr RIORDAN:** There, he is waffling.

**The CHAIR:** Mr Riordan, you are not allowed—

**Mr RIORDAN:** This is not one of his 104 press conferences where he can ramble on.

**The CHAIR:** Mr Riordan, could you please not talk over the Chair.

**Mr RIORDAN:** This is a parliamentary hearing.

**The CHAIR:** Mr Riordan, could you—

**Mr RIORDAN:** Sorry, Chair, he has been asked a simple question: a date when the principal will start to be repaid. All Victorians—any Victorian, small businesses in Victoria, families—take out loans. We understand loans are an important part of business. What we want to know is: what is your plan to pay it back?

**The CHAIR:** Premier, before you answer that. Mr Riordan, I would greatly appreciate it if you would not speak over the top of me when I am speaking. The Premier has indicated that he will answer your question. You keep interrupting him within 5 or 10 seconds of him attempting to do that. Could you please allow him—

**Mr RIORDAN:** He had 5 minutes and he had not got close.

**The CHAIR:** You are wasting your own time, Mr Riordan. If you could allow the Premier to answer the question in the manner that he would like to answer the question, that would be appropriate. Thank you.

**Mr ANDREWS:** As I was saying, this is an unprecedented year and we have had no choice but to access borrowings at an unprecedented level. Repayments—this budget provides estimates over four years and there are repayment schedules that are well known and well understood in relation to borrowings that preceded the pandemic event. What is most important, Mr Riordan, is that we borrow when we can borrow at the lowest cost, that we get the economy growing so that we can generate jobs, economic output, as well as surpluses—so more revenue than the expenditure—and that allows us then to begin to not only service that debt but to repay the principal.

I had a conversation with the Prime Minister not long ago about this very issue. What is clear is that when a one-in-100 event hits your economy and community, the remedy for that, those additional borrowings, will not be able to be paid back quickly and they will not be able to be paid back at all unless we get the economy growing. And that is why each and every first minister around the national cabinet table has listened very carefully to the advice of the governor of the Reserve Bank and the Secretary of the Treasury at the federal level and we have all of us agreed that now is the time to invest. We fully acknowledge that borrowing costs, so 20 basis points on a three-year government bond—that bond rate gets a little higher when you get out to five and 10-year-notes. But ultimately unless we make these borrowings now we simply will not have the growth in our economy and the surpluses generated by additional activity to service the debt that we already have and have had to add to in the initial response to the pandemic, let alone the debt that is central to the recovery.

I am not able to provide you with a long-term repayment plan. I am simply able to point out to you, and I am pointing out to you I hope, that we will service our borrowings and we will be best placed to not only service the cost of that capital but to repay principal once we have the economy growing, once we have healed the wounds in our economy and communities and repaired the damage that has been done in so many different ways. This is the strategy in policy terms. Of course this is a budget which provides estimates for four years. I am more than happy to concede to you, Mr Riordan, that the repayment of these borrowings and the repair from this pandemic will be a long-term project. That is the position of every first minister, including the Prime Minister.

**Mr RIORDAN:** So for the record, Premier, young people, people in the future in Victoria, will be carrying this debt for quite some time.

**Mr ANDREWS:** Well, this is a very interesting argument.

**Mr RIORDAN:** No, no. I am just making a point. I am moving on.

**Mr ANDREWS:** I am very sorry, you made—

**Mr RIORDAN:** No, I have not asked—

**The CHAIR:** Mr Riordan, you put it to the Premier. The Premier is entitled to answer the question.

**Mr ANDREWS:** The way this best works, Mr Riordan, if I could be so bold as to say: you made a statement, and when you make a statement, as a witness appearing before this very important body I think I am more than entitled to respond to that. This is a very interesting argument. And yes, there will be costs incurred by many, many Victorians—perhaps all Victorians—as a result of this one-in-100-year event. But that is the key point, and that is what experts have told us: go into the market, borrow, use your strong balance sheet and your strong economic record and your strong budget to borrow at unprecedentedly low levels, but be careful where you spend that money.

**Mr RIORDAN:** Absolutely, Premier.

**Mr ANDREWS:** Spend it. Spend it on productive—

**Mr RIORDAN:** Absolutely. Interestingly, you could not tell us where you are spending it.

**The CHAIR:** Mr Riordan, could you allow the Premier the opportunity to do exactly that.

**Mr ANDREWS:** Spend it on productive infrastructure, the benefits of which will be enjoyed by our children and our grandchildren. The rail network, the road network, hospitals, schools: the list is a very long one.

**Mr RIORDAN:** Okay. We are moving on, Premier. Thanks for that.

**Mr ANDREWS:** Well, perhaps you are pleased to move on. I can speak about these matters for as long as you want me to.

**Mr RIORDAN:** It is not for you just to spout your policy. We are here to ask questions for the parliamentary inquiry.

**Mr ANDREWS:** I am here to answer them.

**The CHAIR:** And, Mr Riordan, we are also here to hear the answers, if you could ask your question and wait for the answer.

**Mr RIORDAN:** The annual interest bill will rise to \$4 billion with this new \$154.8 billion worth of debt. If Victoria loses its AAA credit rating, which S&P says is possible, how much will our \$4 billion-a-year interest bill increase?

**Mr ANDREWS:** Well, Mr Riordan, I think it is really important to acknowledge, as the Treasurer indicated in both budget papers as well as in commentary on the budget following the release of the budget, that carrying costs of these increased borrowings represent around 4½—perhaps a little bit more—cents in every dollar of revenue the government earns. That is still historically low, and there is no getting around the fact that, at current settings, the carrying cost of this additional borrowing is at a record low—unprecedented low levels. In terms of your question as to the credit rating, can I say with the greatest respect, I am not going to be barracking for a change in our credit rating nor will I be speculating usefully or otherwise about that. There has been no change to the ratings of our economy and budget by those agencies. Credit ratings are a matter for them. What is a matter for me—and might I suggest, for any good government—is to get on and do what must be done to create jobs and repair the damage that this pandemic has done to us.

**Mr RIORDAN:** But this is important for this committee to understand, Premier. So you do not know and you do not have an idea when we will be—

**Mr ANDREWS:** No, I do not care to speculate.

**Mr RIORDAN:** Let me finish the question.

**Mr ANDREWS:** Well, do not put words in my mouth. I do not care to speculate.

**Mr RIORDAN:** You have said you do not have a day when you are going to start paying the principal back. You have just told us you do not know what the effect on the budget will be if interest rates increase. And so my next question is: not knowing what the interest repayments alone may cost us into the future, not knowing when you are going to pay back—but you accept that we will have to pay back eventually—are you considering, or will you consider, new taxes in order to help find the dollars to combat this problem?

**Mr ANDREWS:** Well, Mr Riordan, you have connected a whole range of interpretations of the answers I have given, which is factually wrong and unfair, to then ask—

**The CHAIR:** Sorry, Premier, if I could also just interrupt. This is an estimates inquiry into the budget we have before us—not a speculation about future ones. So if you could keep your questions to the budget.

**Mr RIORDAN:** But we have got budget papers that we have given the government an extra six months to compile. The government has left vast parts of the information out because, they have told us, they are too busy. Victorians now understand we have got unprecedented debt levels—we are more than trebling debt in only three years—and the Premier is telling us today that he does not know when he is paying the principal back. He is unable to tell us what the effective interest rates—

**The CHAIR:** Mr Riordan, you are wasting your own time. You have 2 minutes left, and I suggest you keep your questions to the inquiry in front of us.

**Mr RIORDAN:** Well, my question to the Premier was: will he have to consider new taxes in order to manage those two problems?

**Mr ANDREWS:** I would have thought, Mr Riordan, this budget puts beyond any doubt that we know what is most important, and that is getting people back to work, and a competitive tax system is an essential part of that. We are not in the business of stifling jobs growth. We are not in the business of making it less attractive to invest in Victoria than other states. As the Chair rightly points out, these are hearings into the budget and estimates that have been handed down by the Treasurer on Tuesday. It is not, I think, useful or indeed within scope for me to be predicting or to be trying to get into completely hypothetical matters. I would point you to our record, and that is one of jobs growth—520 000-odd jobs before this pandemic event. We will create 200 000 by 2022, and we will create 400 000 by 2025. A competitive tax system and strong investments, a pipeline of investments, are critically important to that.

**Mr RIORDAN:** Secretary Moule, a question for you with what time we have left. Budget paper 3, page 317, ‘Professional public administration’—what was the value of the separation and termination payment to your predecessor, Mr Eccles?

**Mr MOULE:** Thank you for your question. Mr Eccles did not seek or receive any payment for his termination. He resigned of his own volition. There were some very minor payments that were agreed that related to essentially the emptying of his office and the transportation of his items. They were agreed between himself and me as Acting Secretary at the time, but there were no payments other than his entitlements for leave and so on that were balances that were carried at the time.

**Mr RIORDAN:** No contractual payouts.

**Mr MOULE:** No, there were not.

**Mr RIORDAN:** Okay. Secretary, what was the value of the separation and termination payouts for Secretary Peake?

**Mr MOULE:** You would be aware that Ms Peake was at the end of her five-year contract. It was the day that it expired. I think the date was 16 November. Matters related to the finalisation of her contract are

confidential and part of the contract, but I can say that they are well within the standard provisions that are in the executive contracts for secretaries.

**Mr RIORDAN:** Okay. Thank you.

**The CHAIR:** Deputy Chair, I would remind you to keep your questions again to the budget papers, please.

**Mr RIORDAN:** Well, that was information missing from the budget papers. Secretary, last year your predecessor estimated the ministerial staff costs for 2019–20.

**The CHAIR:** I am sorry, Deputy Chair, your time has expired. I will pass the call to Mr Gary Maas, MP.

**Mr MAAS:** Thank you, Chair, and thank you, Premier, for your appearance, and also thank you to your departmental team as well. Premier, I would like to just ask you about budget paper 4. Past budgets have included a budget paper on the state capital program, which has typically been referred to as budget paper 4, yet this year that budget paper has not been produced. In referring to budget paper 2, chapter 5, page 83, I was hoping you would be able to inform the committee why there is no separate budget paper on the state capital program.

**Mr ANDREWS:** Well, thanks very much, Mr Maas, for your question. As I was just indicating to Mr Riordan, and I think we are all pretty well aware, this is a year like no other. In the preparation of the budget there are many, literally thousands of, hours of meetings, all of which were conducted remotely this year. We have put together a budget that is unprecedented in size and scale but also very well targeted towards those who need it most, those who have suffered the most damage and the most pain over the course of this year. Of course we should not gloss over the fact that for many communities, particularly in our east and our north, this has not just been a year of coronavirus, but indeed these troubles and challenges and really big difficulties began with one of the worst bushfire seasons we have ever had.

In the preparation of the budget a lot of work goes into it. There is constant back and forth between all government departments, principally the central agencies: my department and the Department of Treasury and Finance. In the preparation of the budget and its related paperwork, Treasury and Finance made it very clear to us that given the unprecedented impact the virus had had on, for instance, construction projects, whether they were running at 50 per cent or 75 per cent in order to be safe workplaces and in order to have appropriate social distancing, there had been very significant impacts—I think more in time than in cost, although that is yet to be determined. The outcome of all of those discussions was that Treasury recommended to us and advised us that they simply could not produce a typical budget paper 4 and that coming to those conclusions with any sense of accuracy and fairness—and of course we and our officials take the production of these documents and their accuracy very seriously; this is not anything other than an exercise in diligence and hard work—it was simply impossible at this time to produce the usual documentation that would run through the state’s largest ever capital works program and infrastructure program, projects large and small.

However, as Mr Riordan pointed out only a few moments ago, this budget in a normal year would have been delivered back in May. We would not be here now; we would have had these hearings and been long gone from that. We would be well and truly into preparing next year’s budget. The point of the reference to timing is that of course the budget for 2021–22 will be produced in May next year, and the Department of Treasury and Finance are confident that by that time they will be able to make an accurate and reliable assessment as to time and cost on each of those projects. So the more traditional presentation will be able to be made next year, and a full accounting for the coronavirus impact, together with the progress made otherwise and the costs incurred otherwise, will be able to be produced as part of next year’s budget papers.

That is a long way of saying, Mr Maas, that if Treasury could have got the paper produced, it would have been included in this year’s budget. Their position—not the position of the government, their position—was that that was simply not practical or feasible, and given that the next budget is quite close and in fact I can confirm for you that meetings of the expenditure review committee will begin next week in preparation for next year’s budget, we will be able to acquit all of those issues in a more normal and in an orthodox fashion, because of course with the passage of time we do hope to be in very different circumstances.

**Mr MAAS:** Thank you, Premier. Mr Riordan has already taken us to the size of the spend, and a large part of that spend is in new infrastructure. Can you explain for the committee why the government has chosen to invest so much in new infrastructure in this budget?

**Mr ANDREWS:** Mr Maas, it is a very good question. I think ‘infrastructure’ is a term that can be read down to mean many things. I think that \$5.3 billion in social and affordable housing is a very quick and meaningful way in which we can create jobs but also have those secondary and tertiary benefits, providing people with the secure housing that they are fundamentally entitled to as a human right, not to mention all the logical policy consequences of that, the very practical consequences of that—people being able to be, for instance, compliant with a treatment plan, being able to protect their children, being able to apply for a job and get a job, being able to be a productive member of the Victorian community. If you are not in decent and secure housing, then all of those things become so much harder.

There are also then thousands, literally thousands, of jobs that come from that direct investment, and we are certainly not opposed to very large projects. We are in fact getting more of those away than any government in the history of our state, but there needs to be a mix of very large projects so there is a pipeline and certainty for that part of our construction sector and the tens of thousands of workers who rely on it but also the most immediate stimulus. So I can confirm for you that there will probably be requests for proposal rather than an actual tender, but RFPs and the like will be out, packages of works will be out, within weeks for that social and affordable housing spend. We will waste no time at all, and 25 per cent of that spending will be in regional Victoria. We have guaranteed minimum spends by region across regional Victoria. That is a massive boost, and it ensures that the benefit of that infrastructure commitment is spread right across the state. Beyond that we have also said that a percentage of these new homes will be dedicated to those who live with mental illness, a percentage of these new homes will be dedicated to those who are fleeing family violence, a percentage of these homes will be dedicated towards Indigenous Victorians et cetera, et cetera. So there is that triple benefit: security and certainty, jobs but also making sure that some of the most disadvantaged are given that preferred status, which I think is absolutely essential.

The same arguments can be run for other projects—for instance, the Suburban Rail Loop. We committed to this. This is what Victorians voted for. There has been a power of work going on in the planning and design phase, and we were able to announce the first stage, \$2.2 billion. This is literally tens of thousands of jobs over the life of the project. It is a big project. None of us will be there when the ribbon is cut on this project, and it is the sort of infrastructure that I think we all need and that Victorians want—not just things that are for one cycle or two but things that are for the state’s future. Again, this is about an orbital link that simply does not exist—taking people where they want to go, connecting people with hospitals, retail precincts, higher education and vocational education precincts, making sure that more and more people live closer to where they work—and a transport system that actually connects you with where you want to go; so jobs as well as a better transport system and the fundamental recognition that if we continue to run a radial system where people are travelling in one corridor that is choked, that is congested, only to get to the city and turn around and then travel back to where they want to go on another radial axis, that just does not make any sense. The size and scale of this should not deter us. It should in fact inspire us to get on and get this job done, and that is why there is \$2.2 billion to support that.

I know the Deputy Premier and education minister is particularly proud, again to this point of rapid spending that has a really quick turnaround, of the school capital investment, whether it be in brand new schools or upgrades of schools, from the smallest country town to the growing suburbs of Melbourne to vertical schools in the centre of our city as well as special schools, a point of pride and something that I have been very personally involved in over my time as Premier—we have upgraded and will upgrade more special schools than has ever been the case—together with the recurrent funding to double the number of kids in our government schools that receive one-on-one personal support so that they can reach their full potential, a great win for them and for parents.

So infrastructure in all of its forms. There are probably too many projects for me to list, but each of them has been targeted to, wherever possible, achieve those multiple benefits: stimulus and jobs; embedding training, so apprentices and cadets; local content; and also dealing with some of the biggest challenges we face, whether it is secure housing or making sure that every single Victorian child and young person gets every chance, all the way through to investments in our health system, particularly our mental health system. Road and rail also, large and small, every part of the state. That is what this budget is all about. Infrastructure is a very important

part of it—it is not the only part of it, but it is a very big part of it—and giving confidence to that sector from the smallest sole trader subcontractor all the way through to large multinational construction firms. If they are confident about a pipeline of investment, then they will hire, they will set up here, they will build and they will underpin the prosperity of our state.

**Mr MAAS:** Thank you, Premier. Your answer spoke a lot to job creation, so it might be an appropriate time to take you to the topic of Victorians at work. To that I refer to the budget 2020–21 ‘Jobs Plan’, page 19. Could you please explain the pillar of the Jobs Plan for the committee?

**Mr ANDREWS:** What we know is that because of this one-in-100-year event we have seen many tens of thousands of Victorians lose their jobs. Underemployment is a challenge as well as unemployment. That is why unless we do as the governor of the Reserve Bank and others have told us to do—to borrow, to invest, to have a real sense of urgency about our efforts—then we simply will not repair the damage. But I am not content, and this government is not content, simply to repair the damage that has been done. We need to ensure that our state is fairer and stronger, that our strengths are an even bigger focus point and that we create new strengths beyond that. I have spoken about gender equity. I have spoken about the disproportionate burden that women in our community have had to shoulder as part of this pandemic event. This Jobs Plan is comprehensive in nature. It is about creating 200 000 jobs by the end of 2022, creating 400 000 jobs by the end of 2025. We believe they are achievable; they are targets. Every time we have set a jobs target we have been able to exceed it. I cannot predict that that will be the case, but I can certainly confirm for you that we will be doing everything we can to not only meet these targets but to best them if we possibly can.

Jobs targets are not new to Victorian budgets. What is a feature, say, of the last six years, though, is that we meet and exceed our targets. That has not always been the case in our state, Mr Maas. I am very pleased to say that before this pandemic event we had created 523 000 new Victorian jobs, so that was between November 2014 and March 2020. We created more jobs in this period than any other state or territory in our nation. It is a point of pride for every Victorian worker and a point of pride for all of our partners that we work with.

I think skills have been a really important part of that. If we are going to adapt to a changing economy and if we are going to seize the opportunities that are embedded within the challenges we face, then we need to make sure we have got a strong TAFE system. As you know, we of course saved TAFE, rebuilt it. But we are not content to leave it as it is, it has to be better still—and that is why there is \$1 billion worth of additional investment and 80 000 new training places. That is about making sure that our vocational education and training system is fit for purpose. We will have more to say in relation to reform in TAFE—further investments, further enhancements of I think an already strong system to make sure that every worker has the skills they need for the job they want and the job that the economy demands, but also to shift what I think is an imbalance.

Our eldest son is doing year 12; he does his final exam today. Too few of his peers, too few of his cohort this year, are seriously looking at a vocational pathway. I want to change that, because this is where the good jobs are. This is where the future is. I want to see more and more people go into the trades, because trades are changing. I want to see more and more people working in those industries, getting the foundational learning, the competency-based learning that TAFE best provides, and then building on that with micro-credentialing and other lifelong training, career-long training, to make sure that they can respond to the needs that our economy will place on all of us. There is a cultural thing. We have got to better value people who wear hard hats. We have got to better value people who wear hi-vis. They have built and are building our city and state. They are from TAFE, they are apprentices, they are trainees, they are cadets; they are highly skilled, highly motivated and they are in high demand. We need to make sure that we deal with those skill shortages.

A jobs plan must be a skills plan, otherwise you will not achieve any outcome that you set. There are many other elements to this. It is very important I think just to highlight clean energy and energy technology. We think there are many, many jobs to be found in this sector. We have already created many. But the clean energy zones, the expansion of our Solar Homes program, the expansion of other programs that are about energy efficiency in the home—all of these investments underpin jobs and opportunities. And if there can be—

**The CHAIR:** Sorry to interrupt you there, Premier—

**Mr ANDREWS:** Certainly.

**Mr MAAS:** Thank you, Premier.

**The CHAIR:** but the member's time has expired, and I will pass the call to Mr David Limbrick, MLC.

**Mr LIMBRICK:** Thank you, Chair, and thank you, Premier and Secretary and Deputy Secretaries, for appearing and your presentation today. I would like to touch on some of the issues with this one-in-100-year spending that we are doing. We are seeing this spectacular amount of spending, which of course has a benefit, but there is also an associated spectacular burden. This is not being placed on taxpayers now, because we are not raising taxes, so as was indicated earlier, it is being passed on to some future generation. As a parent I am sure the Premier would know lots of parents have this dream that they will leave things to their children, and I would not like to leave my children a debt. Of course we are building these infrastructure things, like you talk about, but what would your message be to these future generations who will be burdened with this debt and may have questions about it? What is your message to them?

**Mr ANDREWS:** Well, Mr Limbrick, if we are to build a future that is worthy of bequeathing to our children and grandchildren, then there is simply no alternative but to access this capital at historically low costs. The alternative, I suppose—it is a very good question and thoughtfully put. I want to try and do it justice. Whether it is Mathias Cormann asking, 'What is the alternative?'—Josh Frydenberg, the Prime Minister, other premiers and treasurers across the country have all posed that simple question, and I will pose it too: what is the alternative if we do not do this? I hasten to add it is not borrowing for its own sake. It is borrowing to create jobs, it is borrowing to create certainty, optimism, confidence and sentiment in the Victorian economy, and it is borrowing for worthwhile projects. I do not think you can have a conversation about this issue without turning your attention to what those borrowings support. And if they support economic benefit and family security in the short term and they then support infrastructure that is absolutely essential and arguably should have been built decades ago, then I would say those spectacular benefits you spoke of far outweigh the costs.

I do not know that there is a credible alternative. To run a surplus budget now, to run a very low borrowing budget at the moment when revenue has collapsed because of this one-in-100-year event, would mean we had to reduce the public service by massive numbers—so nurses, teachers, police, all of those people. We would make a crisis in confidence much worse. We would add to the unemployment queue rather than trying to deal with unemployment and create jobs. I suppose what I am saying to you is there is benefit now, and there is enduring benefit, because of the targeted and thoughtful way in which these borrowings are being purposed—building projects that will deliver massive benefits for decades and decades.

The other point—and again, I do not want to make light of the question in any way—is I kind of come at this, as you say, as a parent. I come at it this way. No child, no grandchild, benefits if mum and dad are out of work for a prolonged period of time, and what we know, what we know without a question of doubt—and previous recessions have told us this painfully—is if you do not turn around your labour market quickly, or as quickly as you can, and you have a percentage of people that become event-driven unemployed and then long-term unemployed, the percentage of that group who return to the workforce and can therefore provide for the people they love the most is quite small. You finish up with entrenched long-term unemployment, and there is a spectacular cost associated with that.

So my view is you have got to listen to the experts, you have got to acknowledge that carrying costs have never been lower, but at the same time you have got to borrow for the best of purposes, and that is to build productive infrastructure that creates jobs now but has an enduring benefit—an enduring benefit in productivity, an enduring benefit in mobility, quality of life and all the things that we value. But if we do not get on and build some of these, particularly these big transport projects and health projects and education projects—the things that we value most and that set us apart from so many parts of the world—they are under real threat. They are under real threat. So yes, I understand there is a very significant cost, but I would respectfully argue there is no alternative, and what is more, I think there are profound benefits that outweigh that cost by a factor if you do this right. And that is exactly the budget that we have put forward today.

**Mr LIMBRICK:** Thank you, Premier. I would like to follow up a couple of points that you raised. One is around the very low cost of debt at the moment—and I agree that the bond rate at the moment is extremely low. But when these bonds fall due in the future, when these future generations will have to pay it, we have no idea what the bond rates will be then. How would these people be able to pay this off? We are going to need very significant generation of wealth for them to be able to generate the taxes to be able to pay this off, and we do not know what the interest rates are going to be like in the future. What sort of things are we seeing in the

budget that you think will generate the wealth that will create the taxes, I suppose, in the future that these future generations will need to pay this debt?

**Mr ANDREWS:** Sure, sure. It is a very good question. What I would say to you is if you strip this back to the ultimate measure of any budget—so what is the relationship between expenditure and revenue—the best way in which you can service borrowings—

Actually, let us say service costs are embedded in any bottom line, but in terms of repaying principle, further to Mr Riordan's question earlier, if you are going to make a dent in those borrowings, you know, in an orderly, measured way—and the Treasurer I am sure will speak to this in more detail and the Secretary of his department when they appear before you—if you are going to begin that orderly process of not only servicing the debt but paying it off over a period of time, these are long-term borrowings, and that in many respects is a strength. I know that it can be easily put, 'Well, this will be an impost on children and grandchildren', but of course if we as the current taxpaying cohort were to try and service these sorts of borrowings, which are essential, none of us could pay those tax rates. If you said, 'Let's not borrow, and instead we'll raise revenue'—unsourced revenue, not borrowings but unsourced revenue—none of us, our economy, could not shoulder that tax rate. We simply could not.

So it is back to this point about what is the alternative. The sooner you can generate surpluses, the sooner you can lock those in, and that is not only what we aim to do over the medium term but it is also something we have done for each of the budgets we delivered prior to this pandemic event. The sooner you can create jobs, confidence, sentiment, investment and activity and play your part as a government to underpin demand—you cannot expect others to invest if you are not prepared to. You cannot expect private firms to go and borrow, to invest, if you are not prepared to. So we have to drive this, and that is exactly what the budget does. Now, the success or otherwise of all of those strategies will become clearer and clearer with the passage of time. But I am very confident that Treasury's estimates are usually conservative, and that is exactly the way that you want them to be.

I do acknowledge that these are unprecedented borrowings, but this is an unprecedented budget in unprecedented times. There is no meaningful alternative. Therefore this is the choice that we have made, and it just again speaks to that degree of urgency. We, all of us, have to find common ground and work as hard as we possibly can to generate the wealth, as you put it. I would put it more in terms of just that economic activity that will see our budget repaired and our state in the strongest possible position not only to service and repay those borrowings over a period of time but also to make new spending decisions from our own surpluses without having to incur further borrowings. Ultimately the price of getting things done and the price of repairing the damage is far less than the cost of inaction or the cost of leaving that damage unrepaired or those wounds unhealed. That is the basic decision that we have made.

**Mr LIMBRICK:** Thank you, Premier. I would just like to touch on the idea of productive investment because this only works if the investments in infrastructure and all these other things that we are talking about actually do produce some results, and so there are a couple of problems. Lots of government projects can run over budget, and also for some of these investments I would question their productivity in the past—so things like some of the household energy improvement initiatives. I know a number of years ago there were people knocking on your door and giving you this power board that was meant to shut off the standby thing on the TV. Then they clocked up some carbon savings, apparently, and then everyone threw them in the bin in about a week. It was just a total waste, I think. How are we going to make sure that there is no wastage in the future in these sorts of programs that you are rolling out and that the benefits delivered are real?

**Mr ANDREWS:** Sure. If I take you to Solar Homes, for instance—so literally hundreds of thousands of homes with a power plant on their roof—there has been a lot of debate and discussion around the world about energy independence. Well, there is no greater energy independence than being able to generate your own energy, and what you do not use can help meet the needs of others. That is creating jobs. It is very meaningful. The take-up is unprecedented. You would recall, going back to last year, when we had some challenges in terms of meeting demand. We wanted this to be slow and steady and safe—it needed to be—but we had many, many firms who were literally inundated. We had a number of online auctions, almost. We would release batches of these subsidised installs, and they would be gone within seconds. I think people are a good measure of what they value, and the kind of demand for a program like that I think would sit in stark contrast to the example that you have used.

I would ask you to just think about what Melbourne would look like without the city loop. You cannot work that out. It is just not a city that we would recognise. It is not a city that we would be able to recognise, and I would argue that if you fast-forward 10 or 15 years, a city without Metro Tunnel will be an unrecognisable city as well, because our current train network—every suburban line, and with ramifications for regional rail as well—would finish up so congested that people simply would not use it. Our roads would be so congested that we would have no alternative but to do other things that I do not think would be very popular or particularly smart—rationing the road network and things of that nature. That is why these investments are productive.

But that is a quantitative measure, Mr Limbrick. I think there are many qualitative measures as well. The things we value, the things that are intrinsic to our city and state, are in real jeopardy if you do not get on and build these things. So it is a financial and economic and quantitative thing, but it is also about quality of life. That is sometimes harder to put a budget number on, but there are many projects in between those two examples—level crossings, upgrading schools. I am not quite sure how you measure the return on investment when every child gets to realise their unique potential. It is a bit hard to measure that, but I think each of us know that that is a fortune; it is an absolute fortune. And the costs avoided—because the costs of failure fall to all of us, whether it is in health services, criminal justice, correction services, the costs of unemployment beyond that, the cost of failure, the cost of people not realising their potential—are something that we all shoulder. Again, that is quite difficult to be able to quantify, but I think each of these investments is well targeted and each of them stacks up, and beyond that they provide other hard-to-measure but quite obvious benefits as well. I hope that answers the question.

**Mr LIMBRICK:** Somewhat. Just in the short time I have left, there is one budget line item, the contemporary arts precinct; it is almost \$1.5 billion. By comparison, in Tasmania they have the MONA art gallery, and that was built for less than, you know, \$100 million. It was actually funded by private investors. How do you explain this very, very large expenditure? I mean, this is going to be possibly one of the most expensive buildings in the world, I would imagine.

**Mr ANDREWS:** I am not sure whether it will be able to claim that title. I will tell you the title it will be able to claim: it will be the largest gallery of its kind in the country, it will be one of the most significant cultural institutions in our region and it will mean that we can bring content—the demand for which is quite obvious and really, really significant, not just within Australia but within our region and across the world—that simply cannot be displayed in the current National Gallery of Victoria in either of the two buildings they have. This is no different to upgrading the MCG, no different to upgrading Melbourne Park. Melbourne Park is I think about \$1.2 billion, maybe \$1.3 billion that we have spent over a period of time. There are 3 million visitors who visit the gallery; 6 million visit the precinct every year now. We want to grow that by a further 3 million visitors. The visitor economy is good for \$25 billion a year and about 250 000 jobs. Creative and cultural is a big part of that, so this is all about jobs. I fully confess that not everybody wants to spend time at the gallery, but for those who do, and there are millions of them, they will have an experience like no other.

**The CHAIR:** I am sorry to stop you there, Premier, but everyone's timers are going off.

**Mr ANDREWS:** They will have an experience like no other. It is great value for money, Mr Limbrick.

**Mr LIMBRICK:** Okay. Thank you.

**The CHAIR:** And I will pass the call to Mr Danny O'Brien, MP.

**Mr D O'BRIEN:** Thank you, Chair, and good morning, Premier.

**Mr ANDREWS:** Good morning, Mr O'Brien.

**Mr D O'BRIEN:** Can I ask you to grab a copy of budget paper 3 from one of your colleagues there, please, Premier, and could I ask you to turn to page 384.

**Mr ANDREWS:** Sorry, 380—

**Mr D O'BRIEN:** Page 384 of budget paper 3.

**Mr ANDREWS:** Yes.

**Mr D O'BRIEN:** On the bottom of that page there is a table for the departmental objectives for Parliament, and listed second from the bottom in the table is the Independent Broad-based Anti-corruption Commission. Could you please tell me what the figure for funding for 2020–21 is.

**Mr ANDREWS:** On the table?

**Mr D O'BRIEN:** Yes.

**Mr ANDREWS:** The table indicates \$42.2 million.

**Mr D O'BRIEN:** And could you look at the figure to the left of that figure, which is the actual for 2019–20, and tell me what it says.

**Mr ANDREWS:** It is \$46.6 million, I think is what it says.

**Mr D O'BRIEN:** So is the figure for this year more or less than last year?

**Mr ANDREWS:** Well, I think it is very important to look at the top of the column that you have taken me to. The first column is the budget allocation; that is the first one you referred me to. The second column—the second you referred me to—is the actual, and of course expenditure and allocations are not the same thing.

**Mr D O'BRIEN:** So the question though, Premier, is: is the budget allocation—the decision taken for the future, for the current year, by your government—less or more than the actual that IBAC received last year?

**Mr ANDREWS:** Well, I am not here to answer, quite frankly, questions that—you have just taken me to two figures, and what I am trying to do is to indicate to you that, as you well know, I think, there was an underspend in previous years. We did not recall that underspend. We allowed IBAC, as is perfectly appropriate, to expend those moneys. The amount of money that is expended and the timing over which it is expended bears no relation to the allocations that are made. They are two separate issues. We do not tell IBAC where to spend their money or how fast or how slow to spend their money.

**Mr D O'BRIEN:** I know. You just give them the money. I understand that.

**Mr ANDREWS:** Well, we do, and what is clear is that when they spent less than their allocation in previous years—as we would have been entitled to do, and on occasion have done with different agencies—we have not recalled that money. We have instead allowed them to keep that money and kept their base funding growing, which is why in a given year they will have expended more money than their base funding.

**Mr D O'BRIEN:** Premier, can I go back to the question then: when you talk about keeping their base funding growing, is \$42.2 million more or less than \$46.6 million?

**Mr ANDREWS:** Well, Mr O'Brien—

**Mr D O'BRIEN:** I would hope as Premier of the state you could answer that simple—

**Mr ANDREWS:** What I am trying to indicate to you is you are asking me to draw a binary conclusion about two numbers, and they do not represent the same thing. They do not represent the same thing.

**Mr D O'BRIEN:** All right. I will, then, let you go across—

**Mr ANDREWS:** One is expenditure and one is allocation. I am perfectly happy to be accountable for the allocation, but how an independent body spends their money and the profile over which they spend it is a matter for them.

**Mr D O'BRIEN:** No, no, no, no. It is not about spending the money, Premier—

**Mr ANDREWS:** It is a matter for them.

**Mr D O'BRIEN:** It is about how much they got. In 2019–20 they got \$46.6 million. You have just confirmed that for the committee.

**Mr ANDREWS:** Yes, and you are asking me—

**Mr D O'BRIEN:** And in this year's budget—

**Mr ANDREWS:** No, hang on. But no, no, you cannot have it both ways, Mr O'Brien. You are asking me to—

**Mr D O'BRIEN:** they are getting \$4.4 million less.

**The CHAIR:** Mr O'Brien, could you allow the Premier to answer the question.

**Mr ANDREWS:** You are asking me to compare a budget allocation not with a previous budget allocation.

**Mr D O'BRIEN:** Well, I can do that, then.

**Mr ANDREWS:** No, no, you are asking me to compare it with an actual, so the actual amount of expenditure.

**Mr D O'BRIEN:** Okay then, Premier. Let us go to allocations then, the column further to the left, which is the 2019–20 budget.

**Mr ANDREWS:** Yes, which I have just taken you to.

**Mr D O'BRIEN:** Yes. Which is what? Can you tell me what the figure for that was for last year's budget allocation?

**Mr ANDREWS:** Well, it is there for you to see, but you have just—

**Mr D O'BRIEN:** Can you read it for the witnesses?

**Mr RIORDAN:** Read it out for us.

**Mr ANDREWS:** I do not know that we necessarily need to continue doing this—

**Mr D O'BRIEN:** Can you read it out for the record, please?

**Mr ANDREWS:** Well, Chair, I am not sure: am I answering the Deputy Chair's questions or Mr O'Brien's questions—

**Mr D O'BRIEN:** No, no, no.

**The CHAIR:** Thank you, Premier.

**Mr ANDREWS:** or Ms Vallence's interjections?

**The CHAIR:** Mr O'Brien, could you allow the Premier to answer the question, and if other committee members could cease from interjections. Particularly with the masks and the acoustics in this room, it is making it very difficult to hear either yourself, Mr O'Brien, or the Premier—so if you would like an answer to your question.

**Mr ANDREWS:** Chair, in answer to Mr O'Brien's question, I would simply say that I am not quite sure how many exact thousands of pages we have produced in these budgets, but if it is the request of those opposite for me to literally read out every table in these papers, we will be here a while.

**Mr D O'BRIEN:** No, just one, Premier.

**The CHAIR:** Thank you, Premier. Mr O'Brien—

**Mr ANDREWS:** Well, the table speaks for itself.

**Mr D O'BRIEN:** I have asked the question, Chair. I would just like you to read it out. I know it is embarrassing for you. Can you just read out what it says in the 2019 budget?

**The CHAIR:** Mr O'Brien—

**Mr ANDREWS:** Well, you should be perhaps less concerned with me—

**The CHAIR:** you are here to ask questions about the budget, not to ask the Premier to read it.

**Mr ANDREWS:** and more concerned with the budget papers. The table speaks for itself, and I do not propose to read out all of these tables.

**Mr D O'BRIEN:** Premier, I have asked you about the budget papers and you do not want to talk about it. Can I go to the final column, then. You said I know as well as you do. But the Victorian community does not necessarily know. The final column is the variation between—

**Mr ANDREWS:** And some seem intent on perhaps misinforming the Victorian community.

**Mr D O'BRIEN:** The variation is the difference between previous years and this year's. This year it says 4.5 is the percentage variation in the funding for IBAC. There are brackets, or parentheses, around that. Could you explain for the committee what that means?

**Mr ANDREWS:** The table speaks for itself, Mr O'Brien.

**Mr D O'BRIEN:** Can you confirm, then—

**Mr ANDREWS:** I am not going to be here reading out line by line a set of budget papers that run to thousands of pages. IBAC made a bid. IBAC have been supported—

**Mr D O'BRIEN:** Just answer the question, Premier.

**Mr ANDREWS:** in record terms.

**The CHAIR:** Mr O'Brien.

**Mr ANDREWS:** And no amount of misinformation from you—

**Mr D O'BRIEN:** It is not misinformation; it is your budget papers.

**Mr ANDREWS:** with the greatest of respect, will convince anyone otherwise. That is the inconvenient thing about facts. They are very clear. They are very clear.

**Mr D O'BRIEN:** Oh, the irony.

**Mr ANDREWS:** The Independent Broad-based Anti-corruption Commission has sought funding. They have received the funding that they sought. They are indexed for the out years, and we are proud to support them with the budget they need for the work that they do. And no amount of mischief will change the fact that they sought an amount and they have received that amount. And if we can add to that next year or the year after, we absolutely will.

**Mr D O'BRIEN:** Premier, for the record and for the committee's benefit, the parentheses that say 4.5 per cent variation means that it is a negative, which means it is a cut. It is a 4.5 per cent or a \$4.4 million reduction in this financial year for IBAC. Premier, why are you cutting funding to IBAC in a year when it is actively investigating sitting and former Labor MPs?

**Mr ANDREWS:** Well, there are many active investigations going on at IBAC. I think you have rather selectively chosen in that characterisation of their ongoing work, Mr O'Brien, and it is not something that I will engage in. The base funding of the Independent Broad-based Anti-corruption Commission is higher and is growing, and that is our record. They are the facts and no amount of mischief will change those facts.

**Mr D O'Brien** interjected.

**Mr ANDREWS:** Or laughter. This is a very serious matter.

**Mr D O'BRIEN:** It is a very serious matter, and you are misleading the committee.

**Mr ANDREWS:** Why are you laughing about it, then?

**Mr D O'BRIEN:** Premier, you are misleading the committee to say that I am making mischief. Your budget papers make it clear there is a 4.5 per cent cut to IBAC in a year when it is investigating your own Labor MPs.

**Mr ANDREWS:** Your active misinterpretation of those said papers is what is at play here, and we will have none of it.

**Mr D O'BRIEN:** It is not a misinterpretation, Premier, it is a matter of black and white.

**The CHAIR:** Mr O'Brien, could you allow the Premier to answer your questions.

**Mr ANDREWS:** I think I have answered the question.

**The CHAIR:** This is a very serious inquiry and serious matters, and the acoustics of this room when people find it amusing and are laughing behind their masks make it extremely difficult to hear anyone.

**Mr ANDREWS:** The base funding—

**Mr D O'BRIEN:** Okay, I will move on.

**The CHAIR:** Mr O'Brien, ask your question and wait for the answer.

**Mr ANDREWS:** Let me just get this out, just for the purposes of completeness so there can be no doubt: the base funding uplift of some \$27.173 million over the forward estimates, that is what is being provided.

**Mr D O'BRIEN:** I am talking about 2020–21, Premier. I asked you about 2020–21.

**Mr ANDREWS:** That is what is being provided to IBAC, and comparing allocations with actuals in an attempt to confuse and mislead the Victorian community is a shameful thing to do.

**Mr D O'BRIEN:** Oh, come on! You are better than this. You are the Premier of this state. You are misleading this committee.

**The CHAIR:** Mr O'Brien, allow the question to be answered.

**Mr ANDREWS:** Well, it is a shameful thing to do, and I will have none of it.

**Mr D O'BRIEN:** Premier, can I move on?

**The CHAIR:** Mr O'Brien, thank you.

**Mr ANDREWS:** Well, perhaps you should, because misleading people is not doing this committee any service.

**Mr D O'BRIEN:** Oh, spare me!

*Members interjecting.*

**The CHAIR:** Deputy Chair, Ms Vallenge, could you please desist from the interjecting?

**Mr ANDREWS:** Actively misleading the community is not what this committee is about. It is a shameful thing.

**Mr D O'BRIEN:** It is not misleading the community, it is your budget papers, Premier.

**Mr Riordan** interjected.

**The CHAIR:** Mr Riordan, could you please ensure your mask is on when you do not have the call.

**Mr ANDREWS:** Chair, this is opposition time—

**Mr D O'BRIEN:** No, no, Premier, you do not get to decide the process in this hearing, okay?

**Mr ANDREWS:** Well, I am terribly sorry, Mr O'Brien, I am entitled to—

**Mr D O'BRIEN:** I would like to ask a question, Chair. I want to move on.

**The CHAIR:** Mr O'Brien, the witness is entitled to ask a question of the Chair of the meeting if that is what they need to do.

*Members interjecting.*

**Mr ANDREWS:** Chair, it is very difficult to work out whether I ought direct myself to Mr O'Brien's questions, to the Deputy Chair's questions or to the interjections from Ms Vallence. I am uncertain as to that. I am seeking your guidance. I can try and do all three at once but I do not know that that is necessarily within the standing orders.

**The CHAIR:** Thank you, Premier. As Chair I am finding it very difficult to hear anybody over the interjections from the Deputy Chair and Ms Vallence. Mr O'Brien, you have the call. If you would not like your time wasted, I suggest that you go forward.

**Mr D O'BRIEN:** Thank you. I have a question about the Metro Tunnel, Premier. It was originally promised as a \$9 billion project. The most recent update that we had is that it is an \$11 billion project. Can you tell me what the current cost of the Metro Tunnel project is as at today?

**Mr ANDREWS:** The funding allocations that have been made to the Metro Tunnel are well understood. They have been in previous budgets and I direct you to those. In terms of some complexities and challenges in that project, like all major projects—and there are perhaps none bigger—the government has engaged with the proponents of the project, with constructors and others in a good-faith negotiation around some cost pressures in that project. It is not simple. It is not a small project; it is a very, very big undertaking. Those negotiations, whilst progressing well, are not yet concluded and I am not in a position to be able to provide you with a definitive answer on what the outcome of that process is. Earlier to a question from Mr Maas I indicated that the impact of the global pandemic in terms of timing and potentially cost is not able to be assessed by the Department of Treasury and Finance. If I can provide further information to you, Mr O'Brien, at an appropriate time then I am happy to do that, but I am not in a position to be able to provide details that are either not obtainable or assessable, or to speculate usefully on the outcomes of negotiations that are not yet concluded.

**Mr D O'BRIEN:** Okay. On 6 February, Premier, at a press conference at the Metro Tunnel you were asked about the cost blowouts and you said:

If and when we need to update you on those discussions and any impact on cost, we will. Today's not a day to do that. You are now telling me today is not a day to do that. When will there be a day that you will tell the people of Victoria what the cost of this project is?

**Mr ANDREWS:** Can you read back the quote—

**The CHAIR:** Sorry, Premier. Mr O'Brien, we are here to discuss the budget papers. Have you got a question relating to the budget papers rather than relating to press conferences?

**Mr D O'BRIEN:** Are you going to seriously suggest, Chair, that questions about the cost of the Metro Tunnel are not related to the budget papers?

**The CHAIR:** Well, I would suggest that you bring us back to the budget papers when you are asking questions about the budget papers, rather than bringing us back to press conferences.

**Mr D O'BRIEN:** I am asking about the cost of the Metro Tunnel, which I think is, what, the second biggest single project in the state's current budget? Budget paper 3, page—

**The CHAIR:** That is fine, Mr O'Brien, but refer to the budget papers and not to press conferences, please.

**Mr ANDREWS:** Sorry, I am just not quite sure what the question was, Mr O'Brien.

**Mr D O'BRIEN:** You said that today is not a day to do that—to update on the cost of the project—back in February. You are now telling me today, after the state budget has been released, is not a day either. When will there be information on the cost blowouts of this project?

**Mr ANDREWS:** I cannot usefully speculate on when we will be able to provide you with an update on that matter.

**Mr D O'BRIEN:** The—

**Mr ANDREWS:** Let me finish. There are two parts to that. I think given that February was pre pandemic—there or thereabouts pre pandemic—I doubt that I was referring to COVID impacts when I made that comment from in the tunnel. That matter I think would be principally driven by some of those commercial discussions and negotiations, and as I have indicated to you, I am not in a position to speak to the finalisation of those. Beyond that, though, there is the other matter, which is I would have thought not really a matter of contention, that this pandemic event has had impacts. The exact nature of those impacts, not as determined by the government but by the Department of Treasury and Finance, cannot be accurately assessed at this point. That will come.

**Mr D O'BRIEN:** On that—and you said that in answer to Mr Maas—could you provide this committee with a copy of that Treasury advice, please, that the state capital program paper could not be provided.

**Mr ANDREWS:** I am more than happy to assist the committee, but I would have thought—it is not for me to direct you—that given that the Treasurer and the Secretary of the Department of Treasury and Finance, who is accountable for the provision of all advice, are going to appear before the committee, perhaps you would most usefully get that detail from them.

**Mr D O'BRIEN:** You said also in response to Mr Maas that ESC meets next week to begin discussing next year's budget.

**Mr ANDREWS:** ERC, yes?

**Mr D O'BRIEN:** Yes. Will it have access to updated information on cost blowouts of projects right across particularly the infrastructure portfolio so that it can usefully frame accurate figures for next year's budget?

**Mr ANDREWS:** Well, I think your question presupposes a certain outcome, and I do not know that that is necessarily—you are necessarily in a position—

**Mr D O'BRIEN:** Well, you are right. It does presuppose, because you do not tell us.

**Mr ANDREWS:** Well, the absence of information does not give you permission to actively speculate.

**Mr D O'BRIEN:** Here we go. So it is perfect, isn't it: 'We don't give you the information so that you can't say there's a blowout'.

**Mr ANDREWS:** Again, I would have thought these matters were very serious, not the subject of mirth and laughter—

**Mr D O'BRIEN:** It is very serious.

**Mr ANDREWS:** but the record will reflect that those who are questioning think this is a humorous matter.

**Mr D O'BRIEN:** Premier, how can you say the Treasury tell us that there is too much uncertainty to produce a state capital program yet can produce every other budget paper and can produce five glossy brochures on the budget? How can we actually have any faith in any of the figures in these papers?

**Mr ANDREWS:** But see, this is the problem, Mr O'Brien. If all we were doing was producing glossy booklets, then that would be a legitimate question. But we are not.

**Mr D O'BRIEN:** Well, budget paper 3—

**Mr ANDREWS:** We have never just produced glossy—we left that to others.

**The CHAIR:** Thank you, Premier. The member's time—

**Mr D O'BRIEN:** Well, no, you are the government. I think you produce—

**Mr ANDREWS:** Which might, I suggest, is why we find ourselves in government and others don't.

**The CHAIR:** Thank you, Mr O'Brien. Thank you, Premier. Mr O'Brien, your time has expired. Thank you, Premier. I will pass the call to Ms Pauline Richards, MP.

**Ms RICHARDS:** Thank you, Premier, and thanks to the officials for appearing before us this morning. I would like to take you back to a discussion you were having with Mr Limbrick and segue around that discussion about event-driven unemployment. In the Jobs Plan I am interested to understand what impact the pandemic has had on jobs and how the Jobs Plan will be able to create jobs for Victorians.

**Mr ANDREWS:** Thanks very much, Ms Richards. I am sure that the people of Cranbourne and the outer south-east know and understand only too well that when you have such a significant economic event, no part of the economy is spared. Obviously when you look at things like international education—our biggest export—with our borders closed our university sector, our higher education sector, has been hit very hard. We have proudly stepped in where others have refused to, to provide support to that sector. It employees many, many tens of thousands of Victorians. We do hope at an appropriate time to be able to reboot that international education system.

But people in your community, Ms Richards, would also understand that—all the way from international education and tourism through to confidence in the new home building and buying sector and everything in between, businesses large and small—when you have such significant restrictions on movement, on economic activity, there is a massive task of repair for us to get to. Chief among that, or the principal task, is to make sure that we are playing our part, investing in the infrastructure that matters. Again, infrastructure should be read down to mean hospitals in local communities, kinders in local communities, schools, TAFE, road and rail—sometimes very small projects, sometimes much, much larger projects. But all of these investments are targeted at creating confidence—that sense of optimism, real and well-founded, but a sense of demand being underpinned by the government's effort.

I spoke in relation to Mr Maas's question about skills and how that is central to the jobs plan. But whether it is investing in new hospitals and upgraded hospitals, new schools and upgraded schools, more funding to support people getting the skills that they need to re-enter the workforce or to join the workforce for the first time with a career path and a progression that they can be absolutely optimistic about, all the way through to ordering 100 new trams or supporting families with the costs of kids sport, all of these things are ultimately about jobs.

Yours is a very diverse community, but I think it is fair to say that there are many people who work in the trade sector, and I am very proud of them and very grateful to them for the work they do, but we have seen some commentary that has been a bit disparaging of people who wear hard hats and hi-vis. That is not my view, it has never been my view, and I would simply say to anybody who is uncertain about the benefits of promoting more and more construction activity that each of those hard-hat wearing, hi-vis wearing Victorians is a customer of businesses large and small. Having grown up in a small business family, having seen businesses built from nothing into successful medium-size businesses, I know and understand very clearly that there is perhaps nothing more important for a business, large or small, than a reliable customer base and people who have got the confidence to spend, the confidence to invest and the confidence to support others in their economic activity. If you have got people out there that are not confident to buy goods and services, then you will not have economic activity and you will not have confidence. Whether it is in the caring workforce, so more people in mental health, more people in drug and alcohol and more people in the prevention of family violence, or all the way through to the educational workforce, with more kinder educators, more kinder teachers and tutors working in our schools, or all the way through to construction projects large and small, this plan is well targeted, both at those who have suffered the most damage but also those that can respond and reactivate and expand most quickly. That degree of thoughtfulness in the budget—a very targeted approach, big in size and scale, but very well targeted—is what will see us create those 200 000 jobs by the end of 2022, 400 000 jobs by the end of 2025 and hit all the other targets along the way and deal with some underlying concerns and absolute inequities in our economy and in our society, many of which have been there for quite some time.

**Ms RICHARDS:** I would like to take you further perhaps and gain an understanding of how the government is going to help those Victorians who have found themselves unemployed to re-skill to find a job. I think you started that discussion earlier with Mr Maas, and I am interested in gaining some further insights into what the plan is.

**Mr ANDREWS:** Obviously you cannot have a conversation about skills without speaking about TAFE. There is, as I think you know, a \$1 billion investment in TAFE and the training system that will literally underpin the skills opportunities, and therefore the life opportunities, of tens of thousands of Victorians. There are some 80 000 new subsidised training and free TAFE places. That is a very significant investment to make sure that everyone who needs to change their skills mix or to refine or to enhance their skills mix can get the place that they are entitled to at the lowest possible cost.

Back to that point, that almost cultural point, I think—for some there is a preconception that university is the only pathway. For some people that is the perfect pathway, but for many other people that is not the pathway towards a highly paid, very rewarding, secure and prosperous job. We have got to change some of those preconceptions. The people that are out there building our city and state, the people that are out there removing level crossings and building schools and hospitals and repairing roads and caring for those who are the most vulnerable—whether it is in the earliest of years, the mental health system, the family violence system; the care sector if you like—so many of those people's pathways into those secure, well-paid, really good jobs are through TAFE. So if we do not have a strong TAFE system, then it just stands to reason we will finish up in a situation where not everybody will be able to play their part in meeting the needs of the economy. So we will be held back, and not everybody will be able to realise their own unique potential—which is a very personal thing, but the cost of that is borne by all of us.

There is \$155 million that is dedicated to support those who have been most affected by this economic disruption, this economic event—women, young people, migrants and of course retrenched workers. There are some targeted opportunities through TAFE and other training providers across the state in 2021. That is all about making it easier for those Victorians that have got pre-existing qualifications to retrain—to add to those pre-existing qualifications so that they can do more, do something different perhaps. That funding will support higher priority areas—those points I made before; healthcare, community services but also the construction sector—and funding will also attract and support people to reskill as teachers in our TAFE system. We know as we want to train more people we need to bolster TAFE, not just with new buildings and new low- or no-fee courses, but we also need to invest in the teaching workforce so that we can have that record throughput.

There are also some very significant changes, back to this point about pathways and some preconceptions. There is \$38 million to commence major reform of vocational senior secondary schooling across Victoria, supporting that universal access to quality vocational and applied learning for every single student. If we are going to change these conceptions that university is the only pathway and that somehow we should not value those who choose a more applied vocational competency-based pathway—which is completely wrong, and I reject that and I call that out for what it is; it is snobbery of the worst kind—we should be valuing those who do the building as well as those who work in cybersecurity and those who do the caring. Those who make us fairer and stronger are all too often not university graduates. They might seek to be at some point after they have got their vocational training. They might do both. But we have got to get away from this notion that there is only one pathway that should be valued. Every person is unique. Every person is different. I do not make any criticism of those who do choose a university pathway, but we have got to get away from these preconceptions that that is the only way forward if you are to be successful.

I think the people of your community, Ms Richards, know that very well, because it is their lived experience, and your question provides me with an opportunity to thank them for the work that they do, the building that they do and the caring that they do. And they can be confident—as all Victorians can—that in this budget, at the centre of our jobs plan is a massive skills plan. And if you do not invest in both you will achieve neither—neither a skilled workforce nor the job opportunities that every single Victorian is entitled to.

**Ms RICHARDS:** Again, I am interested in taking that further and understanding a little bit more about how the jobs plan is going to expand opportunities for apprentices and trainees—something close to all of our hearts; I think you are right.

**Mr ANDREWS:** So, Ms Richards, there is support for 52 000 Victorians to learn very specific skills with targeted training. We know and understand that micro-credentialing—some say mini-credentialing; I think ‘micro’ is probably a more inclusive term. The notion of providing for someone who is already very highly skilled but they just need an additional competency that very specifically meets the needs of a growing industry all sounds great—that is great common sense. But if you do not have a strong TAFE system and if you do not have funding to support that additional skills attainment, then it just becomes a concept and we spend our time admiring the problem and indeed the solution without actually doing it. So that is direct funding for 52 000 Victorians, and I am sure that they will make very good use of all of that funding and all of those places.

There is \$75 million to help Victorians rapidly retrain and for a number of different pilot programs that hopefully we will be able to embed following their success. In terms of apprentices, there is very significant support: that \$58 million I just mentioned, and \$33 million to expand opportunities for apprentices and trainees through the Big Build training pathway—the 10 per cent commitment on all of those large infrastructure projects to apprentices, trainees and cadets so that the effort, the total spend, is not just in delivering jobs and the project, it is also embedding skills. People at the end of the Metro Tunnel build will have attained skills that they will repurpose for a lifetime on so many other projects. That is why there is that maximum benefit—the double and triple benefits that come from all the investments that this government makes. So apprentices have always been important to us, and this budget delivers in spades the training and support that they need. However, it may be the case that some apprentices—their training and their placement—have been unsettled by this one-in-100-year event. That is something that, through the skills commissioner and through Minister Tierney and others in the government, we will keep a very close eye on. We do not want a situation where for someone who was part way through their ticket—they had not quite got there—their employer may have been disrupted by this event. We want to watch that very, very closely. That is why we will look at it, and if there is more that we have to do next year, then we would stand ready to do that.

**Ms RICHARDS:** In the less than a couple of minutes I have got left, I am interested in gaining some understanding about how government is going to be supporting women. I think the data has been pretty clear that women have been hardest hit by the pandemic, so I am interested in gaining some understanding of what the plan is there.

**Mr ANDREWS:** It comes in many different parts, Ms Richards—some very, very directly, and other things that will have a disproportionate benefit for women, who, as you say, have had to shoulder a disproportionate amount of the burden of this pandemic. We cannot have this conversation I think without referring to the just under \$170 million in free kinder. That is thousands of dollars of savings for tens of thousands of families. That is a really important way in which more and more women will be able to work additional hours if they choose to. It will make that very difficult balance between work and family life, and particularly for women who so often have to carry a greater burden of care—those caring responsibilities particularly for small children. Add to that the best part of 400 schools—I think it might actually be a little bit more than that, but at least 400 schools—offering before- and after-hours school care who currently do not. The notion of having to cut short your shifts or not take a shift because you have got to run to do the drop-off or pick-up because the school simply does not offer what other schools offer, and something that many elite schools have always offered—I think there is a real equity dividend there. That is just a couple of examples among many others.

**The CHAIR:** Thank you, Premier. I will stop you there. The member’s time has expired. Sam Hibbins, MP.

**Mr HIBBINS:** Thank you, Chair, and thank you, Premier and your team, for appearing today. It is probably no surprise that I want to start off with some questions about the Big Housing Build, which is something that we have discussed before and I think we are in agreement on—something that is an important initiative to have in this year’s budget. But one gap has been identified and that is in the level of new public housing within the numbers of social housing that is being built. Obviously there is a role for both public and community housing within social housing, but just a couple of questions first. One is: can you confirm just how many public housing dwellings will be part of the 9300 new social housing homes? And what is the actual reasoning behind having little if any public housing within the social housing build?

**Mr ANDREWS:** In order to answer your question, Mr Hibbins—and I thank you for the positive commentary in relation to the total effort—when you put this question to me, what is it that you see as the key difference between public housing and social housing?

**Mr HIBBINS:** Well, public housing—well, hang on.

**Mr ANDREWS:** It is very difficult—

**Mr HIBBINS:** No, I am happy to answer, but I did not realise this was a back and forth. But I am happy to indulge you, Premier, if you are not aware.

**Mr ANDREWS:** Just so I can provide you with the best answer.

**Mr HIBBINS:** Well, public housing is obviously owned and operated by the government—managed by the Office of Housing—whilst community housing obviously sits within non-profit community housing organisations. There is obviously a range of differences for tenants in terms of the amount of rent they pay, in terms of security, being able to access rent assistance. So that is the main difference—

**Mr ANDREWS:** Just so we are clear—

**Mr HIBBINS:** No, just so we are clear, did I pass the test?

**Mr ANDREWS:** No, it is not a test, but it is very hard to—

**Mr HIBBINS:** Well, I think it might have been.

**Mr ANDREWS:** No, no, no. In the first instance, Mr Hibbins, I hope you are not being critical of the package. You are entitled to be if you want to be, but having claimed credit for it, it seemed rather odd to me that you would now be critical of the mix of that housing.

**Mr HIBBINS:** Well, I am asking the questions, and it is an identified gap—

**Mr ANDREWS:** And I think that from the balance—this is an unprecedented investment, an unprecedented investment, as the Council to Homeless Persons, VCOSS and many, many others who I think are well regarded for their expertise in these matters have said. This is a package that is unprecedented in its size and the mix of housing that it supports—

**Mr HIBBINS:** Yes, but I mean this is not about—

**Mr ANDREWS:** I am going to come to the point.

**Mr HIBBINS:** criticism; this is about understanding.

**Mr ANDREWS:** The reason I wanted to be clear on the differences between the two as you saw them is I want to be very clear that ownership is not at issue here. These will be built on government land. This is not an issue of ownership.

**Mr HIBBINS:** Well, no, hang on—

**Mr ANDREWS:** In terms of control there will be some people for whom social or community housing will be the best fit; there will be other people for whom, if you like, what might be termed—a term that is less used these days I think in broad terms—strict public housing will work best for them, and then there will be other variants on that. This is a build program.

**Mr HIBBINS:** Yes, but I mean, I guess I am—

**Mr ANDREWS:** It is also a buy-some-distressed-assets program. There are some properties—it will be a minority, a very small minority, but it is not insignificant; there will be a number of properties that have been built by the private sector. They are part of a broader development, and because of the pandemic—

**Mr HIBBINS:** Do you have a figure?

**Mr ANDREWS:** there has been a failure to sell, there has been a failure to close—

**Mr HIBBINS:** Do you actually have a figure about how much public housing will be part of the 9300?

**Mr ANDREWS:** Well, I am happy to try and provide you with the number if I can, but I am more than happy for the Minister for Housing to take you through in great detail all the breakdown. Again, some of this, the exact landing, beyond the aggregate numbers that we have provided and some of the breakdown that we have provided, will be a little challenging unless and until we have completed that tender process, which starts, I should add, Mr Hibbins, in just a few weeks, if elements of it have not already started. But this is 9300 new social housing dwellings, 2900 new affordable and market homes for first home buyers and renters.

**Mr HIBBINS:** You do not have a figure.

**Mr ANDREWS:** Again, I am more than happy to provide you with any information I can, but I think the Minister for Housing is probably best placed to give you the really detailed breakdown.

**Mr HIBBINS:** Back to my original question, is there a reasoning, whether it is a policy underpinning or a financial reason or an ideological underpinning, as to why the vast majority of the 9300 have been earmarked for community housing as opposed to public housing?

**Mr ANDREWS:** I think it is about a recognition that our supported housing, for want of a better—I am trying to find a collective term for all of the different categorisations that we have used today. I think it is a recognition that our housing market has changed, but the needs of those who need secure housing have not. We need to do more, and we need to reflect the fact that this sector has changed. Community housing, social housing, is a big part of the market now, and I do not think any of us can ignore that, but there are investments in each of the different categorisations, and many of those categorisations are largely of no impact to the person who needs a house desperately.

**Mr HIBBINS:** Do you no longer see a clear delineation between public housing and community housing? You appear to be inferring that they are much the same or that there is not a clear delineation. Is that a government stance?

**Mr ANDREWS:** No, I would not see it in those terms. What this is about is making sure that there is more money invested than has ever been the case to deliver more units of social and affordable housing for some of the most disadvantaged people in the Victorian community. I suppose I am confident, where you may not be, that we will achieve both the quantum as well as the policy objective, the more qualitative objective, and that is to see people who would otherwise be in profound distress and uncertainty in the most secure housing possible. People have different needs. I think it is actively disrespectful to assume that everybody on the public housing waiting list has the same needs.

**Mr HIBBINS:** Am I assuming that?

**Mr ANDREWS:** Some different models will better support the needs of different people who seek them.

**Mr HIBBINS:** There is a role for both. I am asking in regard to the public housing section.

**Mr ANDREWS:** Well, if you were to go to any of the towers that are currently being upgraded—I do not think this government's commitment to public housing, social housing, community housing or affordable housing can be questioned. We are currently upgrading what you would term 'strict public housing' in unprecedented terms, floor by floor, unit by unit—a massive program of investment.

**Mr HIBBINS:** Is that including the Horace Petty estate in South Yarra?

**Mr ANDREWS:** It does take some time. And from the unique perspective of someone who is an active decision-maker and someone who actually has delivered, rather than rhetoric, actual hammers and nails, actual progress, laying bricks and pouring mortar—

**Mr HIBBINS:** Well, the committee is about interrogating the budget and getting into the detail, and that is what I am doing. That is actually what the committee is tasked with doing.

**Mr ANDREWS:** I can indicate to you that it is a massive program—

**Mr HIBBINS:** It is.

**Mr ANDREWS:** and it speaks to our commitment more than any speech ever will.

**Mr HIBBINS:** Let us go into a bit more of the program. Now, you identified earlier in your responses that in terms of ownership, the government will actually be retaining ownership of the new homes, which—

**Mr ANDREWS:** Land, I said. I said land.

**Mr HIBBINS:** Land, yes. Now, three of the listed fast-start sites were actually part of the previous public housing renewal program. As you would be aware, the original public housing renewal program had earmarked that sites would be up to 70 per cent in private ownership. Can we infer now, given that some of those sites have been now put into this program, that you are saying that government will retain ownership of the land and that the government is no longer pursuing that model? I guess this probably relates mostly to the \$2.14 billion section of the housing build—the partnerships with private and community housing sectors.

**Mr ANDREWS:** Might I say to you that I do not necessarily agree with the characterisation that you have put on previous government initiatives.

**Mr HIBBINS:** Well, I mean, it is true.

**Mr ANDREWS:** Well, I do not necessarily agree with the characterisation that you have offered. I think that—

**Mr D O'Brien:** He often doesn't agree.

**Mr ANDREWS:** Sorry, Mr O'Brien, have you—

**Mr D O'Brien:** That wasn't a question.

**Mr ANDREWS:** Again, it is very difficult, Chair, to—

**The CHAIR:** It is, Premier, very difficult—

**Mr ANDREWS:** I am more than happy to respond to—

**The CHAIR:** particularly in this room and in this makeshift environment. If people who have the call could use the call and if people who have had their turn at the call could desist, that would be appreciated.

**Mr ANDREWS:** So as I was saying, Chair, I do not agree with the characterisation that Mr Hibbins has advanced. What I know is that this is a project and an allocation of funding that is the biggest in our country's history, and I am unconcerned with some of the politicking—

**Mr HIBBINS:** No, you are politicking. I am asking a reasonable question.

**Mr ANDREWS:** I am much more concerned with getting on and building these units, and we will with the commitments that I have outlined, the structure that I have outlined and the point that I have made in relation to the minister for social housing and affordable housing. He is the Minister for Housing—all sorts of housing, Mr Hibbins. He will be more than happy to take you through, chapter and verse, past and present and indeed our future investments. But I do not agree with the characterisation that you have attached to the public housing renewal program, nor do I see this as anything other than a positive for those in public housing who will be the beneficiaries of massive upgrades and renewal, as well as those who are waiting and, I freely concede, many who have waited too long. This budget has presented us with not only an opportunity but an imperative to get on and deliver these units, and that is exactly what we will do. But they will not all be cookie-cutter, one-size-fits-all, one-model-fits-everybody. We are not going to get absolutely entangled and paralysed in the ideology of these issues. We are instead going to deliver these bricks-and-mortar roofs over people's heads so that they can support themselves and the people they love the most. That is what we are doing.

**Mr HIBBINS:** Thanks, Premier. I think we are in agreement on a lot of these—

**Mr ANDREWS:** I would hope so, given that you have claimed credit for the entire \$5.3 billion, Mr Hibbins.

**Mr HIBBINS:** It is fascinating, Premier, but I think I am asking some reasonable questions. For someone who criticises the Greens as being commentators, you have engaged in a lot of commentary in your answers, and we are entitled to our own opinions—

**Mr ANDREWS:** Of course you are.

**Mr HIBBINS:** but, as I am sure you have heard, not entitled to our own facts, and the facts are the public housing renewal program as first proposed by your government involved the private ownership of dwellings on public land, on public housing estates. Thankfully your government has seen the light and has now changed that to government retaining ownership of that land, and we have seen actually some of those estates that were earmarked for privatisation have now been moved into this program, the Big Housing Build. So it is a fair question to ask then: of the \$2.14 billion that is allocated to up to 5200 new homes, with partnerships with the private and community housing sectors, can you guarantee that the ownership of that land, of those dwellings, will be actually retained by the government?

**Mr ANDREWS:** When I made this announcement with Minister Wynne I made it very clear, as did he, that these developments will be on government-owned land. That was on the day that I announced it. All of us can comment on matters, but that is all some people do.

**Mr HIBBINS:** Well, I am a member of PAEC, mate.

**Mr ANDREWS:** Others comment and get on and build things at the same time—

**Mr HIBBINS:** I am asking questions.

**Mr ANDREWS:** which I think is infinitely different.

**Mr HIBBINS:** You were in opposition once too, Premier.

**Mr ANDREWS:** Yes, but I was not content to stay there, Mr Hibbins. That is the difference.

**Mr HIBBINS:** Neither am I.

**Mr ANDREWS:** I was not content to stay there, and I worked every hour of every day not to be in opposition but instead to have the obligation and the responsibility of being in government, to do things—

**Mr HIBBINS:** And as long as there are people living on our streets or living in unsafe accommodation or in housing insecurity, I will not be happy. I am not going to be settled either.

**Mr ANDREWS:** not on the cheap seats but to do things. That is what this budget is all about—doing things.

**Mr HIBBINS:** Can I ask in regard to Homes for Victorians, the new authority being set up: will that replace the current Office of Housing?

**Mr ANDREWS:** Yes.

**Mr HIBBINS:** And will there be any new allocation for staffing or is it simply a reallocation of existing staff from the office?

**Mr ANDREWS:** I think in the first instance, on fair terms people will transfer across, but almost certainly—and again I would leave it to the Minister for Housing to go into any more detail than this, but I would say—there will need to be additional staff engaged. It will be a modest number, but particularly in relation to getting this build done. To get this done quickly but to do it efficiently I think will require some dedicated focus. There is already a capital division, but I think that capital division will need to grow. But the exact nature of that either has not yet been determined or, if it has been, will be best known to the Minister for Housing.

**The CHAIR:** Thank you, Premier. On that note, the member's time has just expired, and I will pass the call to Mr Tim Richardson, MP.

**Mr RICHARDSON:** Thanks, Chair. Thank you, Premier. Thank you, department representatives, for joining us today. Premier, can I take you to a reference in the Victorian budget 'Jobs Plan' on page 27 titled,

‘Building opportunity: Building our State as we rebuild our economy’. Are you able to explain for the committee the pillars of the Jobs Plan?

**Mr ANDREWS:** Obviously in terms of creating jobs, we often focus on numbers. That is to perhaps miss many of the important elements of trying to grow additional jobs across the economy. In terms of the Jobs Plan there are a number of different specific capital works and other investments that are both timely but also very substantial in size and scale—whether it be big transport infrastructure projects and smaller transport infrastructure projects; social and affordable housing, as we have just been talking about; all the way through to the caring workforce that I was speaking to Ms Richards about. Each of those examples, among many others, is about trying to make sure that the power of our purchase—so our effort, the number of contracts we are letting, the number of things we are building—underpins employment.

Beyond that are the skills we have talked about quite a bit this morning—and that is obviously very, very important—and repairing the damage and targeting those who have been most affected, all the way from payroll tax credits through to the Jobs Victoria platform, which has been much expanded, so paying 50 per cent of the wages of around 10 000 people; the majority of those I think will be women. There are many different examples and key themes that we have put funding aside for and effort toward. I think the plan is well placed to deliver all the objectives. The quantitative objective is obviously fairly obvious and easy to get your head around: 200 000 by the end of 2022—it will be harder to achieve, I expect, but we will do our best to get there and perhaps go beyond it—and then 400 000 by 2025. What is very difficult to measure are all the benefits that flow from hitting each of the targets within those themes, within those pillars, and that becomes not just benefit attained but the costs avoided.

Back to the answer to Mr Limbrick earlier on, the costs, the impact, the burden of that entrenched, long-term unemployment coming out of a big disruptive event—there has never been one as big and as disruptive as this save for perhaps the Great Depression. It means that it has got to be a quantitative exercise and a qualitative exercise. But we are confident, and certainly the commentary coming out of those who are absolutely focused on these issues—commentators and peaks and NGOs and others—the praise for this budget from them would seem to indicate to me that we have struck that balance appropriately. But there will be a further delivery at a very local level, beyond the pillars and themes. There will be very targeted and specific delivery of these programs, literally at an individual-by-individual basis for some of them, because we know that whilst we can make some assessments about impact quite broadly, the nature of that impact will be very specific to the person, to the family, to the business, to the sector, to the community.

**Mr RICHARDSON:** Premier, while the speeches from Mr Hibbins were entertaining, the solution to actually providing a roof over people’s heads is so very critical, and this year more than ever Victorians are still missing out on the security and safety of housing—how critical homes are to our community. How does the budget deliver on investment in social housing?

**Mr ANDREWS:** So 9300 new social housing dwellings, the replacement of 1100 old housing units and 2900 new mainly affordable and low-cost homes, Mr Richardson—that is a massive investment. If you go back to the Rudd government, who invested in the wake of the GFC in unprecedented terms, their total investment across the nation was less—and it is not a criticism of that government; and how much better we would be if this announcement could be accompanied by a partnership at a national level. But there are other ways in which the commonwealth government can support us. This is big because it is the biggest ever. Now, will we need to do more in future years? Almost certainly we will. And that is why I think it is critically important not to get into the politics of this or to be seeking to scare public housing tenants. Instead let us support them with the best physical infrastructure—so maintenance, trying to improve where people are already tenants. Do not scare them; provide for them. Actually provide some leadership and put aside partisan gain—pretty low-rent, low-grade partisan gain, might I say—deal with the facts, upgrade those buildings and then build new ones. That is what we are focused on, and I am sure when the Minister for Housing—who has spent a lifetime not playing politics in this sector but a lifetime working deeply within it, advocating for public housing tenants, advocating for the disadvantaged and then doing something about it by delivering through this budget the biggest package of its kind in the history of our country—is here before you he will be able to speak far more eloquently than I about the difference this will make to change lives and save lives. Not only is this a big quantum, but it is also done quickly and efficiently.

And then there is the other benefit, of targeting. For people for whom mental illness is a feature of their life, it is very, very difficult for someone who lives with mental illness to be compliant with their treatment plan, to have that sense of stability, to be well, if they do not know where they are sleeping tonight. It is very difficult for a woman and her children to flee family violence and feel safe if she and her kids do not know where they are sleeping tonight. It is very difficult for a First Nations Victorian to celebrate their culture and heritage—which is a precious, precious gift to all of us—and to lead the life that their potential says that they can lead if they do not know where they are sleeping tonight.

They are the issues that I am focused on. I am much less focused on some of the politics of this and instead on the pragmatic, real benefits that flow to people who without a package like this do not have somewhere to sleep tonight—and of course the tens of thousands of Victorians who will get a job out of this and will be able to be really clear about the prospects they enjoy to support the people that they love the most. That is what a job is. It is not just a number; it is the sense of security and certainty that you will be able to provide for your family—and indeed while you are doing it be out there spending in lots of businesses, large and small, in turn supporting other families. That is what guides all of this, and I think that when these investments are considered at that level rather than the much cheaper place that some people try and take this debate to, I think you get the most benefits.

**Mr RICHARDSON:** I want to take you, Premier, to the energy efficiency element of the Jobs Plan, and obviously this debate and this topic have plagued federal politics for a long time and in a really partisan way across the spectrum. But on this budget and the investment that has been made and the futureproofing that is required into the future in the energy mix, I am wondering if you can take us through the rationale of that investment and some of the key elements in that policy area.

**Mr ANDREWS:** Thanks very much, Mr Richardson. This is \$1.6 billion of investment to improve energy efficiency in Victorian homes, and of course it also grows, very significantly, Victorian jobs. The six renewable energy zones across our state unlock a massive 13 gigawatts of renewable energy capacity, driving just under \$6 billion in economic activity and investment and creating, it is estimated, 24 000 new jobs over the next decade. There is a job of repair to be done right now, but it is also about pathways and setting us up for more and more jobs, not just as we recover in these immediate few years but setting us up for the longer term—24 000 jobs over a 10-year period is a really significant investment.

There is also the energy efficiency upgrades, as you say, which have been somewhat plagued as well. That is 250 000 low-income households and over 35 000 social housing properties that will have cheaper energy bills for their family and live more comfortably, I think. It will be a much more pleasant experience. Whether it is freezing in the winter or being particularly hot in the summer, that energy efficiency is very, very important for household budget and also for your quality of life.

There is \$682 million for those clean energy initiatives, the renewable energy zones I mentioned, the Big Battery—which I know is a point of pride, the biggest in the country, for the Minister for Energy, Environment and Climate Change. Upgrades to the transmission network are obviously very important if we are going to get power, particularly that which is generated in the cleanest possible way. If we are going to get that to where it is needed, then we have to have a grid that is reliable and a grid that stretches out into some different places well beyond the fossil fuel centres that are traditionally where we have the trunk infrastructure going.

There is also \$215 million for solar panel systems and battery storage rebates as part of our Solar Homes program and also for small business. We know that cost is cost, whether it is a household budget or a business budget. If we can help people save money, give them that energy independence, then that is great news for them and indeed for all of us. There is \$50 million to deliver low-emission, low-cost energy services, including legislative amendments and policy development to mandate timely utility connections, energy standards in rental properties and obviously working towards—and which is ongoing—zero carbon new homes.

There are many different examples. If I can finish perhaps with \$25 million to accelerate options of zero emissions vehicles, including the rollout of a fast-charging network. It is critically important. There has been a bit said about electric vehicles, but just as a tradesperson from Narre Warren or from Cranbourne pays through fuel excise to upgrade the roads that he or she drives on, electric vehicle owners should make a contribution as well, particularly when the state proactively, and I think in a nation-leading way, is rolling out the charging infrastructure that is critically important to the take-up of more electric vehicles.

So energy supply, energy cost, therefore household budgets and jobs that are connected to energy, are a big winner out of this budget. It is why Environment Victoria have been glowing in their praise of these measures. I think it is fair—if there is one thing the committee could agree on today, many people who are not easily impressed have been very positive about these measures and many other measures in this budget. It is about looking at our climate challenge and seeing it as an opportunity. That is what leadership is all about, and Victoria is both the renewable energy generation and the renewable energy policy centre of our country, and therefore we will be the renewable energy jobs centre of our country as well.

**Mr RICHARDSON:** Premier, in the last couple of minutes I have got it would be remiss of me not to mention transport infrastructure and this Jobs Plan and the investment with some of the works going on, and particularly the Suburban Rail Loop, that will have substantial benefits for my local community. How has this year's budget and the Jobs Plan been used to shape the next phase of those transport investments?

**Mr ANDREWS:** As you would be well aware, Mr Richardson, noting that this Suburban Rail Loop begins within your own local constituency and then runs to Box Hill and then further around in very big stages, that will be complex and will take time. This is all about making sure that people have a transport network that gets them where they want to go—much more efficient, working closer to home and living closer to work as well, because there will be some residential development that is a feature of this. There will be retail development, office space, hospitals, schools, higher education. Being able to connect with existing hubs and grow those hubs into even bigger centres of activity—that is all about building for the future. Just imagine what the Monash and Eastern freeways would look like if this had been built 25 or 30 or 40 years ago. You cannot imagine it. A bit like the North East Link—imagine what those suburbs would look like if we had built this 30 or 40 years ago when it was first talked about. Local roads would be for local residents. Freeways would be for those trips that are needed, not every trip almost. We would have a public transport system that took you where you wanted to go, safely, efficiently, a much smaller carbon footprint. This \$2.2 billion, following on from the \$300 million previously—this project is not a concept anymore. It is real, it is being delivered and it would seem we are the only side of politics that are committed to this—

**The CHAIR:** Thank you, Premier.

**Mr ANDREWS:** something I intend to inform many, many people about.

**The CHAIR:** Thank you, Premier. I will stop you there. The member's time has expired, and I will pass the call to Ms Bridget Vallence, MP.

**Ms VALLENCE:** Thank you, Premier and departmental staff for appearing today. Premier, budget paper 2, page 78 of the papers—it states that Labor committed to stabilising debt at 12 per cent of GSP. And, Premier, you have not only exceeded that, it is forecast that Labor will more than double that figure, with debt representing almost 30 per cent of GSP by June 2024. Can you guarantee that Victoria's debt will not increase higher than these forecasts?

**Mr ANDREWS:** Well, Ms Vallence, I will come directly to try and answer your question, but it is very, very difficult to look at commitments made prior and without knowledge of a one-in-100-year event and then to compare and contrast those good faith, reasonable assumptions, DTF-endorsed assumptions, the content of budget papers ticked by the Auditor-General, so it is not like it was just a throwaway line—it is very difficult to compare and contrast those commitments given in those circumstances with an event that could not have been reasonably foreseen and has never been experienced in any of our living memories.

I dare say many of the challenges that we have confronted in putting together a budget that is fit for purpose as we come out of a one-in-100-year event are the same challenges that other governments in other states, territories and indeed at a national level have faced. We have outlined the borrowings that we believe are appropriate. We have outlined the borrowings that the governor of the Reserve Bank has told us we need to carry in order to create jobs and repair damage. I am not one for making predictions about future budgets. I would have thought that the passage of time during the year 2020 had made the point for all of us really personally and profoundly that it is very difficult to predict what is in store for us. Whether that be by landmass and by property damage in one of the worst bushfire seasons we have ever had—I could not have predicted that when I was last before the committee, nor could I have predicted or any of us have predicted—

**Ms VALLENCE:** Obviously debt is projected at almost 30 per cent of GSP by June 2024 and it has increasingly gone up, so at this stage you cannot rule out that that will not increase?

**Mr ANDREWS:** Not 48 per cent of GDP, as it is, I think, at the federal level. I stand to be corrected on that, but we have made—

**Ms VALLENCE:** Well, I do not think that commonwealth debt levels really are relevant. The commonwealth has given \$130 billion of federal aid to this government because of your botched hotel quarantine program through this pandemic period. You said you were going to stabilise GSP at a rate of 12 per cent. It is going to be nearly 30 per cent by 2024. Just want to know will you rule out whether—that ratio will increase further than that?

**Mr ANDREWS:** Well, Ms Vallenge, can I make the point that the commonwealth government has not given this government \$130 billion. They have given that money to Victorians. That is not foreign aid. Victoria is part of Australia as well. And we have done our share of the heavy lifting for many, many years. If it is your position and the position of the opposition that somehow Victorians ought to in some way feel guilty that they have drawn down on a needs-based program—

**Ms VALLENCE:** Well, that is your commentary, Premier.

**Mr ANDREWS:** A needs-based program—

**Ms VALLENCE:** The reason that we have that—

**The CHAIR:** Ms Vallenge—

**Mr ANDREWS:** I reject that thinking.

**Ms VALLENCE:** The reason that we have so much federal—

**Mr ANDREWS:** This is not foreign aid, Ms Vallenge.

**Ms VALLENCE:** I think you misheard me—federal.

**Mr ANDREWS:** We are part of Australia too, and for the five years before the—

**Ms VALLENCE:** And Victorians are in this position because of—

**Mr ANDREWS:** If you let me finish. You have asked your question.

**The CHAIR:** Ms Vallenge, if you allow the Premier to finish his answer—Ms Vallenge.

**Ms VALLENCE:** Victoria is the only state—

**Mr ANDREWS:** You have asked your question and you—

**Ms VALLENCE:** that had a sustained long period of lockdown and is in this economic crisis—

**The CHAIR:** Ms Vallenge, if you allow the Premier to answer your question.

**Ms VALLENCE:** The question is expressly around debt.

**Mr ANDREWS:** No, no. You have already asked your question. I am trying—

**Ms VALLENCE:** Can you guarantee or rule out that debt as a ratio of GSP will not go beyond that nearly 30 per cent level by 2024?

**The CHAIR:** Premier, before you answer the question—Ms Vallenge, I would appreciate that when the Chair is asking for order at the table that you give some acknowledgement of that and respect to the Chair, please. You asked a question; you need to allow the Premier the time to answer the question.

**Ms VALLENCE:** Well, if he would.

**The CHAIR:** Thank you, Premier.

**Mr ANDREWS:** Well, Chair, I have been asked a question, and there was some commentary associated with the question. It is my practice to look at the totality, the preamble, all the commentary, all the throwaway lines, and when drafting those lines, the questioner or questions need to be focused on that—that I intend to respond to all of the things that are put to me. And I do not accept the conclusion that somehow Victorians should feel guilty that the commonwealth government put in place a needs-based program, and there was greater need in different parts of our country. We are part of the nation. We pay more than our fair share. If you look at jobs created in the five years before this pandemic, we fully accounted for half the new jobs in our nation—30 per cent of the economic output. I will remind Ms Vallence we are just 25 to 26 per cent of the Australian population. We punch well above our weight, and the notion that we should somehow be especially grateful—the national government has done a good thing. Victoria is part of this nation. This is not foreign aid.

**Mr Riordan:** On a point of order, Chair, could you ask the Premier to answer the question?

**Ms VALLENCE:** Chair, with respect, I think the Premier is having a conversation with you rather than answering my questions.

**The CHAIR:** Thank you, Premier. Thank you, Deputy Chair. And thank you, Ms Vallence. As the Premier indicated, if you include things in your preamble, the Premier is entitled to respond to those as he has just done. So I would suggest you keep the questions focused on the budget.

**Mr ANDREWS:** But coming to issue of the debt to GSP ratio, which I think is the question—

**Ms VALLENCE:** 1 minute in. Yes, that is the question.

**Mr ANDREWS:** Well, as I have said to you, these are not simple issues and they cannot be boiled down to—

**Ms VALLENCE:** It sounds like you cannot rule it out. Look, I will move on.

**Mr ANDREWS:** No. There is no need to move on.

**The CHAIR:** Ms Vallence, you cannot put a question and then move on and not allow the question to be answered.

**Mr ANDREWS:** The budget papers have been presented, and no amount of verballing will change that these are—

**Ms VALLENCE:** I can choose to move on with my question.

**The CHAIR:** Ms Vallence—I am sorry, Premier, to interrupt you—you cannot put a question and not allow the Premier to answer it and just suggest that you are going to move on.

**Ms VALLENCE:** Well, it has been 1½ minutes and he has failed to answer, so I will move on.

**The CHAIR:** Ms Vallence, the Premier has the opportunity to answer the question, and then when he has finished the answer you can put another one to him.

**Ms VALLENCE:** Premier, as you have mentioned about Victorians—

**The CHAIR:** Ms Vallence, I am ruling from the chair. Before you move on, has the Premier completed the answer to the question?

**Mr ANDREWS:** I am more than happy to confirm that the budget and its estimates provide forecasts of debt to GSP. There are a number of variables there, and the notion of additional borrowings is not the key variable; it is the amount of economic growth. When you are doing a ratio, that is one thing's relationship to another, and the notion of a debt to GSP ratio presupposes that we get the place growing again. That is the only way to do that. The only way to do that is to incur these borrowings to create additional economic activity. I am not sure what the purpose of the question is—prepandemic numbers versus a one-in-100-year event. I think that sums up the fact that we are in unprecedented times and that this is a budget that listens not to the loudest voices

and those who I think have limited understanding of these things but instead to the governor of the Reserve Bank no less and puts forward a set of estimates and a budget that has been ticked by the Auditor-General. We stand behind these numbers, and we will work as hard as we possibly can to not only achieve the forecasts and the estimates but to best them wherever we can.

**Ms VALLENCE:** Premier, I am over here. Premier, you just mentioned there about Victorians, and that is what I am passionate about—Victorians. Premier, 90 per cent of Victoria's sole traders were denied support by your government's Sole Trader Support Fund and prior to that were struggling to get any airtime and to get any support as sole traders. Do you now regret leaving these Victorians behind?

**Mr ANDREWS:** Well, I do not accept the conclusion that you have drawn, Ms Vallence, at all. I would have thought that each of us here are passionate about Victoria. I do not any think any member of this committee has got a monopoly on passion for our state. We are, after all, by virtue of hard work and even more hard work—some of us are in the government, some of us are not—all members of the Victorian Parliament, and I would hope that we are all passionate about our state.

**Ms VALLENCE:** So, Victorian sole traders, typically women—women in fitness and women in beauty—do you really regret leaving those sole traders behind, who are absolutely struggling, and putting them into hardship?

**Mr ANDREWS:** Well, I again do not accept the conclusion that you have drawn. There are different roles for different governments to play in relation to support. I think it would be fair to say that I have been particularly positive and supportive of many of the initiatives that the commonwealth government have put in place, whether that be an expanded JobSeeker or JobKeeper framework, and we have sought to complement the settings of the commonwealth government wherever we possibly can with business support and now a budget that creates economic activity. And for each of the small businesses that you are raising with me, that you are concerned about and that I am concerned about, I think having customers for them is the most important thing to do.

**Ms Richards:** On a point of order, Chair, I am just wondering, through the Chair, if there is a budget paper reference for this particular question?

**Ms VALLENCE:** Yes. Budget paper 2, page 46. Premier—

**The CHAIR:** Sorry, Ms Vallence, which part of page 46?

**Ms VALLENCE:** Okay. In terms of budget paper 2, page 46, Premier, you are talking about supporting businesses, so in terms of payroll—

**The CHAIR:** Sorry, Ms Vallence, Ms Richards raised a point of order. She asked you for a reference, and we are just asking for clarity—

**Ms VALLENCE:** And I have provided you that.

**The CHAIR:** Sorry, which part? There is a whole page there. What exactly is it that you are referring to?

**Ms VALLENCE:** Can we stop the clock?

**Mr RIORDAN:** Chair, this is a protection racket.

**Ms VALLENCE:** Are we stopping the clock during this point of order, because this is absolutely outrageous?

**The CHAIR:** Ms Vallence, could you just provide Ms Richards—

**Ms VALLENCE:** It is evident this morning that both—

**The CHAIR:** Ms Vallence, could you just provide Ms Richards with the reference that she is asking for please—

**Ms VALLENCE:** Yes, I already have.

**The CHAIR:** and then we will be able to continue.

**Ms VALLENCE:** I already have: 1 minute ago I said budget paper 2, page 46.

**The CHAIR:** Which aspect of page 46?

**Mr RIORDAN:** If we are going to start this, Chair, we might take a very long time.

**The CHAIR:** Your colleagues have at least pointed to line items that they would like to draw people's attention to. Which is it that you are looking to discuss?

**Ms VALLENCE:** All right. Premier, Melbourne small businesses with payrolls—

**The CHAIR:** Sorry, Ms Vallence. Premier, have you been able to find the reference that Ms Vallence is referring to?

**Mr ANDREWS:** I am not sure, but I am sure Ms Vallence is about to direct me to it.

**The CHAIR:** Thank you. Ms Vallence.

**Ms VALLENCE:** Yes; budget paper 2, page 46, Premier. For a Melbourne small business with a payroll of \$1.2 million in the last financial year and also this financial year, can you confirm that this business will not be eligible for the new jobs tax credit?

**Mr ANDREWS:** I am not sure that I can confirm that. I may need to come back to you—I am very conscious to provide you with an accurate answer.

**Ms VALLENCE:** That would be good. Will you take that on notice?

**Mr ANDREWS:** I am more than happy to take that on notice—

**Ms VALLENCE:** Okay, and—

**Mr ANDREWS:** Although I would just say you may get what you want from the Treasurer when he is before you.

**Ms VALLENCE:** And we will ask that.

**Mr ANDREWS:** Yes, I am sure you will.

**Ms VALLENCE:** Looking at that and reading from these budget papers, it looks as if a Melbourne business on \$1.2 million of payroll will miss out your new jobs tax credit and actually be liable for nearly \$27 000 in payroll tax. The New South Wales government cut its payroll tax at the same rate, but their threshold was \$1.2 million. So a Victorian business paying \$1.2 million in payroll will actually have to pay \$27 000 in tax, but in New South Wales that business would pay nothing. What do you say to that as a measure in your budget?

**Mr ANDREWS:** Well, it is rather troubling that apparently I am not to make reference to any other government in answering questions but questions can be constructed with reference to other governments.

**Ms VALLENCE:** Well, let me rephrase that question. Businesses who might be looking to invest might look to go to New South Wales rather than Victoria because of the lack of balance or the more—

**Mr ANDREWS:** Yes, sure. That would be a matter for individual businesses to make a judgement and make a calculation.

**Ms VALLENCE:** Well, we are hearing this from businesses so—

**Mr ANDREWS:** Well, I am not sure whether you want to name a series of those businesses, but—

**Ms VALLENCE:** Let me rephrase the question. Your new jobs tax credit is not really going to help small and medium businesses recover.

**Mr ANDREWS:** I would not accept that at all. In fact there is a very substantial amount of money behind this, and the modelling on this has been done by Treasury and Finance, so I think it is going to help many, many businesses and therefore many, many workers. On the finer detail, I know there has been some speculation about the start point, whether that is reflective of the amount at the low point, if you like. The Treasurer will be more than happy to take you through all of those issues.

**Ms VALLENCE:** Thank you. I will ask the Treasurer.

**Mr ANDREWS:** But again I am not too much focused on what the New South Wales government is doing. I am focused on getting on and getting this economy growing again and making sure that all the things that Victorians are proud of—rightly—are even stronger on the other side of this.

**Ms VALLENCE:** Secretary Moule, last year your predecessor estimated the ministerial staff costs for 2019–20 at \$49.8 million. What is the 2019–20 actual figure for ministerial staff costs?

**The CHAIR:** Sorry, Secretary, but the member's time has just expired.

**Ms VALLENCE:** Take that on notice?

**Mr MOULE:** We will take that on notice.

**The CHAIR:** Sorry, Ms Vallence, your time has expired. I will pass the call to Ms Nina Taylor, MLC.

**Mr D O'BRIEN:** Chair, a point of order before you do, please. Chair, I would just like to raise a point regarding the last session that we just had. We lost a good 5 minutes in deliberations then because of the point of order from the Member for Cranbourne and from the Premier waffling. First of all, the point of order made by the Member for Cranbourne was not a point of order, and it is not incumbent on the member of the committee who is asking questions to answer it. You ruled that Ms Vallence had to answer what the budget paper reference specifically was. That is not a point of order under the standing orders of this house.

**The CHAIR:** To be fair, Ms Vallence spoke over the top of me. I had no opportunity to rule on the point of order at all, Mr O'Brien.

**Mr D O'BRIEN:** Excuse me, Chair, I am raising a point of order. For you to rule that she had to provide a specific line is completely out of order. Secondly, there has been a deliberate campaign throughout these hearings and past hearings as well—obviously ministers and the Premier will waffle to chew up as much time as possible. If we have asked a question and after a period of time—a minute, 2 minutes, 5 minutes—the Premier or the minister at the table has not answered or gone close to answering that, we are entitled to move on to the next question. Chair, for you to keep interrupting and telling us to stop interrupting the minister is clearly wasting our time. If this is going to continue then I would request that you remove the time constraints so that we can ask the questions we want, and we would be very happy then to let the Premier waffle for 15 minutes on every question if he wants. But as it is, we have limited time—and this is important to anyone watching this and thinking, 'How rude are those opposition MPs?'—we have got 15 minutes each go, and it is completely unfair of you as the Chair and of the witnesses at the table to continue to chew up our time and stop us from getting scrutiny and getting the answers that we need. I remind you with respect to the budget paper reference that Ms Richards asked about, the objectives of the budget estimates listed on our website are 'promoting the accountability, transparency and integrity of the executive and the public sector'. Nowhere in the objectives listed there does it say we must provide a line item to every member of the committee every time they ask.

**The CHAIR:** Thank you, Mr O'Brien. In relation to your first point, Ms Vallence spoke over the top of me and I actually did not have the opportunity to rule on the point of order because she continued to speak while the Chair was speaking. So there was not a ruling made, but I think in examining the budget papers as part of this inquiry it is more than reasonable for the committee members at the table and for the witness appearing before the committee to have an indication of what the reference is. From recollection—

**Mr D O'Brien** interjected.

**The CHAIR:** Mr O'Brien, if you could let me finish, please; I let you finish. In relation to the reference given of budget paper 2, page 46, there is a page of text there. So there was not actually any point for the witness himself to be directed to what it was that the member of the committee was asking the question about. I

was not given an opportunity to rule on the point of order, but I do not think that it is unreasonable that the committee members or the witness, in order to make fully informed considerations at this committee, are given the opportunity to know exactly which part of a page full of text that looks like this we are actually talking about.

In relation to your second point, if opposition members want to put a whole lot of preamble into their questions then, as the witness himself said, he is entitled to respond to the propositions put in that preamble. I suggest if you do not want to waste your time, you do not waste time on your preamble.

**Mr D O'BRIEN:** Even when I asked specific questions for the Premier to read out one figure from the budget papers, he took 4 minutes to answer it, and then you try to pull me up for moving on.

**The CHAIR:** Again, we gave the Premier the opportunity to answer that, but I think we have all—or we should have—read the budget papers and it is not the job of the witnesses to sit here and read them to us. It is their job to answer questions about them.

**Mr RIORDAN:** Hang on, Chair, you just requested the specific item so the Premier can look at—

**The CHAIR:** Mr Riordan, if you do not want those watching to think that the opposition are rude, do not interrupt me. Now we will move on to the next committee member who has the call, Ms Nina Taylor, MLC. Thank you. There is no point of order.

**Ms TAYLOR:** Morning, Premier, and representatives of the department. I did hear a bit of a theme about support for business, so I would like to explore supporting industry. I would like to direct the Premier to the Victorian budget 2020–21 'Jobs Plan', page 33. Could you please explain this pillar of the Jobs Plan?

**Mr ANDREWS:** Thanks very much, Ms Taylor, and congratulations on your elevation to this committee. It is a very important committee, one I appear at every year, and it is very important for us to thoroughly scrutinise all the different investments and decisions that the government makes. I think you are referring to research and the innovation economy, particularly the Breakthrough Victoria Fund.

**Ms TAYLOR:** Indeed.

**Mr ANDREWS:** Let me just expand on some comments I made I think in the presentation at the beginning. I was with Professor Doug Hilton yesterday, the director of the Walter and Eliza Hall Institute, one of the pre-eminent research institutes not just in our state or region but indeed right across the world. Some of the work that they do every day is world-leading in saving lives and changing lives. But as good as the science is in Melbourne and indeed other parts of our state—and you do not have to travel very far, but even if you do, you get the constant refrain from people in the scientific and research and innovation communities globally that Melbourne is renowned for having great science, really smart people who come up with the biggest and best brand-new ideas—the problem of course is that when you seek to commercialise those ideas, those for which commercialisation is relevant, it is very difficult to connect all the different component parts.

So whether that be prototyping, taking things to scale—so proof of concept, proof of principle—then moving, for instance, through the clinical trials network for a therapeutic or for a drug. All the way through to clean energy technology—digital technology, agriscience or agritech if you like. In all those nominated subsectors there are many different points at which the origin of the idea becomes completely disconnected to where the value will be captured, where the jobs will be, where the product will be manufactured, where the profits will be reinvested. It is sometimes referred to as this valley of death, where businesses without a capital injection, without a connection to the private sector, for instance, simply cannot scale to take the greatest advantage of the idea, the science, the product.

This \$2 billion investment, which is the flagship in this pillar of the Jobs Plan—it is not the only investment, but it is the most profound—really does I think call out what is missing and then provide exactly what this community says they need. We will have many more announcements to make about the board, the governance, the structure of this, how it will make decisions and the partnerships that we will have with universities across the board and research institutes.

It is a fantastic initiative, and it is why yesterday at the national centre for drug discovery, which is an embedded component of the Walter and Eliza Hall Institute, there was a sense of excitement amongst the clinician researchers, the lab technicians and indeed some private sector investors that were there. The degree of excitement and optimism for what this will mean for great science being turned into great products and great Victorian jobs was obvious. We will have many more announcements to make about this, but it is a key feature of a budget that is all about jobs.

**Ms TAYLOR:** So looking at international education and global investment, which obviously has been impacted through the pandemic—and we know that Victoria's higher education is sought out by students across the globe, I should add—how does the budget ensure this sector can continue to survive?

**Mr ANDREWS:** Thanks Ms Taylor. The international education sector is worth just under \$14 billion to our economy and supports tens of thousands of jobs. Now obviously with international borders closed, this is a sector and a series of products that are under acute stress.

What we have done, and it is disappointing—part of being frank and honest and praising of other governments when they do the things is that you have also got to I think call out where there might perhaps have been a bit more support and there has not been. I do not think the university sector has necessarily got all the support that they might have thought they were entitled to and I believe they are entitled to. But we cannot change that, all we can do is step in and fill some of those gaps. So the budget funds \$350 million for the Victorian Higher Education State Investment Fund. So, a little bit like the Breakthrough Fund, this is about dealing with gaps, bridging those gaps so that our higher education institutes, our universities and others, are able to have the very best offering, whether it is in capital works, applied research or research partnerships.

We do not just attract literally hundreds of thousands of international students because, you know, we are the best city in the world. That is an important part of it, but it is the quality of our educational offering, the innovative nature of our research programs embedded in our universities. It is the connections and the pathways that people can essentially purchase a part of by coming and studying here. That is an active decision that they make.

We are a safe city, we are inclusive city and state and we are a place that values international students, but you have got to make sure the quality of the offering is truly world-class. Because whether it be currency movements, whether it be various immigration changes in other countries for instance or whether it be perceptions from many different points of view, this is an incredibly competitive market, and students can just as easily go to Canada or go to a South-East Asian country to learn as they can come here. US, Europe, wherever it may be—it is a truly global market.

So this fund is really important to making sure that our offering is as first-rate as it possibly can be. There is further money to support students in crisis. There is further money through that emergency relief fund and also funding to support a number of TAFE sector institutes particularly who were in crisis and needed support, and then of course there is another \$33 million that supports a very targeted set of policies. Timeliness probably prevents me from going through all of those. But the biggest thing we can do is to support this sector to get to the other side. This sector and this market, this job engine room for our state, is obviously captive to decisions that the commonwealth government will have to make, and I know that they are very acutely focused on those international borders. We cannot jeopardise our low or no virus status at this time or any time, but with developments in terms of a vaccine and optimism about 2021 then hopefully we can reboot in a safe way our international education flow and get the economic benefit but also those incredibly important partnerships—those personal connections, that soft diplomacy—that is important to us economically, politically, geopolitically. All of those things matter. Hopefully 2021 can be a very, very different year when it comes to international education than what has been a pretty awful year in 2020.

**Ms TAYLOR:** Yes, very challenging. Drilling down further on the topic of supporting industry, in particular looking at manufacturing, because we know it is a catalyst for jobs growth, innovation and prosperity in the whole economy, how has the government invested in manufacturing to support jobs and to drive innovation?

**Mr ANDREWS:** Thanks very much for the follow-up question. There are about 290 000 Victorian jobs that are dependent on a strong and thriving manufacturing system and sector. It is often a very good measure of the

success of an economy. How many things do you actually make? What gets made here? And it does not mean that we need to exclusively manufacture products from end to end, but supply chain security or lack thereof has been I think pretty starkly exposed during the course of 2020 not just in Victoria or Australia but indeed right across the world. Some of the traditional flows of goods and componentry, for instance, that had become kind of second nature, all of a sudden there was potential for them to be substantially disrupted or cut off altogether, and I think there has been a real focus on that. We have had to live through that. So being more self-sufficient, manufacturing, making more things here and creating more Victorian jobs as a result is very, very important, and whilst traditional manufacturing will always have a place, it is an opportunity, your question, to congratulate those in the manufacturing sector, both employers and workers, for their constant change. Methods are enhanced, improved. There is always change in componentry, all the inputs and the quality of products. It is a constantly evolving thing, and sometimes those workers are not necessarily given the credit for the fact that they are in this constant cycle of change.

But advanced manufacturing and manufacturing more broadly are big winners out of this budget. There is \$60 million for a manufacturing industry development fund. That is very important. That will be a whole range of different investments that are made—co-investments, grants and other support—to turn the challenges of change into real important opportunities for the future. There is also a \$40 million industry recovery and growth fund, and that will be focused on facilitating private sector investment in advanced manufacturing workplaces and enterprises—those targeted investments in high-growth sectors like food manufacturing and pharma. Then there is \$20 million that will also go to establishing the Australian med-tech manufacturing centre, noting that, whether it is medical technology or plannable devices and all manner of other products, there are enormous employment opportunities and wealth creation opportunities from that sector. So all in all I would say that manufacturing is critical to our success. It is a well- and often-used marker for our success. We should acknowledge that that industry knows only too well that change is constant and rapid. We have to support them to continue to make that change so that we continue to make more products—products that we need and that the world wants—and that is exactly what the budget sets out.

**The CHAIR:** Sorry to interrupt, Ms Taylor. Ms Vallence, on behalf of the committee members, can I ask you to put your mask on when you are not speaking, please.

**Ms VALLENCE:** Am I allowed to have it off when I am drinking?

**The CHAIR:** You are allowed to have it off when you are drinking, but you have had it off for 11 minutes now. Thank you. Ms Taylor.

**Ms TAYLOR:** We have seen through the pandemic just how important it is to be able to adapt digitally in order for the Victorian economy to prosper. How has the government translated the learning into policy?

**Mr ANDREWS:** I think, Ms Taylor, that each of us, regardless of our political party or views on issues, have changed the way that we work this year. That is about safety, but it has increasingly become something for people in our line of work—not for every worker, but for people who work in our types of workplaces—that is a real convenience that has come with that. It is not for every worker every day, but I think this is going to be a feature and it will be a challenge for us to adapt to. I think the whole notion of people moving perhaps out of a more traditional suburban postcode and maybe splitting their week in a beautiful spot in coastal Victoria or regional Victoria and businesses that can now literally be based anywhere is so predominant now. It will change, it will not necessarily stay at this level, but online shopping has become a very big part of our daily life. I think that there is a lot of change coming our way, and it is not change in concept, it is already behaviour that has radically changed, and therefore I think a good degree of it will be embedded.

In order to make the most of those changes—in order to spend less time on the freeway and more time at home with the kids—you need to have the very best digital network. So there is a massive boost here for dealing with black spots. It is something we have been very proud to do over a lengthy period of time. We look forward to a partnership with the commonwealth—an ongoing partnership—to get rid of those black spots, not just for commercial activity and for all those benefits but from an emergency point of view. There is great benefit in that program, but then there is also a substantial investment, some \$250 million, to get that business-grade broadband into communities that simply cannot access the opportunities we have been talking about and do not have the flexibility that they could be located anywhere. None of those things are available if you do not have the information and data infrastructure that the budget funds, so it is a very big package. They are not

traditionally areas that we would necessarily invest in, but we can see the benefits as being so profound and so obvious that we have put our money on the table. Where we can partner with the commonwealth government of course we will do that, and I am sure that ministers in our respective governments will be talking about those things. But this is about trying to hang on to those elements of this very difficult year—to hang on to the things that have been positives and enhance them. Sometimes that means you have to invest, which is exactly what the budget does.

**The CHAIR:** Perfect timing, Premier. Ms Taylor's time has expired.

**Mr Hibbins:** Chair, I would like to raise a point of order.

**The CHAIR:** Mr Hibbins.

**Mr Hibbins:** During his evidence given today the Premier call into question the truthfulness of my statements regarding the public housing renewal program, which I take pretty seriously. So I would like to read into the Hansard the government's own submission to the public housing renewal program inquiry, which states:

The partnership model currently being considered includes contracts with development partners that ensure the government retains ownership of the land throughout the development process, until those homes intended for private ownership are sold to individual purchasers.

Thank you.

**The CHAIR:** Are there any further comments on the point of order? No. I do not know that there is a point of order, but thank you, Mr Hibbins, for that contribution. Premier, we thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within 10 working days of the committee's request. The committee will now take a break and resume at 12.00 pm for a public hearing for our reference into the investigation looking at the response to COVID. We will meet with you again at that time. Thank you for your time this morning, Premier, and your officials.

**Mr ANDREWS:** Thank you, Chair.

**Witnesses withdrew.**