

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 6 May 2016

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Mr Daniel Andrews, Premier,
Mr Chris Eccles, Secretary,
Ms Rebecca Falkingham, Deputy Secretary, Social Policy and Service Delivery Reform,
Mr Simon Phemister, Deputy Secretary, Economic Policy and State Productivity, and
Mr Tony Bates, Deputy Secretary, Governance Policy and Coordination, Department of Premier and Cabinet.

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

I would like to welcome the Premier of Victoria, the Honourable Daniel Andrews; Chris Eccles, Secretary of the Department of Premier and Cabinet; Rebecca Falkingham, Deputy Secretary, Social Policy and Service Delivery Reform; Simon Phemister, Deputy Secretary, Economic Policy and State Productivity; and Tony Bates, Deputy Secretary, Governance Policy and Coordination. I would also like to welcome additional witnesses sitting in the gallery. Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

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

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

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

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

I would now like to invite the witness to make a very brief opening statement of 10 minutes. This will be followed by questions from the committee.

Mr ANDREWS — Thank you, Mr Chairman. I thank you and the deputy chair and members of the committee for the invitation to be here today to talk firstly in terms of the presentation about the aggregates and some of the detail in the budget and then to take your questions and hopefully have a very good discussion about what is a strong and confident budget for a strong and confident state.

As the budget paperwork indicates, we are very much getting it done, and it is with some pride that we present these accounts to the Victorian community. It is about investing and taking a long-term view, beginning or, if you like, to a certain extent consolidating on other initiatives that we first began the process of funding in last year's budget. But it is a very solid set of accounts, and it should, I think, underpin that sense of confidence right across the Victorian community that this is not a government that is sitting around doing very little, but instead a government that has got a strong plan, a clear vision about getting on and delivering, getting things done — getting it done, as the title would indicate.

Visual presentation.

Mr ANDREWS — I might move now to the presentation. I have just got a few slides to take you through. Most of this will be well known to you, having studied the budget, as I am sure you all have. We are very pleased to say that the Department of Treasury and Finance is projecting strong growth as we look to the forward estimates — 3 per cent in the 16–17 year and then continued strong growth thereafter. We are investing of course in very important infrastructure, the infrastructure that Victorians voted for back in 2014, and most definitely the infrastructure that Victorians need, not just in Melbourne or its suburbs but in regional centres and indeed the smallest of regional towns.

The surplus numbers are very important — \$2.9 billion in this coming year and then an average of 2.1 over the rest of the forward estimates, so \$9.2 billion over the four years. It is very important when we look at some of the uncertainty in global markets — uncertainty in lots of different places around the world — to have a buffer that is a strong buffer against changing circumstance. That safety net, if you like, is very important. We have

always said and maintained that we will deliver surplus budgets, and this budget and its estimates for the future deliver on that commitment in full.

But we have also said consistently that we would deliver AAA-rated budgets, and we are very pleased to see that both ratings agencies have confirmed our credit rating — a strong and stable outlook. That is a really important thing for confidence, for investment, and indeed it speaks volumes for the settings in this budget — the careful and very deliberate approach that we have taken to make sure that there was discipline in terms of spending as it relates to total revenue but also to be investing in those productivity-enhancing, productivity-driving infrastructure projects, many of which I am sure we will talk about today.

The fact that 112 000 jobs have been created since we came to office is something that I know gives Victorians great pride. We see the projections for unemployment to continue to fall to 5.75 down to 5.5 per cent, all while the economy grows; all while the Victorian community grows. That is of course significantly lower than it was when we first came to government — at, I think, 6.7 per cent at that time, so that is a significant decrease — but again that is still too high, and there is a range of targeted programs in the budget both in policy terms but also around the investment of additional funds to help those who have been seeking employment for a long time and also to deal with those industries that are without any doubt dealing with the economic transition.

We might move to the next slide: ‘The projects we need’. As I said before, these are projects that were supported by the Victorian community. Just to run through these very quickly, in aggregate it is \$12.4 billion funded over the life of these forward estimates and a \$7.4 billion average spend. That is an unprecedented level of investment. That drives jobs and confidence. You can hardly ask investors from overseas or other parts of the state to exercise a vote of confidence in our state if the state government will not do exactly the same by having a strong and consistent investment approach.

Melbourne Metro, a transformational project; hopefully we will get a chance to talk about that in more detail today. That is fully funded. This has been talked about for a long time, but it is being delivered by this government, and that will protect the quality of life and make sure that Melbourne as a world-class city has a world-class public transport system. The western distributor, again from a public sector contribution point of view, that is fully funded in this year’s budget; provision is made for a \$2 billion contribution by our government to deliver that vital second crossing. And of course there are then additional metropolitan public transport improvements and regional rail network improvements, and roads.

It is a very, very strong agenda, and it is consistent. It is a strong investment each and every year. All these projects stack up. All these projects are exactly what our communities need and our economy needs. We will perhaps get an opportunity to talk about skills attainment, procurement and a range of different elements where we are really getting the best value for the Victorian taxpayer in a broad context by what is undoubtedly the most assertive but also the most well-balanced infrastructure program the state has ever seen, and by that I mean not just one project for one year but a long-term focus; that is what is most important.

Moving ahead, the issue of employment is critically important to every single Victorian and of course to us as a government and to a community. Surely there would be no difference, regardless of partisan politics; we would all, I am sure, agree that a strong economy and strong employment growth is really important. I mentioned those 112 000 jobs earlier on.

The infrastructure projects I have just talked about and others, that accounts for some 15 000 additional jobs over and above that 112 number. There is significant payroll tax relief. I am sure the Treasurer took you through some of that this morning. This is the first change to payroll tax thresholds since 2002, and it ultimately results in some 36 000 businesses over the life of the policy getting a payroll tax cut and I think 2800 or thereabouts businesses being payroll tax free where they currently have a payroll tax burden.

There is a very strong \$229 million allocation to try to make sure that all the new businesses come into our state — that we are the gateway for those new investments, for new enterprise and all the opportunities that come from that. There is \$325 million to make sure that our regions are not left behind. In fact, far from that, we want our regions to be absolutely going strongly, because it is only when that occurs that the state grows and prospers. Of course there is \$53 million for the creation of Jobs Victoria, recognising just how important a singular focus and the efficient delivery of programs is to employment opportunities and all the dignity, the purpose, the opportunity and the economic growth that comes from a strong labour market.

Moving to the next slide, as you know, we are steadily, methodically and consistently delivering Victoria as the education state. There is \$924 million in capital works. This is, without any fear of contradiction, the most significant investment in bricks and mortar in the facilities that our children are educated in in every community across the whole state that our great state has ever seen, and \$200 million of that goes to regional schools.

In any budget process there are always some initiatives that you might have a greater affinity with than others. All of them are important, but I was particularly proud to be able to deliver the funding for those 20 specialist schools. They are in the poorest condition. That was a result of an audit back in 2012, I think. Usually governments do one or two of these a year. We are doing 20 of them, and I think that is a really good outcome. It is about dignity and it is about making sure that we recognise that these schools and the pupils, the parent community and the school communities that are so well serviced by them have been for far too long ignored. I am not for a moment saying there is not more to do, and indeed there are other investments of an ongoing nature, particularly around dyslexia and a range of other supports for students with special needs. Again, perhaps we will be drawn to that later on.

Maternal and child health gets a good amount of support, as does early childhood development. We know, all of us, just how important those first 1000 days are for the life opportunities that our children will enjoy.

Moving to the next slide, as you know, this is a very strong budget for health — the best part of \$2.5 billion and the biggest boost to elective surgery this state has ever seen and indeed nationally. There has never been a government allocate more money to providing more patients with the elective surgery they need faster than this budget does, and that is really important because we want people to be able to get all the surgery that they need in as timely a way as possible. That is the best outcome for them. It also means there is a big productivity uplift here too because it means people can get back to work; they can be fully participating in their local community.

Throughput through these hospitals is important as well. In many regional communities, as I am sure the regional members of the committee would know, the hospital is the biggest non-rainfall-dependent employer in the town. So there is every good reason to fund growth in our hospital system strongly, and that is what we are doing in elective surgery and emergency department presentations. There is a very big ambulance package as well. We know that there was quite some work to be done in that area, and we are seeing steady improvement. There is still much work to be done, but you will always achieve better response times and better outcomes when you make these investments and you do it in partnership with the paramedical workforce — those who are out there providing the care — and there is a strong budget to back them up in the work that they do.

There is \$1.6 billion for health services. That is about meeting demand, meeting growth. Our state is growing. That is a good thing. It is much better than the alternative, but you have got to make provision for it and this budget really doubles down on the strong health budget of last year. Patients will be better for it and so will all of us.

Moving to the next slide, obviously we made commitments prior to coming to government to establish the family violence royal commission, Australia's first, and to appoint a minister for the prevention of family violence, again the first in our nation. That is because this is the biggest law and order challenge that faces all of us. It belongs to all of us. We have all got to take responsibility that we have not done enough over too long a period of time. That is why there will be a 10-year plan by the end of the year. But it cannot wait until the end of the year, and that is why there is \$572 million as a down payment on that reform and on that funding in a longer term sense provided in this budget for the coming year and the following year. It covers a whole range of different areas from housing to specialist support services. It is also, if you like, well supported by an equally strong allocation to Victoria Police for specialist equipment, personnel but also for 406 additional sworn officers. All of you know, I am sure, that for 40 per cent of a sworn officer's duty their time will be spent dealing with family violence or the consequences thereof, so that recruitment, whether it be specialists for family violence or not, is relevant to the family violence challenge.

There is a big investment in emergency services as well, and the next instalment of our *Ice Action Plan*, again a full delivery. This actually exceeds the commitments that we made at the election to have a plan in the first 100 days. We made a \$45.5 million investment last year. We have now increased that to \$57.6 million. From an illicit substance point of view, this really is a very, very big challenge for every single community.

Regional Victoria: I have spoken already about very strong investment across the whole state. The budget has got to deliver for the whole state — every single community. That is exactly what it does. There is \$1.3 billion

for regional rail services; that is far superior of course to closing country train lines. We are about laying more track, providing more services and buying new rolling stock and having it manufactured here in this state to improve regional rail services.

Regional roads receive a very significant boost, and there are of course all those targeted programs in tourism, major events, infrastructure — everything right down to community sport in regional Victoria. We know how important that is. There is a \$200 million Regional Hospital Infrastructure Fund. I do hope we can come back to that because it is the first of its kind and one that has been very warmly welcomed by the smallest of hospitals through to some larger ones that for too long have missed out. Then there is the centrepiece in many respects of our regional investment, and that is the \$170-odd million to redevelop Shepparton hospital, a place I have visited many, many times. It is in bad need. It needs to have buildings that match the quality of the staff, and with \$170 million that is exactly what we will achieve.

I often say that self-praise is not worth very much so I thought I would just include a few quotes from people who are not close to any government really. Their job is to be critics and to properly analyse. I think you will see, whether it is the Victorian Chamber of Commerce and Industry, VCOSS, AIG, the Australian Education Union, the AMA — it is a long list — there has been very strong support for this budget, for its practical focus and for its long-term focus; for the aggregates around economic growth, sound financial management, AAA rating, and for its focus on the things that have always defined state politics but that so often are not the proper focus of a good state government. Well, they are our focus. There has also been praise for the fact that we have worked our balance sheet as best we can, always looking to be innovative, to reform.

This is, as I said at the outset, a strong and confident budget for a strong and confident state. We are getting it done. We are making things happen. We are not wasting any time at all, because there is so much to do. This is a very strong addition. It builds, I think in really significant terms, on last year's budget; and we will aim for next year's to do the same, and the one after that.

So I am indebted to you for the invitation, and I hope that gives you a sense of the investments and the priorities of the budget. And now I am more than happy to take questions.

The CHAIR — Thank you, Premier. We will start with the government, with Ms Ward until 1.23 p.m.

Ms WARD — Hello, everyone. Hello, Premier. Nice to see you, everyone. Thank you for coming along. Premier, I note that in the shadow Treasurer's budget reply he questioned the government's job plan. Can you please look at budget paper 3, page 25, and explain to the committee how the initiatives outlined in table 1.1 are creating jobs?

Mr ANDREWS — Thanks very much, Ms Ward. It is a very good question. As I said at the outset, we know of course that nothing is more important than providing people with the dignity and the opportunities that come from being in work. Now for some people that will be a full-time job that they seek; other people will want more flexible working arrangements.

Regardless of politics, I think we should all be very, very proud of the fact that we are leading the nation in terms of economic growth, private business investment and confidence. There is so much good news out there around new industries coming to our state and growth in lots of different sectors and in lots of different parts of the state. I think you can be buoyant and you can be optimistic about the future and not in any way diminish how serious some of the problems are. Of course there are great challenges there, with auto leaving and with other structural changes that are going on right across not just the Victorian economy but right across the national economy, particularly as we move beyond that capital-intensive phase of the most recent mining boom.

But there is a great opportunity here for us around services and around our food and fibre exports — basically playing to our strengths. Quality has always been the defining feature. It is not just about doing more or doing it the cheapest. Our strength has always been to do it better and to be the most reliable supplier. The efficacy of our offering has always been a great strength. When I travel overseas on behalf of all Victorians, it is recognised again and again that our offering is second to none.

So you will see there is some significant investment here around trying to attract investment, trying to get our product offshore and trying to open up new markets and new opportunities. Look, give praise where it is due:

take full advantage of the China free trade agreement and other free trade agreements that the commonwealth government has been able to sign up to.

But if you look at it, state final demand — 1.2 per cent in the December quarter and 4.6 per cent over the last year — there are other states and territories that would look at that with great envy. That is not to be boastful for its own sake, but we can be confident about that. There are then a whole range of other targeted programs around, for instance, the \$53 million that we have provided for *Jobs for Victoria* to consolidate our employment services and provide that one single point of contact for people who have got more complex barriers to them entering the labour market. That is as you would expect a good government to do.

There are often cracks that people can fall into between state-run services and federal government-run services. We do not want people getting the runaround. We want them to get, in a linear fashion, the support that they need. We have got many of the levers around training and higher education. We want to make sure that that is our one-stop shop, and we are very confident that it will be. So there is \$53 million for that.

There is \$10.8 million to establish a community revitalisation initiative to work with local communities that are facing entrenched disadvantage. It is a long list, Ms Ward. There are a whole series of targeted programs, together with outstanding investments — —

Ms WARD — That is what I would like to get onto, Premier, if I can —

Mr ANDREWS — Sure.

Ms WARD — which is that there is quite an extensive list of initiatives here in the budget paper. Can you explain how that is going to support people, such as those in long-term unemployment?

Mr ANDREWS — If you look at it, there are a whole series of different investments that support those who have been out of the labour market for a long period of time. The issue around economic transition is also important, where we have got a number of industries that really are facing significant change. I might ask Deputy Secretary Phemister to go through some of the detail of the package that we have put together.

Ms WARD — Thank you.

Mr ANDREWS — But I think in general terms there is a good balance between architecture of government, so we have got good arrangements to deliver services — and we have made some changes here; there is a strong investment in terms of the total amount of money; and then there is detail that comes from listening to and engaging with business and communities. The deputy secretary might want to add to that.

Ms WARD — Thank you.

Mr PHEMISTER — Thanks, Premier, and thanks, Ms Ward. There is a long list, and it is a diverse list, ranging from sort of creating jobs in high-end new industries through to supporting transitioning industries.

Going to what I think is your question about those most marginalised in the labour market, there are a few specific initiatives in there. One of the sorts of challenges the Premier spoke of in the economy is that the benefits of the couple of decades of economic growth have not been shared equally. So there are people in transition. There are also people that have had jobless families for generation after generation. There are a few initiatives in here that are specifically focused on those people.

The Premier has already mentioned community revitalisation. We are just taking more of a place-based view to disadvantage, so that affords government the opportunity to bring a place-based approach into six of the most, sort of, deprived, long-term-depressed parts of the state, where put simply, individual programs have not worked over time to kind of break these cycles of disadvantage.

Ms WARD — And, just quickly then, how does that relate to the closure of manufacturers like Ford, Toyota and Holden?

Mr PHEMISTER — First and foremost, those workforces are distributed geographically, so there are not only the OEMs themselves, but there is a supply chain. If you look in the south-east of Melbourne, there is a big transition story there for the supply chain, and a number of these initiatives and others speak to the transition for

those workers. Take the big rolling stock order, for example, and the procurement policies around that; that combined with some of the supports that are going into south-east Melbourne. It has got to not only focus on transitioning people out of auto or transitioning people — you would actually be creating new jobs through new capital investments in those areas. I could kind of run through the similar approach to Geelong-North Melbourne as well but possibly will not get there in the next 13 seconds.

Ms WARD — No, but thank you.

Mr ANDREWS — Perhaps not; so a good balance of targeted approaches, but also that infrastructure agenda and other things the government is doing in broader terms — all of that drives confidence. Those investments move through the Victorian economy, and that makes it more likely as well to get a job and keep it.

The CHAIR — Order! The deputy chair for 11 minutes.

Mr MORRIS — Premier, can I welcome you back after what I am sure has not been a particularly happy personal time, but we are all here to work.

Mr ANDREWS — Thank you for your courtesy, Deputy Chair.

Mr MORRIS — Can I refer you to budget paper 3, page 37, and in particular the expansion of the central bargaining unit. Can you tell us which individuals currently sit in the central bargaining unit and what are their names and titles?

Mr ANDREWS — Deputy Chair, I am not in a position to be able to provide you with a manifest, if you like, of everyone that is working there. We made a commitment to change the way industrial relations was administered in this state — that is to say, to bring back, I think, the notion of fair bargaining and the notion of good-faith bargaining, and to get to the agreements that we want to see — all of us, I think.

There were many disputes that we inherited. We have resolved many of those. Some still remain unresolved, and I have a suspicion we may spend some time talking about some of those today. But as you saw yesterday with the Australian Nursing & Midwifery Federation agreement with the government, you get much better outcomes when you have got certainty and when you have got goodwill and good-faith agreements that are balanced, with fair pay rises, but also leave enough money in the bank so you can run strong surpluses, as I just indicated, and enough money in the bank so you can grow the services that in my judgement our public sector workforce — they are probably the most passionate Victorians when it comes to delivering the services that they actually work in — so they want that balance also. I am happy to take that on notice and provide any further details we can.

Mr MORRIS — Thank you. Can I ask you: further to that budget paper reference, what role has the central bargaining unit had in the current UFU-CFA negotiations, and as well, were they present when you met with Peter Marshall?

Mr ANDREWS — No, the central bargaining unit were not present when I met with the secretary of the United Firefighters Union, I think about three weeks ago. I am happy to come to that in a moment, but the central bargaining unit and Industrial Relations Victoria — I could not list for you all the different involvements they have had in that particular dispute.

To be really clear about it, my department, the Department of Treasury and Finance, IRV, the central bargaining unit, the Department of Justice and Regulation, CFA and MFB, have all been involved for every day that we have been in government. This matter was in the red book handed to me by former secretary Tongue before we had even been sworn in, so everybody across our government has been involved in this long-running dispute, and as the acting chairman of the CFA made it clear the other day — he tended to agree with my conclusion and said as much — this has gone on too long, and it needs to be dealt with fairly, reasonably, equitably, and that is exactly what we are working to do.

But, no, the central bargaining unit, it would be too difficult. And IRV, in a general sense, it would be quite difficult for us to list every engagement they have had on this issue. It has been consistent and ongoing, because this has been an ongoing industrial dispute, an unresolved agreement and one that we want to bring to an end.

Mr MORRIS — Can I ask you then — you indicated you would come back to it — if they were not in the room, who was in the room?

Mr ANDREWS — Myself, my deputy chief of staff, Mr Kear, and Mr Peter Marshall, the secretary of the union.

Ms SHING — Straining on relevance here, Deputy Chair.

Mr ANDREWS — Frankly, I do not mind; that is a matter of public record. I think I have answered that question a number of times. I meet with lots of different people, whether they be the heads of very large multinational companies, those who represent governments from overseas and indeed I meet with many union secretaries, because that is how you run a good government and get good outcomes, by having an open door.

We haven't the time today, Deputy Chair, for me to list for you all the people who, in those four years we were out of government, approached me in public places to say how hard it was to get in to see the previous government. I aim to have a very different approach, and if people want to see me and talk to me, then I am always available to do that. And Mr Marshall is one of many different people I meet with every single day. That is an important part of my job.

Mr MORRIS — So are you saying that there was no-one from a department there, just your chief of staff?

Ms SHING — Really straining at relevance, Deputy Chair.

Mr ANDREWS — You can interpret it as you see fit. I have indicated to you who was there and that is who was there.

Mr MORRIS — But you are saying you had a meeting with someone who is clearly a key stakeholder. The outcome of negotiations will have a multimillion-dollar impact on the budget and you are indicating that there were no department officials present and presumably no notes taken.

Mr ANDREWS — I am indicating to you — you asked me who was at the meeting. I have answered that question, and I would again make the point to you, as I think it has been made in Parliament, even in my absence this week, that no agreement has been reached. I do not propose, unless you do, to negotiate such an agreement here at the Public Accounts and Estimates Committee. I think the best thing to do is to allow the processes to run their course. I have nothing but respect and very strong support, as these budget papers clearly show, for our career firefighters and our volunteer firefighters.

I can remember around Christmas time attending the very nasty Barnawartha fire just north of where my parents have a farm, and it just brought home for me, just as the Wye River fire only a few weeks later did — not that we need reminding, but sometimes the most poignant reminders are there when you shake the hand of someone who has saved their own community or, while their property was burning, went and saved the property of someone else.

That is what our CFA stands for. That is what our career firefighters stand for as well. Let us never forget our DELWP firefighters as well. Increasingly with the change in climate, fires on public land are a very big part of our firefighting challenge. Let us think of all the team: SES, VicPol, Ambulance Victoria, of course the EMV staff, led so ably by our Commissioner Lapsley. We can get a good outcome here, and I am confident that we will. It will be fair and balanced, and it will be about respecting and strongly supporting every member of that firefighting team, every member of our emergency services team and every member of our community safety team, if you want to put it in a broader sense.

Ms SHING — Yet again you want to talk about unions, not the budget. Interesting.

The CHAIR — Order! Deputy Chair.

Mr MORRIS — It is actually the opposition's time, Chair. Quite extraordinary, I think, that there was no departmental official present, that no notes were taken.

Ms WARD — I think it is extraordinary — —

The CHAIR — Order! The Deputy Chair, with a question.

Mr MORRIS — Can I ask you, Premier, in relation to the dispute we have been talking about, has the central bargaining unit provided the same advice to you, to the Minister for Emergency Services and the CFA?

Ms SHING — How is this relevant to the budget papers?

Ms WARD — Where does this fit into the budget papers?

Mr D. O'BRIEN — For God's sake! Even the Premier just admitted there is a multimillion-dollar deal.

Mr MORRIS — We are wasting time.

Ms SHING — Question, the budget.

Mr MORRIS — We are wasting time responding to these interjections. The question was with the Premier, Chair.

Mr ANDREWS — I have not come here to waste anyone's time, I would hope —

Mr MORRIS — I am not suggesting you are, Premier. I am suggesting that one of your colleagues is.

Ms SHING — It is my fault apparently, Premier. It is just my fault over here.

Mr ANDREWS — and hopefully no member of this committee would want to waste anyone's time. The best way to answer your question, Deputy Chair, is just to take you back to the comments I made before.

Industrial Relations Victoria, the central agencies, the Department of Justice and Regulation, the fire services — or fire agencies — and others indeed in government have been involved in this matter for every day that we have been in office, indeed prior to us being sworn in; we did inherit this industrial dispute. Whilst I am a bit limited in what I can say around the deliberations of cabinet and different committees and things, I can inform you this was in the red book; this is something that has been there for all of our time in government. I actually could not, I do not think, list for you — and be confident that I was 100 per cent accurate — every single interaction and every piece of advice. Mr O'Brien is right. It is a — —

Mr MORRIS — I was asking specifically about advice on this particular issue —

Mr ANDREWS — Sure.

Ms SHING — It has no relevance to the budget.

Mr MORRIS — whether the advice had been provided to you, the Minister for Emergency Services and the CFA?

Mr ANDREWS — I have got great confidence in all of my public servants, and I would expect they would provide not only high-quality advice but advice that is consistent.

Mr MORRIS — Thank you. What was the advice?

Ms WARD — Oh, come on.

Ms SHING — No, no.

Mr ANDREWS — As I said to you — —

Ms SHING — Sorry, point of order, the guide does indicate that we are to use points of order sparingly and only when absolutely relevant. This is now the fifth question that we have been asked in relation to a discussion with IRV, and I would ask that you draw yourself back to the budget papers.

Mr MORRIS — If you do not think this is relevant to the budget paper, you clearly have not learnt very much in your 18 months here.

Members interjecting.

The CHAIR — Order! There is a point of order before me. The Premier has indicated he is not going to reveal to the parliamentary committee the details of negotiations in relation to this matter.

Mr MORRIS — No. I have asked for the advice, and he has not yet said he will not give it to us. If he is not going to give it to us, I am sure he is capable of saying he will not give it to us or he will give it.

The CHAIR — Order! As I understood, the Premier indicated he was not prepared to conduct open negotiations in this setting and format. He has answered a series of questions in relation to this matter. Perhaps in the remaining time you may wish to rephrase your question, Deputy Chair.

Ms SHING — Just talk about the budget!

Mr MORRIS — I have asked whether the Premier is prepared to provide that advice.

Mr ANDREWS — I am uncertain what the Chair's ruling is, but I am happy to make it clear to you, Deputy Chair, that advice that I receive, advice of the ongoing work of departments and agencies — they obviously inform the government's position in reaching a fair and balanced outcome, so I am not in a position to be able to release, in real time if you like, as we are in the process of negotiating an outcome.

Ms SHING — And in good faith. Good faith bloody negotiation.

Mr ANDREWS — That is the other point that I am ably assisted by Ms Shing in making, that there is an element of good faith here. It is not anything other than respect for the Public Accounts and Estimates Committee. I have appeared before this committee in many different roles over many different years.

The CHAIR — Thirty seconds.

Mr ANDREWS — I simply make the point, though, that it would be wrong if we were to conduct these negotiations at the Public Accounts and Estimates Committee. That would not be an act of good faith, and I do not think you would get a very good outcome.

Mr MORRIS — The answer is no. Thank you.

Dr CARLING-JENKINS — Good afternoon, Premier, and good afternoon to everyone accompanying the Premier today. I appreciate your time. Thank you also for your presentation. I was quite impressed. It is a very strong budget for a second-year budget, and I note your ongoing commitment to the areas of education and health, which I commend you for.

I also just want to make a brief comment about the family violence. I really look forward to that whole-of-government commitment and to that 10-year plan when it comes out later this year.

What I would like to focus on in my time — my first time today — is around the whole-of-government commitment to jobs. This follows on a little bit from some of the questions Ms Ward asked just before. I would like to ask firstly around the Jobs Victoria commitment, and that is budget paper 2, page 4.

In that budget paper it states that Jobs Victoria is to be established at a cost of \$53 million, which you also mentioned before, and:

It will focus on employment services in disadvantaged and rural areas, where finding jobs can be difficult.

I suggest that the reason that finding jobs can be difficult in these areas is because the jobs simply quite often are not there. So, I just wonder if you could unpack for the committee a little bit around what genuine benefit there is to spending money on helping people to look for employment positions that do not exist in sufficient numbers in these communities. At the risk of asking a leading question to get to the answer I am hoping for, will Jobs Victoria staff be employed in these areas to work proactively with businesses to create jobs, or just reactively to find jobs?

Mr ANDREWS — Thanks very much, Dr Carling-Jenkins. This is a very important question. It is not a leading question at all; it is a really logical conclusion. Are they going to be out there pushing and working hard to create opportunities, or are they just kind of searching for them?

Dr CARLING-JENKINS — That is right. There is quite a big difference.

Mr ANDREWS — The former is the answer. So, yes, they will be out there proactively working to support those who, for whatever reason — and there are many different reasons, whether it be a person is of Aboriginal and Torres Strait Islander background, a person for whom English is not their first language, a person who perhaps has had a long period of mental illness, a person who has been a victim of family violence. It is a long, long list of different reasons, and many reasons we probably cannot list, because everybody's circumstances are unique. But there are many people who have had an institutional bias against them, if you like, in getting a full-time job and keeping it. Proactive targeted support is really important. I will get the deputy secretary to talk to some of those detailed programs in a moment.

But then there is the aggregate issue, and this goes to your issue around the jobs are not there. Well, for instance, one of the first things we did, and it is supported again in this budget, is when you go to the Ballarat railway workshops and you say, 'We are going to make our trains the best trains in this state, and we are going to award and use an existing contract, we are going to extend that contract out', that creates employment opportunities. It is not just about looking for them and trying to match people up to the jobs that are there; that is creating jobs. When you invest in this budget as we are — 500 million-plus to duplicate the Ballarat line, when you have got literally school after school after school right across regional Victoria, the outer suburbs, every part of the state — there is every reason to expect on big projects and smaller ones that we will have good, assertive local procurement policy that sees skills attained because of our effort and local businesses supported, local jobs supported because of our effort. On one hand, not that government can ever do all of that heavy lifting but we are creating economic opportunities and employment opportunities and we are providing support to those who without that support perhaps will find it very hard — they have for long time; they will continue to find it very difficult — to access those jobs. In a sense we are doing both those things.

Simon can take you through some of the detail, particularly around disadvantage, but the point you make is a really good one. Are we just looking and helping people match up, or are we creating opportunities and being proactive? The answer is: we are being proactive. The deputy secretary might want to add to that with some detail on specific programs.

Mr PHEMISTER — Thanks, Premier. And thank you for the question. To follow on from the Premier, we are really excited that Jobs Victoria is being run out of the economic department. That affords in a structural sense the opportunity to connect up our economic stimulus measures and regimes with the agenda to help disadvantaged people into work. It is one of those areas of government that you can kind of bounce around a bit, because it needs to be connected to the skill component of government and needs to be connected to the welfare services that some of these people are receiving, and it obviously needs to be connected to the economic agenda. We are really pleased that this is connected up to the economic agenda.

To give you an applied example, the Back to Work scheme, which we currently administer, offers incentives for employers to take up people from particularly disadvantaged backgrounds. There are some similar commonwealth incentives, not to the same level but they exist as well. And there are a range of incentives that are spread throughout our skills system. One of the main things our guys in Jobs Victoria will do is they will piece all those incentives together and put propositions to local employers to stimulate jobs as well as connecting individuals to those jobs. So as the Premier has described, it is not sort of a passive jobactive-style agency; it is about connecting people to work. It is very much about connecting the demand and supply side of labour together. To take it one step further, and this is getting into the bureaucracy a little bit, also connected in a bureaucratic sense is the community revitalisation agenda, which is to say where there are inherent barriers are in place for people accessing work — you can probably think of a few of the depressed areas of the state — if we need to press the place button, if you like, to activate places, we have that lever available to us as well. Jobs Victoria is a place where we see all of those levers coming together.

Dr CARLING-JENKINS — Thank you very much; I really appreciate that. It was a very comprehensive answer. It sounds to me that it is a very person-centred approach to job search, which works in well with the other areas that you have been describing. I have a very brief period of time to ask another question. I would just like to ask around the Premier's jobs and infrastructure fund. I note in the first budget paper, on page 9, there is

an allocation of \$50 million to replenish this fund, but there little details about that fund in this particular budget. Premier, I was just wondering if you can expand very briefly on what this fund is anticipated to achieve within the next 12 months.

Mr ANDREWS — One moment, Ms Carling-Jenkins. And then if we cannot cover it, we will get back you.

Dr CARLING-JENKINS — Not a problem, thank you.

Mr ANDREWS — There are a number of these funds. There is an infrastructure fund, there is the rural version of that and then there is also support for future industries, including LaunchVic. What I might do is we can, Ms Carling-Jenkins, provide you with a detailed answer, because it is quite a lengthy list of programs and initiatives that are funded — some capital, some ongoing. And then we can also, if you would be interested, certainly organise for officials of the department to brief you on any and all of those funds and the way they are administered.

Dr CARLING-JENKINS — Thank you, Premier. I really appreciate that.

Ms SHING — Thanks, Premier and witnesses, for coming along today to provide evidence and the evidence you have given thus far. I would like to take you, Premier, to the presentation referring to the creation of jobs, which was pretty comprehensively outlined in your opening remarks, and also to comments made by Mr Phemister in relation to the Back to Work scheme and the way in which that is working, with a particular focus on the creation of jobs for regional Victoria. This is an area which is obviously of crucial importance to government, but, with a personal gloss on it, to Mr O'Brien and myself. If you would like to just outline what the initiatives are that will contribute to improved employment opportunities for regional Victorians, and feel free to go to Gippsland if you would like to actually touch on it.

Mr ANDREWS — Yes, I figured as much. Thank you very much, Ms Shing. It is an important question. We are all products of our environment. Having grown up in regional Victoria, I understand very keenly just how important it is to have a government that reaches out and provides support right across the state no matter how big the community is. And often the further a community is from where we are sitting right now the more important the government's effort is. So I understand that very well. In big pieces of the puzzle, if you like, Ms Shing, \$1.3 billion in regional rail. That is running more services; that is really hard investment, important investment. Our local procurement guidelines around rolling stock and everything from purchasing Australian steel through rolling stock through making sure that 10 per cent of the workforce on these sorts of jobs are getting the apprenticeship and training support that they need, so you are investing in getting skills attainment benefits, local economic activity benefits and making sure local firms wherever possible can win out. That is really important. Of the 1.3, 518 million for the Ballarat line, 131 for increased passenger services for Ballarat. So it is important in and of itself, but it is also that mobility and connectivity for people to their workplace, businesses to markets, businesses to the opportunities of the future — that connectivity. We know transport is very important.

And then of course there are some other infrastructure investments, very significantly in irrigation, water security, everything from big water projects — we know how important water security and certainty is for economic development and the actual survival of a range of rural and regional communities — all the way through to trying to deal with mobile phone blackspots. We know that good communication, like good connectivity around travel and transport, is very important as well.

Ms SHING — New and emerging industries then within regional Victoria?

Mr ANDREWS — We think that whether it is the \$4.2 million for the Ballarat Innovation Lab and digital space or \$7 million for the Bendigo Arts Precinct, it is not so much emerging but we know that the creative industries are very important to our economic opportunities for the future and we have got to share that right around. It is not just one part of Melbourne; it has got to be right across the state. There is then a Regional Events Fund, \$20 million, and there is significant support for regional tourism infrastructure, \$101 million, Ms Shing. We know the visitor economy is very important across the whole state. I would argue that it is even more important in regional areas. We want to showcase all the great things we have, all the great things across our regions and having the infrastructure that is fit for purpose, having a workforce that is properly trained.

So I could take you to the raft of investments we are making in terms of TAFE, both last year and this year. Minister Herbert is really repairing an enormous amount of damage; if you like, providing confidence that was not there. There is still lots more to do. Again, there is a long list, and I would say to you in general terms, services define quality of life. That means regional Victoria can proudly say that it is a great offering and it is a first-class offering to try to attract new people.

Diversity at that microeconomic level. So lots of different people with lots of different skills working lots of different businesses selling into increasingly diverse markets. There is great strength in that.

Mr DIMOPOULOS — Thank you, Premier. Can I ask you about infrastructure and specifically the level crossing program, something that your government really came out boldly with and now everybody has jumped on the bandwagon as if it was their idea. So just with level crossings specifically, I note with pleasure that the work to remove nine level crossings on the Cranbourne-Pakenham line started — —

The CHAIR — Mr Dimopoulos, do you have a budget paper reference?

Mr DIMOPOULOS — The budget paper reference is BP4, page 24. There are about 17 budget paper references but one will do, which is BP4, page 24. Just in terms of the Cranbourne-Pakenham line, which started last weekend, I just want to get a sense of the 20 that the government committed to for this term, how you are tracking with that progress as a first-off question.

Mr ANDREWS — Thanks very much, Mr Dimopoulos. It is a very good question, a very important question in your local community, running down the Dandenong line to my own local community. I will start by saying this: let none of us ever forget, ever, that 18 people have died over the last 10 years at the 50 level crossings that our government is proudly getting rid of. We are making these deathtraps history. That is where they should be, consigned to the past, and in the process of doing we free up more what are called slots, so more space on the track to run more trains.

A lot of people do not see it in these terms, but of course at the moment if you were to run more trains, the boom gates would not be down for 50 minutes of every hour of the peak; they would be down for 59 or 60 of every hour. There would be traffic chaos. Plus there are the traffic congestion benefits, new stations, much better public amenity, particularly with the Cranbourne-Dandenong nine level crossing removal program so that that line, our busiest across the whole network, is level crossing free from Caulfield to Dandenong, if you like, uniting communities that have been divided by an ugly and dangerous rail corridor for far too long.

It creates a lot of jobs, a lot of skills. We are using local steel. We are pushing great procurement outcomes with this as well. The Level Crossing Removal Authority, under Minister Allan's leadership, is delivering very, very good outcomes for communities and for the economy, for the public transport system and for our road network. I can confirm for you that it is our expectation that we will complete in excess of 20. That is our aim, and of course we will have many more underway. They will be in the ground, work will have started and many others that will be perhaps in the early tendering phase. So there will be certainly well more than 20 that are done and then on from that — sorry, I should say, there will be more than 20 done and there will be well more than 20 that are underway and that is really very important for jobs, for safety.

There is some business case work being done at the moment on all 50, and we will have some exciting announcements to make about that later in the year. But it is really hard to put a price on a life, really hard, and for me, the safety outcomes really are the number one and all the other benefits flow from that.

Mr DIMOPOULOS — Thank you, Premier. So in excess of the commitment, which is very exciting. I just want to pick up on the procurement stuff. You mentioned it here but also at the beginning. There are obviously other things that speak to my values and obviously the government's values in relation to 10 per cent apprenticeships and Aboriginal employment. But there is also social procurement, and I note that in my electorate the Oakleigh centre for the intellectually disabled has had some interest in taking advantage of social procurement opportunities through one of the biggest infrastructure projects. Can you or one of your public servants speak further to how that will work? That is obviously back to BP4, page 24.

Mr ANDREWS — Sure. I might ask the deputy secretary to speak to that. But just in general terms, I know, having had many discussions with Minister Allan about this, that there is a genuine excitement about the notion of not only creating skill opportunities, job opportunities and making sure — back to Ms Carling-Jenkins's

question earlier on — creating and helping people find those job opportunities, those who have been displaced from the labour market, but to do it in an innovative way. The social enterprise element to this is really — you might not read about it, it might not be on the front page of the paper, it might not be something that necessarily gets the attention it deserves, but it is really important work. I know the Oakleigh centre is one and there are many others that have been getting support out of this. Simon, do you want to add to that or we could take it on notice — —

Ms SHING — Very quickly.

Mr DIMOPOULOS — Thirty-eight seconds, Simon.

Mr PHEMISTER — Thirty-eight seconds? I think, as the Premier has said, there is so much going on right now in the procurement space. The VIPP — the Victorian Industry Participation Policy — is a headline policy when it comes to using procurement for outcomes. It has got a lot of information on that. There is also a whole new focus on social enterprise, both through the procurement lens, engaging social enterprise more in core business of government, and there is much procurement going on at the moment that is multiplying the opportunities. So it is probably one that is going to be quite a long list that we might want to take on notice.

Mr DIMOPOULOS — Happy with that, thanks very much.

Mr D. O'BRIEN — Premier, I want to continue with employee expenses. The budget paper reference is BP5, page 6. But before I go onto that, going back to the deputy chair's questioning earlier, the question with respect to your meeting with Mr Marshall, why was Minister Garrett not at that meeting?

Mr ANDREWS — Minister Garrett was aware of the meeting prior to it occurring. I spoke with Minister Garrett after the meeting.

Ms WARD — Sorry, why is the Premier's social calendar relevant to the budget — meeting calendar?

Mr D. O'BRIEN — Excuse me, the Premier is answering.

Mr ANDREWS — Chair, I am happy to provide an answer.

The CHAIR — If the Premier is happy to answer, I am happy for him to answer.

Mr ANDREWS — Minister Garrett was aware of the meeting prior to it occurring. I spoke with her myself afterwards about the meeting. Minister Garrett shares my commitment to resolve this matter fairly, equitably and in respectful terms for our volunteer firefighters, our career firefighters, and ultimately, through good value, the whole community, for whom these services are very important.

Mr D. O'BRIEN — So Minister Garrett was not invited to the meeting?

Mr ANDREWS — Look I — —

The CHAIR — Mr O'Brien — —

Mr ANDREWS — I think I have answered your question. I meet with many different people. Ministers in my government meet with many different people, and I do not know that I am necessarily in a position to explain to you every single meeting in every office in every part of the government — —

Mr T. SMITH — He was asking about one.

Mr ANDREWS — Yes, and I have answered your question. I meet with many different people, and I have been very clear about that meeting.

Mr D. O'BRIEN — I understand that, Premier. It is a fairly significant EBA negotiation and clearly Minister Garrett has been handling it.

Mr ANDREWS — Well, every — —

Mr D. O'BRIEN — My further question is: was Minister Hutchins also invited to the meeting?

Members interjecting.

Mr ANDREWS — Every — —

Members interjecting.

Ms WARD — How is this relevant to the budget? Seriously?

Mr ANDREWS — Every enterprise — —

Members interjecting.

The CHAIR — Order!

Mr ANDREWS — Chair, I am more than happy to provide as much information or as little as you think is relevant, but what I would say is this — —

Members interjecting.

Mr ANDREWS — Well, no, this is your committee, and I do not want to be rewriting the standing orders by answering questions that clearly have very little relation to the budget, but Mr O'Brien — —

Members interjecting.

Mr D. O'BRIEN — You don't think that the EBA has much — —

Members interjecting.

The CHAIR — Order! The Premier is providing an answer to your question, Mr O'Brien.

Mr ANDREWS — No, no, Mr O'Brien. I was going to draw you back, Mr O'Brien, to the comment you made a moment ago about how this is a fairly important enterprise bargain. No, no; they are all important, every one of them.

Mr D. O'BRIEN — Well, in the context of the budget it is very important.

Mr ANDREWS — And that is why — — —

Mr D. O'BRIEN — That is why I am asking about it.

Members interjecting.

Mr ANDREWS — No, no. They are all important, whether they cost a million dollars or a billion dollars. They are all important, and that is why we have — —

Mr D. O'BRIEN — Agreed; that is why I am asking about it.

Mr ANDREWS — And that is why we have restored good faith bargaining, a proper and transparent approach to engaging in good faith to get good outcomes. In the course of getting those outcomes, and in the general exercise of my duties and the great honour I have as the Premier of this state, I meet with many people. Sometimes ministers are involved in those meetings, sometimes they are not. This was an important meeting, and it was conducted, and I have been perfectly open about that. I could not list for you the number of occasions that I have had discussions with Minister Garrett about exactly the same matters, and other ministers in my government. As I said before, it is very important for all of us, I think, regardless of partisan politics, to be focusing on getting a balanced outcome.

Mr D. O'BRIEN — Agreed, Premier. Can I now move on?

Mr ANDREWS — Absolutely; you are asking the questions.

Mr D. O'BRIEN — As you say, it is not just the only one that is important. We heard in the estimates process last year that the government's wages policy was for 2.5 per cent plus half a per cent for productivity. Is that still the policy?

Mr ANDREWS — We have made provisions along those lines, yes. Obviously every enterprise bargain, by its very nature, is a bargain, so we aim to make sure that there are good value outcomes. But part of good faith bargaining is having an open mind to offsets, to improvements, to efficiencies that can be reached. Now let me give you one example. We yesterday concluded an eight-year agreement with our nursing and midwifery workforce — not something that has happened before — and that will give us the certainty that we need to focus on improving quality of care, access to care, outcomes for patients. So rather than being in a protracted argument about the inputs, let us all provide the certainty necessary to focus on outcomes for patients, a growing number of whom we have to treat each year. So we make provision — —

Mr D. O'BRIEN — Yes, and I appreciate that, Premier. The inputs are very important in the context of the budget.

Mr ANDREWS — They are, they are.

Mr D. O'BRIEN — On that one, you have raised the nurses one.

Mr ANDREWS — Yes.

Mr D. O'BRIEN — The reports this morning in the media are 3.4 per cent average.

Mr ANDREWS — Yes.

Mr D. O'BRIEN — How does that accord — —

Mr ANDREWS — Over eight years.

Mr D. O'BRIEN — So is it 2.5 per cent plus half a per cent for productivity, or is it more if — —

Mr ANDREWS — No, no. The cost of the agreement is as you have indicated. It is 3.4 per year over eight years, and there is — —

Mr D. O'BRIEN — But you just told us that the 2.5 and a half — —

Mr ANDREWS — No, I indicated to you that we have a wages policy and we endeavour to reach agreements as close to that wages policy as possible. If you were to look at the long-run trend, Mr O'Brien, you will find that this is a very cost-effective nursing and midwifery enterprise bargain. It gives me no pleasure to have to admit that this is an enterprise bargaining agreement that is perhaps more financially responsible than that which I was able to negotiate when I was the health minister of this great state. Minister Hennessy has not only done a good deal — —

Mr D. O'BRIEN — We will focus on you now as Premier. We could go back.

Mr ANDREWS — Not only has Minister Hennessy been able to reach, in partnership with the ANMF, a balanced deal, but also that eight-year certainty is really important so we can focus on improving the system and providing better patient care outcomes. We aim with all of these agreements — the public sector agreement, the police association agreement, this agreement with the nurses and any future agreements — to deliver outcomes as close to wages policy as possible. But the notion of a bargain is that there is give and take on both sides. There are a number of, if you like, improvements or efficiencies that will come, so trading off some sick leave for employees that have been there for more than five years, just to give you one example. There are many different provisions here that will see — —

This is not just a long-term agreement but one that is efficient and one that will give us the certainty that our nurses and midwives want so they can focus on patients.

Mr D. O'BRIEN — So Premier, this one has obviously gone above the wage policy guideline. Can you explain the cost to the budget of the paramedics outcome and whether it was in line with the wages policy?

Mr ANDREWS — Well, there are two different processes there, Mr O'Brien, and it is very important that we do not conflate two different processes. One was an enterprise bargaining agreement, and that was delivered in accordance with the government's wages policy. That was done quite soon after we came to office. I do not have the exact numbers in front of me. We can provide you with an update on those.

Mr D. O'BRIEN — If we could get those figures on notice, that would be good.

Mr ANDREWS — Yes, sure; that is fine. Those matters have got to go through all the different processes, but I think they have been through the fair work process, so they are a matter of public record. If we can add anything to that, we will. That is very separate to the work value case and the work value outcome.

I will take you back. We made a commitment in the lead-up to the election that we would not only resolve the outstanding enterprise bargaining agreement — we did that — but we would refer it off to Fair Work Australia under what is called a consent arbitration process so that the parties agree to allow the independent arbitrator to determine what the new base rates are and looking at the catch-up involved with changes in technology and changes in clinical practice. I think you understand the general way in which a work value works.

Mr D. O'BRIEN — Yes.

Mr ANDREWS — That is a separate process to the enterprise bargaining agreement process. That is again a determination of President Ross, or he provided assistance with that. If we can add to anything that is on the public record, I am more than happy to take that on notice for you.

Mr D. O'BRIEN — Can I just clarify to get on notice, if we could get the cost of the EBA and any of the work value costs to the budget.

Mr ANDREWS — Sure. I do not want to be splitting hairs, but there is a whole range of information that is on the public record now. If we can add anything to that, we are more than happy to do that.

Mr D. O'BRIEN — Premier, we have talked about the firefighters, we know there has been a police EBA — —

Mr ANDREWS — There has been a public service EBA as well.

Mr D. O'BRIEN — We have got VPS; we have got teachers as well.

Mr ANDREWS — That is not yet resolved, but — —

Mr D. O'BRIEN — No, to come, that is what I mean, the firefighters and the teachers.

Mr ANDREWS — Yes.

Mr D. O'BRIEN — Has the budget considered the estimated costs of those EBAs going into the future, and if we can have what they are?

Mr ANDREWS — As you can see, we have wages policy and full provision is made for that.

Mr D. O'BRIEN — You have just told us that the wages policy does not apply to — —

Ms SHING — Speculation has limited utility here.

Mr ANDREWS — Again, I am not going to — —

Mr D. O'BRIEN — Well, does the wages policy apply? I mean, we have just been told — —

Mr ANDREWS — Yes, the wages policy — —

Mr D. O'BRIEN — you have got one, but the nurses was about it, so — —

Mr ANDREWS — Mr O'Brien, of course the wages policy applies. I think I have made — —

Mr D. O'BRIEN — But it did not apply to the nurses. You just told us that.

Mr ANDREWS — No, that — —

The CHAIR — Order. The Premier is answering a question, Mr O'Brien.

Mr ANDREWS — I am certainly trying to, Chair. We aim to provide outcomes, to do deals — that is, that reach agreements — as close to wages policy as possible. There are provisions that are adequate, more than adequate, Mr O'Brien, and they are made for the future. And a bit like a house auction, I am not going to be naming our reserve price prior to that — prior to the first bid, if you like.

Ms PENNICUIK — Thank you, Premier, for attending today.

Mr ANDREWS — Thank you, Ms Pennicuik. It is very good to be here.

Ms PENNICUIK — And all members of the Department of Premier and Cabinet for coming along as well. We appreciate your time. I would also like to say thank you for the investments in health and education, although I will have some queries about those particular investments, which I will take up with the ministers as they attend later in the weeks.

Mr ANDREWS — I would expect nothing less.

Ms PENNICUIK — Yes, I will have some questions about those, and particularly in public transport. You would also be aware that we have queried the large investment in roads and the very small investment in renewable energy. As we have scoured through we have found that to be about \$40 million, as opposed to 2 billion on roads.

But I wanted to follow up a theme that was part of our conversations with the Treasurer this morning. Ms Carling-Jenkins talked about jobs just earlier. It was a very good question she raised. I would like to turn you to budget paper 3, page 25, with regard to whole-of-government jobs initiatives and the Latrobe Valley transition program, where it refers to \$39.9 million over four years to the Latrobe Valley jobs transition program. I note that in the *Latrobe Valley Express* on 28 April that the industry minister said that this was to, among other things, help to transition away from the brown coal industry. Also in that article is reference to the \$40 million hi-tech precinct and some other I think very welcome amounts of money for schools, trains, police stations et cetera.

What is the relationship between the 39.9 transition program and the \$40 million hi-tech, and if this is transitioning out of brown coal, as Ms D'Ambrosio is saying, does that mean that people are going to not be working in the brown coal industry over the next four years and does that mean that one or more of the power stations, you are envisaging, will close down?

Mr ANDREWS — Thank you, Ms Pennicuik. There are a few questions in there.

Ms PENNICUIK — I always like to get a few in.

Mr ANDREWS — There are a few questions in there, and I will do my best to cover off at least some of those. Of course the Minister for Energy and Resources and other of my colleagues will be before you and you will no doubt be able to tease out some of the finer details of these things. But you are right to say yes, there is a very strong package to support families in the Latrobe Valley, and that has never been more important. Again, I do not want to be making cheap partisan points, but it is fair to say that there was a real trust issue in the valley. They were not treated as they should have been during what was a very significant period of natural disaster with long-running health impacts. We committed to reopen the Hazelwood mine fire inquiry. We honoured that commitment. We then were able to — —

Ms PENNICUIK — I might even follow up with a question on that.

Mr ANDREWS — Sure, no worries.

Ms PENNICUIK — But can we go to the questions?

Mr ANDREWS — We were then able to make a series of announcements in response to the recommendations, and it was a proud day to attend with Ms Shing and the health minister and

Minister D'Ambrosio as well to make those announcements. They relate to rehabilitation bonds so that the companies — all of whom are very, very profitable — can put aside and be called upon to provide the actual costs of rehabilitation, rather than a woefully inadequate amount of money under a formula that is very old and not fit for purpose.

You ask about specific employment programs and transition. Transition is often, when you talk about the Latrobe Valley, seen as a word that encompasses or is only about energy transition from brown coal baseload power generation to other sources of power generation. The context that it is used in in the budget papers does not just relate to that issue. It relates — —

Ms PENNICUIK — But does it relate to it at all? Because the minister said it does.

Mr ANDREWS — But transition is a broader concept than that because there are other industries down there that are doing it tough. We need to provide support in a broad context. I am saying yes, it does relate to energy transition, but it is more than that as well. I cannot today announce to you when a power station will close. I cannot announce to you today how that transition will unfold. What I can say, though, is we know that there needs to be greater diversity in the Latrobe Valley microeconomy. There needs to be stronger support from government around the health of people who live in the valley, the skills of people who live in the valley, and we need to get that diversity into that economy through attracting new business. Renewable energy is one part of that, but there are lots of different industries.

Ms PENNICUIK — If I could interrupt, Premier. You mentioned some industries that people will be transitioning out of — if you could say what they are. And you did mention that some of it will be transitioning out of brown coal, so if I could have some more detail on that.

Mr ANDREWS — Again, I think — —

Ms PENNICUIK — You have said it and the minister has said it, so — —

Mr ANDREWS — Yes, but I think I also said to you I am not here today to — and I cannot make an announcement for you, as much as you would like me to announce — —

Ms PENNICUIK — I am asking a question about something that is in the budget and that has been referred to by the minister.

Mr ANDREWS — I think we are in furious agreement here, Ms Pennicuik. There will be some people for lots of different reasons that will transition out of many different industries in the Latrobe Valley — and Gippsland more broadly. Mr O'Brien, I am sure, could talk to us — —

Mr D. O'BRIEN — Please do not say Great Forest National Park, Premier.

Mr ANDREWS — No, I was going to talk about the dairy industry actually and some recent — —

Mr D. O'BRIEN — Yes, challenges.

Mr ANDREWS — Some recent challenges, to put it mildly.

Ms PENNICUIK — Thank you, Mr O'Brien.

Mr ANDREWS — There will be auto component manufacturers.

Ms PENNICUIK — Premier, are you envisaging any transition over the four-year budget estimates for which this jobs initiative — —

Mr ANDREWS — We will have a — —

Ms PENNICUIK — Coming out of the brown coal industry.

Mr ANDREWS — I was simply trying to be as complete as possible. There will be auto industry manufacturers. Part of that supply chain will be down in the Latrobe Valley. There will be lots of different

people transitioning for lots of different reasons. I cannot today announce to you if, when, how a very large power station will close down; that is not something I can predict or announce today.

Ms PENNICUIK — Is that something that the government is working towards —

Mr D. O'BRIEN — I hope not.

Mr ANDREWS — We support a balance in our energy generation. We support a balance — —

Ms PENNICUIK — in terms of reducing Victoria's greenhouse gas emissions? You and the Treasurer have referred to the Paris agreement — so aspirations to reduce greenhouse emissions in Victoria.

Mr ANDREWS — Sure. The best way — —

Ms SHING — Just a bit of a reference would be nice.

Mr ANDREWS — No, these are very important questions.

Ms PENNICUIK — They are, Ms Shing, important questions.

Mr ANDREWS — They are very important questions.

Ms SHING — I am not denying that for a second.

Ms PENNICUIK — Particularly over four years. We are looking at four years.

Mr ANDREWS — They are very important, but there is a budget delivered each year and of course those forward estimates become more complete each year because they are an actual year rather an estimated year. But I would say to you this: there will be — —

Ms PENNICUIK — The estimates are — —

Mr ANDREWS — No, the review of the climate — —

Ms PENNICUIK — The estimates are anticipating ongoing revenue from the brown coal, so — —

Mr ANDREWS — Sure. The review of the — —

Ms PENNICUIK — There is a tension there between that — —

The CHAIR — Ms Pennicuk, the Premier is attempting to answer your question.

Mr ANDREWS — The review of the Climate Change Act — we will have more to say about that later on this year. Minister Neville will provide that, and Minister D'Ambrosio will have very exciting announcements to make around renewable energy, and I think the Treasurer spoke to you about the fact that they are coming, both those pieces of work. I can confirm that there will be announcements in both those areas later on this year, and hopefully that deals with some of the uncertainty that you are expressing.

These are investments made in good faith for good reason, and I think they are going to be put to good effect in supporting a lot of people in the valley.

Ms PENNICUIK — I think you are right, Premier, in saying there is uncertainty. There is a contradiction between what one part of the budget is saying in terms of relying on ongoing royalties and the other part saying that transition — —

Mr ANDREWS — Hopefully that apparent — —

The CHAIR — Order! We will now take a break.

We have a quorum in the room so we will get started. Ms Shing, 10 minutes.

Ms SHING — Thank you, Premier and witnesses. Premier, picking up on the information and evidence you have already given in relation to regional development and the way in which jobs growth is being encouraged, particularly in regional centres and rural areas, I would like to take you to pages 4 and 5 of the *Rural and Regional Budget Information Paper* and also to the references in your opening remarks and presentations and the map of investment. I would like to ask you to talk through some of the key initiatives that this particular budget is funding and how that will boost local economies in relation to tourism services, demand and livability more generally.

Mr ANDREWS — Thanks very much, Ms Shing. There is a whole series of very strong investments made, and the budget papers will not — time does not permit us to go through all of them now, but for instance in health, there are a number of capital works projects that we are investing in plus of course demand, and we are seeing strong demand right across our communities, particularly regional Victoria with a slightly higher ageing profile.

With schools, there are a very significant number of regional schools that are being upgraded or indeed rebuilt. And there are some fast-growing parts of regional Victoria, and they are being supported as well with the facilities that they need for the future. So in health and education there are very strong investments. In terms of roads, there is a consistency that has come back to road maintenance funding, plus a number of new roads are funded.

You have already heard me speak about regional public transport, whether it is the Ballarat line or enhanced services for Gippsland, the Latrobe Valley, Shepparton. Again it is a long list and time probably does not allow us to go through the whole lot of it. But just to run through the highlights at a statewide level, we know that regional Victoria benefits very strongly from the \$572 million for family violence prevention and support. We know, sadly, there is an over-representation of incidences of family violence in rural and regional Victoria, so those in regional areas benefit disproportionately on that front.

The road funding, I have spoken about. The Regional Health Infrastructure Fund — I cannot stress how important this is. This is a brand-new program, not something that has been done before. Sometimes there has never been a place for a small hospital to apply. There has not been an opportunity for them to get money for recarpeting, for a new air conditioner or for a new piece of equipment. There has always been equipment funding and that is done each year, but for small capital works — and perhaps some larger projects as well — I think you will see lots of hospitals across regional Victoria that will be very pleased and will be well supported by this program. We will try to make sure as much of that work goes to local firms as well. It will not always be possible, but wherever we can, that would be our aim.

There is additional rolling stock — so additional VLocity carriages, the best part of \$300 million; additional support for a range of what might be called human services or family services — everything from disability support packages right through to some of those family violence supports I spoke about earlier on. There is, again, a very long list.

Water infrastructure is very important, we know, to regional communities, and I cannot tell you how proud I have been to visit the good people of the north-west of the state in the Wimmera-Mallee, twice now in less than six months. On those two what have sometimes been referred to as 'drought tours' we have been and made significant announcements, none more so than the connection of the Wimmera-Mallee pipeline and the Waranga system so that those farmers and others south of Wedderburn will no longer have to cart water. That is one example. There are many others in terms of riparian land and protecting our waterways. Again, Ms Shing, time is against me. It is such a long list in every area of government policy, in every part of our state, because we govern for every Victorian, and that is critically important.

Ms SHING — So in the context of this record regional spend and the comments that you have just made under reference to the budget information paper, what would you say to the critique that the further away you get from Melbourne, the less you get under Labor?

Mr ANDREWS — Well, I just do not think that the facts bear that out. If you look at it, any objective reading — —

Mr D. O'BRIEN — Is that a reverse Dorothy Dixier?

Ms SHING — It is a quote from you Mr O'Brien, in fact, just after you got \$4 million for Yarram Primary School, courtesy of efforts of the Labor government.

Mr ANDREWS — It is reverse logic, Ms Shing. If I might say, it is the reverse, or the opposite, of logic and truth. That would be my answer.

Ms SHING — Thank you, Premier. What an excellent answer.

Mr ANDREWS — If you look at this year, this *Getting It Done — Victorian Budget 16–17 — Rural and Regional* budget information paper — and it is always good to read budget information papers so that you can get some information on the budget. It may not always necessarily dovetail in with your political narrative, but the facts are — —

Mr D. O'BRIEN — That never worried you in the past.

Ms WARD — It is not worrying you guys.

Mr ANDREWS — I have been there.

Ms SHING — Like a new police station for — —

Members interjecting.

Mr ANDREWS — Mr O'Brien, I have been there. But the facts are these: we have seen very strong investment in country schools, country hospitals, country roads, services for regional Victorians, water infrastructure, rolling stock transport — so track and services and brand-new trains — —

Ms SHING — The roads out to Orbost, a new police station for Mallacoota, the border, you know.

Mr ANDREWS — Well, absolutely.

Ms SHING — Okay, great.

Mr D. O'BRIEN — Bairnsdale Secondary College.

Mr ANDREWS — Well, there is very strong support for emergency services in the regions, so whether it is police, ambulance as well as the CFA — very strong support. Again, refurbishing and building new police stations, building new ambulance stations, building new fire stations — it is a long list.

Ms SHING — Orbost, Sale, Traralgon.

Mr ANDREWS — I am reminded that there is a \$30 million investment, Ms Shing, to connect Nyora, Loch, Korumburra and Poowong to the state's water grid for the first time ever, and no doubt that will be the subject of a positive, long, effusive press release from Mr O'Brien, no doubt claiming credit for it. That will significantly improve water security, and that is very important for Burra Foods and GBP Exports and many other companies in that region.

Ms SHING — Just to take you, Premier, to the modernisation of regional — —

Mr ANDREWS — I have got pages here on Gippsland South.

Members interjecting.

The CHAIR — Order!

Ms SHING — I would like to ask you about rural and regional schools, then, if I may, being an important part of delivering on the education state commitments. And I refer you to budget paper 4, pages 28 through 44 inclusive, and the reference to \$150 million in upgrades and modernisations to schools. How many schools will benefit from this investment?

Mr ANDREWS — Well, there are literally dozens. The top of the list, of course, is Yarram Primary School, which will be modern — —

Members interjecting.

Mr ANDREWS — Well, that is to say that it is an alphabetical list, then, I suppose — Y for Yarram. You know, it is a very strong investment in one of many schools that are being supported under this program.

Mr D. O'BRIEN — A great community campaign.

Mr ANDREWS — Well, my view, not to anyone in particular but to all members of the committee, is there is always great community effort in great Victorian public schools. Parents engage; teachers and, let us never forget, support staff all engage together, working as a team, and they have never had stronger support than they have got under our government, and that is just a fact. Whether people like that or not, that is the fact, and it ought be — —

Mr D. O'BRIEN — How about going to B for Bairnsdale Secondary College?

The CHAIR — Order! Mr O'Brien!

Mr ANDREWS — It ought be celebrated.

Ms SHING — How were those regional schools selected?

Mr D. O'BRIEN — K for Korumburra? There is no money for those.

The CHAIR — Order! Mr O'Brien!

Mr ANDREWS — Based on merit, Ms Shing —

Ms SHING — They were based on merit, the selections of those schools?

Mr ANDREWS — and based on audits that were conducted by the previous government and sadly ignored for a number of years. So we are building new schools in growth corridors, upgrading schools in small communities and large, because our kids will never get a first-rate education in a second-rate classroom.

Ms SHING — Thank you, Premier.

Mr DIMOPOULOS — Premier, just briefly, speaking of regional, I understand there are some programs for LGBTI in regional Victoria, and I can see your deputy secretary on your right nodding. I just wanted to see if we could cover that off in the next 70 seconds — so not just infrastructure, but social policy in regional Victoria.

Mr ANDREWS — Absolutely. Our diversity, Mr Dimopoulos, exists right across our community, and it is one of our great strengths. And the fact that we are without any doubt the progressive capital of our nation, where everybody can feel safe, included, valued and empowered just for being who they are — no more, no less — that is not a Metro issue, that is not a rural issue; it is across the whole state, across all age groups, and we need to be very proud of that. And I am very proud to lead a government that understands that things like a commissioner for gender and sexuality are critically important for every Victorian.

The new pride centre is going to be great for both outcomes and a statement to the world, but great economic outcomes as well — great economic outcomes as well. The one-stop shop support for the dysphoria clinic at the Royal Children's Hospital — kids from all across Victoria and their parents benefit from that very important investment. That is what it is.

The CHAIR — Order! Mr Smith, for 10 minutes.

Ms SHING — Pick it up again later.

Mr ANDREWS — Happy to.

Mr T. SMITH — Thank you, Chair. Welcome, Premier. My question actually is to your secretary, if you do not mind. Mr Eccles, I refer you to budget paper 5, page 116, which details operating expenses for DPC. I was wondering if you can confirm what the DPC rules or guidelines are for advertising.

Ms WARD — Sorry, what was the reference?

Mr D. O'BRIEN — BP5, page 116.

The CHAIR — I do not think there is anything there about advertising.

Mr D. O'BRIEN — Operating expenses.

Mr ECCLES — Sorry, the question again, Mr Smith?

Mr T. SMITH — Could you confirm what the DPC rules or guidelines are for advertising?

Ms WARD — Can you see it in the table? Sorry, it is not in the — —

The CHAIR — There is an operating statement in BP5, 116, but there is no mention about advertising, Mr Smith.

Mr T. SMITH — It is an operating expense.

Mr MORRIS — Chair, as you are aware, the vast majority — well into the 90 per cent range, I understand — is in base funding, which includes things like advertising. The budget reference is to base funding, which includes that sort of advertising. There is not an explicit reference, but that is the case with more than 90 per cent of government expenditure.

Ms SHING — Yes, 116. Sorry, I thought you said 163. My apologies.

Mr T. SMITH — It is a very simple question about guidelines for advertising.

Mr ECCLES — I do not have before me the rules and guidelines for advertising, Mr Smith.

Mr T. SMITH — I am happy for you to take it on notice, Mr Eccles.

Mr ECCLES — I can inform the committee that we are currently consolidating a whole-of-government annual advertising plan for 2016 and 17. I do not know if that helps the direction of your inquiry.

Mr T. SMITH — If you could provide to the committee, on notice, DPC's rules and guidelines with regard to advertising, it would be greatly appreciated.

Mr ECCLES — Certainly.

Mr T. SMITH — Thank you.

Ms SHING — You still have another 8 minutes.

Mr T. SMITH — I know. Don't worry.

Ms SHING — I cannot wait! I am just going to settle in.

Mr T. SMITH — Just buckle up, Ms Shing.

Ms SHING — Looking forward to it, Mr Smith, as always.

The CHAIR — Is there a question?

Mr T. SMITH — I have missed you. I miss you!

Ms SHING — I miss you too, Mr Smith!

Mr ANDREWS — It has been great to have been invited along today too!

Ms WARD — To attend the lovefest!

The CHAIR — Mr Smith, do you have a question?

Mr T. SMITH — Thank you, Chair.

Mr MORRIS — They are your reforms, not ours!

Mr T. SMITH — Premier, I refer to, again, BP5, which details operating expenses for your department, and I am asking: what is the total cost to the taxpayer so far for legal advice provided to you, your parliamentary Labor colleagues and your ministerial and electorate office staff relating to the misuse of casual electorate officers in the lead-up to the last election and the subsequent police investigation?

Ms SHING — Nice try! No headlining this, Mr Smith.

Mr ANDREWS — Mr Smith, as much as I would like to challenge each and every one of the false assertions in your question, I am, as perhaps you should be, limited by the fact that there is court action going on at the moment, and I would not want to in any way jeopardise the proper evaluation of that matter, so I will not be drawn into a line-by-line critique of the many falsehoods in your question.

As for legal advice that is provided to the government, the government has, within the Department of Premier and Cabinet and other agencies of government, many lawyers, and they are all standing employees. They are standing employees of the government, and they provide advice on lots of different things. They do not provide advice to the government on matters that relate to the parliamentary Labor Party, and they do not provide advice to the government as to matters that relate to electorate officers. Those matters are the province of, firstly, a registered political party, and secondly, the Parliament. As I understood it, you have got the presiding officers before you a bit later on today, and you could direct those questions to them.

Mr T. SMITH — But no legal advice has been paid for by the state?

Ms SHING — Asked and answered.

Mr ANDREWS — No.

Mr T. SMITH — No? Not at all?

The CHAIR — I think the Premier has answered the question.

Mr ANDREWS — Yes, I think I have answered the question.

Mr T. SMITH — Premier, the Supreme Court hearing on whether the Ombudsman has jurisdiction to investigate is set for this Monday, 9 May. What additional funds in the budget have been budgeted for or identified to provide ongoing legal support to you, your parliamentary Labor colleagues and your ministerial and electorate office staff —

Ms SHING — Round and round we go.

Mr T. SMITH — in the event the Supreme Court finds the Ombudsman has the power to investigate the Labor rorts saga?

Ms WARD — ‘Saga’ is your term.

Mr ANDREWS — I do not want to quarrel with you, Mr Smith, but the latest question seems to have ignored my answer to the previous one. But in any event, as you yourself said in the preamble to your latest question, this matter is before the courts. It is not appropriate for me to be canvassing hypothetical matters that are yet to be determined. They ought to be allowed to run their course free of any political interference or the perception that there is political interference. Let us wait and see how those proceedings unfold.

Mr MORRIS — If I could just intervene — —

Mr ANDREWS — It should not be read, though, Deputy Chair, by any member of the committee, Mr Smith included, that I necessarily agree with any of the assertions you have just put forward. I am simply saying that it is not appropriate for me to be drawn on those matters.

Mr MORRIS — Premier, you just indicated that these things should be left to run their course before answers are given. I had a conversation with, I think it was, Mr Martine in February, just before the resolution of the various High Court cases relating to the gaming licences. In that case, provision was made prior to the cases being settled.

Ms SHING — On merit.

Mr MORRIS — There was provision made in the accounts. You make provision for one but not for the other.

Mr ANDREWS — Deputy Chair, I made a comment earlier on today — I think the record will show I made a comment earlier on today — that sometimes an investment is well judged by its size; sometimes it is not so well judged. Sometimes small amounts of money can be very important, so I acknowledge that point. However, to compare — and to be clear about this, the state of Victoria had lost out to various gaming companies or holders of licences. We had a contingent liability. There were then appeal processes, so of course provision was made. There was an outcome that we had to satisfy. Notwithstanding my comments that the size of an investment or a liability does not necessarily denote its importance, I think it is rather a stretch to compare — —

Mr MORRIS — Two extremes, I grant you, yes.

Mr ANDREWS — notional liability on a matter that is still before the courts and has not yet been settled one way or the other — that is to say, there is no decision one way or the other — with actual liabilities on appeal, which we happened to win on appeal, which is a very good thing for the people of this state.

Mr MORRIS — I agree.

Mr ANDREWS — I think that it is somewhat of a stretch. Even for this forum, one that is well known for stretches, it is somewhat of a stretch.

Ms SHING — More stretch than a yoga studio.

Mr ANDREWS — Yes.

Mr T. SMITH — Premier, referring to budget paper 5, page 79, and again the department's operating statement and the capital charges, the public transport minister's second ministerial office at Bendigo rail station, which is funded by the taxpayer — was it approved by you or did the minister act alone in procuring that office for herself?

Mr ANDREWS — Thanks very much for the question, Mr Smith. I think you are referring to a room. Let us be clear about this — we are talking about a room, yes? We are talking about a room at the Bendigo train station. Perish the thought that the public transport minister might be able to be found close to a public transport station, a train station! I think that is a really good thing. It means she talks to passengers and staff and she takes her responsibilities very seriously. I have not tested this question — you might want to ask Mr Speaker and Mr President later on today — but arguably it is inappropriate for ministers to be doing ministerial work in their Parliament-provided electorate office. The minister, at very little cost to the taxpayer in the scheme of things — every cost is important, but it is a small amount of money — has a room. I think it has got a computer or two in it. It is very sparsely furnished — probably far less ornately than the room we are in right now — and it allows the minister and her staff to work in an environment that is fit for purpose —

Mr DIMOPOULOS — In regional Victoria.

Mr ANDREWS — and to do her work for regional Victoria in regional Victoria for public transport at a centre of the provision of public transport services. That to me is not something that you would criticise.

Mr T. SMITH — You do not think Victorian taxpayers find it bizarre that she has another office 300 metres up the road —

Mr ANDREWS — No, no, she's got a Parliament — —

Mr T. SMITH — and you build another one in the railway station?

Mr ANDREWS — Well, you know, I am not familiar with that level of detail in terms of Bendigo's geography, but if you are putting it to me that she and her ministerial staff, when she is required because of all range of reasons, not to mention her constituents and family, to be in Bendigo, should all be crammed into her electorate office, which is not funded by the government but by the Parliament — if that is your position — well, I have a different position to that. You might want to test that out with Mr Speaker and Mr President.

Dr CARLING-JENKINS — Thank you, Premier. I actually have a follow-up question to direct to Deputy Secretary Phemister. I just want to follow-up on a reference that you made, very quickly, at the end of your answer to Mr Dimopoulos's question around social enterprise. I just wonder if I can clarify if you were referring to a specific commitment to procurement from disability social enterprises, that is from Australian Disability Enterprises, or if you were referring more generally.

Mr PHEMISTER — No, more generally is the short answer.

Dr CARLING-JENKINS — Okay. Not a problem. I just wanted to clarify that. Thank you. Okay, so back on track. Premier, I wonder if I could refer you to budget paper 2, page 5, in reference to the payroll tax relief that you are introducing. With reference to that phased increase in the payroll tax threshold, which the DLP welcomes, it lowers a cost and a barrier to small businesses wanting to increase their employment numbers obviously, but also importantly it removes that regulatory burden entirely for quite a number, I notice, of small businesses. At the risk of sounding ungrateful, and I hope I am not, because that is not my intent, but in light of the strong financial numbers that we have seen posted in this budget and the strong surpluses that are projected across the forward estimates, can you respond to the assertion that there was perhaps scope to implement more substantial tax relief in this area, possibly lifting the threshold over time to 750 000, which would bring us into line with New South Wales?

Mr ANDREWS — Thanks very much for the question. It is very important, and I am very proud to say that we have delivered the first change to the payroll tax threshold since 2002. As I noted earlier on that something like 36 000 businesses will get, once it is fully delivered, 25 000 a year for four years. They will get payroll tax relief. There are 2800 businesses that will become payroll tax-free. This was the chamber's no. 1 item. I think it is fair to say AIG and many other employer or business lobby groups and professional associations and commentators had this at the very top of their list.

I think you and I could agree that whenever there is the imposition of a threshold there will always be debates about where that threshold should be struck. What some might support at 650, others want at 7, 750, 8, a million — whatever the number might be. We have done this properly, appropriately. It is affordable; it can be delivered. If you had to make a choice between being criticised for providing, as some would see it, too little tax relief — albeit the first in 14 years — and running too big a surplus, that is not a bad problem to have, frankly. That is a good outcome for our state, it is a buffer against uncertainty for the future. If we can do more, then we will. That is our record in government over many, many years. So if we can go further in a future budget or in a different area, we will certainly do that.

In terms of small business and business more generally there is a very significant process of planning reform as well that the government is well and truly involved in. Regulatory burden reduction is a very important issue for us, and we are delivering in lots of different ways to try to make business simpler, easier, because that is when you get more people employed. So wherever there is a threshold there will always be a debate. That is not an unhealthy thing.

Dr CARLING-JENKINS — There is always debate, of course.

Mr ANDREWS — If we can do more in the future, I am sure the Treasurer will fully support my intention for us to do more — responsibly, balanced, over a period of time.

Dr CARLING-JENKINS — For sure. So that is not saying, 'Absolutely no, we won't increase that in the future', it is just this is where you landed for this budget.

Mr ANDREWS — That is this budget for this year and the four years of the estimates. If you had asked me last year when I was here, ‘Will there be payroll tax relief next year?’, I would have said to you, ‘If we can, then we will’, and we have. My answer is the same for next year and the year after.

Dr CARLING-JENKINS — Sure, fair enough. Thank you.

Mr DIMOPOULOS — Premier, can I take you to health?

Mr ANDREWS — Yes, certainly.

Mr DIMOPOULOS — Particularly elective surgeries, budget paper 3, page 78, and the table talks about the output funding for health — a whole range of different line items. But just specifically in relation to elective surgery, I was really proud of that announcement — \$335 million, I think from memory. Can you tell us what the net effect will be of that for this coming financial year in terms of how many more surgeries, and also is it targeted at any specific cohort?

Mr ANDREWS — Thanks, Mr Dimopoulos. It is important; it is \$335 million. Just as a matter of fact, this is the biggest boost to elective surgery growth and the biggest amount of money provided to do extra surgery that our nation has ever seen, and that will mean 200 000 patients will get their surgery faster than they otherwise would. That is really very, very important. The pressure that is on our system is very significant. We have not had anywhere near this level of consistency. This is a spending profile that brings to elective surgery the consistency of effort that we need for hospitals and a plan for the future — that they have the workforce that they need. This boom and bust cycle that has been the way this has been funded in the past, perhaps by all sides of politics — that needs to end. And this really is about funding certainty for the future. It is a big base to come off, and we will have to continue to work hard to keep that effort up, but there are a very significant number of patients supported by this.

There will be a range of different procedures that are supported by it: there will be the usual general surgery, there will be a range of surgeries that relate to joint replacement — hips, knees, that type of surgery. Then there will be other cohorts of patients from across the state in every community — every hospital will share in this funding, notwithstanding the fact that scale is very important. So some centres of care will be able to do more because they have greater capacity, but I point you as well to the fact that there is a \$20 million capital investment. If my memory serves me correctly, the Austin Hospital at the old repat site has a number of theatres that we refurbished the last time we were in office. That is, if you like, a surgery centre now. Ms Ward knows this well. There is some extra money there — \$20 million — for more equipment and for some other capital works so we can get this throughput, this number of patients treated.

We might come back to you or you may want to explore with the Minister for Health, Minister Hennessy, particular cohorts. But you will see time to treatment come down. You will see the total number of patients go up, and we would hope as well not just to be about inputs and outputs but about outcomes, and that is the comment I made before about that long-term deal with our nurses, with our midwives. There will not be beds closed this winter while we are trying to get patients the surgery they need. There will not be that disputation we have seen for too long. There will be a proper partnership with our workforce, certainty for patients and the funding that is required to deliver that extra care.

Mr DIMOPOULOS — Thank you.

Mr ANDREWS — So I might follow up if you would like me to, or I am sure Minister Hennessy can take you through it. There is a budget bill process that occurs every year, so some of this will not be settled yet, but she will be able to give you probably more detail on who will get this surgery.

Ms WARD — Thank you, Premier.

Mr ANDREWS — Ms Ward, sorry, I am eating into your time.

Ms WARD — That is alright. I just want to follow on from the table that Mr Dimopoulos has referred to on page 78. It talks about ambulance services as well. And I am keen to know what the government is doing regarding improving ambulance response times. There are a couple of line items.

Mr ANDREWS — Thanks very much, Ms Ward. We made some commitments prior to the election, and I am really pleased to say that we have seen an end to the completely unnecessary industrial disputation. You will never get good outcomes from your workforce if you are in fact at war with your workforce. I have never seen morale lower, never seen a more toxic culture, where people felt that rather than being valued and respected they were being attacked and abused. This is the history of our state. I make the point not for any partisan gain; it is just a fact. In my role and in previous roles I have had the honour to hold — I know many employees in Ambulance Victoria — it is fair to say that morale today is much, much better. They know they have got a government that will back them in and support them — —

Ms WARD — That is what my paramedics are telling me.

Mr ANDREWS — To save the seconds and the minutes that save lives, and that is exactly what is occurring. Ninety-nine million dollars in the 15–16 budget. On from that, though, we have seen significant investment across the whole four years, and it comes from a collaborative approach. We have sat down with ambulance paramedics, their union, their employer, their supervisors, their managers, and we have been able to come to actually listen to them. They are out there every hour of every day. They know best in terms of what is going on in terms of the way the system works.

For instance, the secondary triage service will receive a massive boost this year. I think, again if memory is correct, it is about 150 000 or 140 000 patients that will be referred away from 000 and getting an inappropriate acute ambulance, denying that ambulance to somebody else who genuinely needs it, but they will get the care that they need through secondary triage. They will be referred off. The call referral system which we introduced last time we were in government, we are now going to boost that — make that bigger and better. Again listen to your workforce, give them the money they need, the respect they deserve, and you get the outcomes that we all want.

Ms WARD — So going to your point around triage, what is the government doing with regard to the \$20 million ambulance station upgrades? The government is working through problems of getting people there quicker, but what about the station upgrades, including my own?

Mr ANDREWS — So there is money for new vehicles in this budget. There is money for new equipment. There is money for the triage service, to dramatically expand that. There is then money, as you say, for brand-new stations. Some of our stations are falling down; they are not fit for purpose.

Ms WARD — My own is over 40 years old.

Mr ANDREWS — You have got some growth corridors, as well as established communities, such as your own. You have got ambulance paramedics working out of shipping containers, temporary arrangements — it is just not on. So the \$20 million — and you would be surprised how far \$20 million can go — but sometimes a refurbishment will work or sometimes it has to be a greenfield site and a brand-new station.

As I understand it, the minister is finalising with Ambulance Victoria and the paramedic workforce and local communities which of those stations need to be upgraded. We have made some announcements, but there are further announcements to be made, and I would hope that communities, just as our paramedics do, recognise that these are not costs, they are investments in better facilities, better equipment and then better outcomes. Nothing can be more important than getting an ambulance when you call for it. To the best of our ability we will give the resources to Ambulance Victoria to make that more likely. It can never be certain — there are always vagaries, there are always challenges — but a well-resourced ambulance service will always provide better care than one that is subject to cuts.

Ms WARD — I know my own community is looking forward to the Montmorency ambulance upgrade.

Ms SHING — Premier, can I take you to budget paper 3, page 78, table 1.18 in relation to the eye and ear hospital. I would like to get some comments from you in relation to how you are going to ensure that the investment in that table will in fact enable the project to be completed.

Mr ANDREWS — That is a very good question, Ms Shing. As in so many areas, we have inherited a really significant problem in this project. It was one of the few capital works projects that the previous government made a commitment to make investments in, and to their credit they made that promise, and they provided some

funding. To say this has been a troubled program would be an understatement. Despite the obvious age of the building, despite the condition report and despite all the good governance that should have made it perfectly obvious that the place was riddled with dangerous asbestos, no provision was made for the removal of that asbestos — or at least no adequate provision was made. That means \$31.4 million has to be provided by our government to clean this mess up and finish this important project.

Again, I have visited the hospital many, many times. They are fine people, they do great work. It is the centre of care for the whole state, and we will clean up this mess, quite literally, and we will deliver what others could not deliver. The staff will be appreciative, because it is a workplace, but most importantly, patients, many tens of thousands of them, will benefit from it.

Ms SHING — The health innovation fund, the better care innovation fund, how is that intended to create better health outcomes in answer to the funding that it is receiving.

Mr ANDREWS — The beds rescue fund came out of the Travis review. Dr Doug Travis, former head of the AMA, director of urology out of Western Health until recently, has been appointed to chair Better Care Victoria. The 101 beds or points of care that he recommended be opened as part of his review — all open, 100 per cent delivered in full, 20 000 patients benefiting from those additional points of care. Better Care Victoria is about making that recurrent, if you like — so continuous improvement.

Mr MORRIS — Premier, budget paper 5, 145, which is the taxation estimates. On 28 November 2014 Peter Mitchell of Seven News, asked you, and I quote:

... do you promise Victorians here tonight that you will not increase taxes or introduce any new taxes?

And your response was:

I make that promise, Peter, to every single Victorian.

Yet last year Labor introduced two new property taxes and upped the fire services levy by 7.2 per cent. This year you have introduced your very own carbon tax by trebling the coal royalty rate. You have increased the two property taxes that you introduced last year, one by 300 per cent and one by 133 per cent, and the fire services levy is up another 7.3 per cent. State revenue over two years has soared by 20.7 per cent — \$3.7 billion since you came to office. Premier, you broke that promise you made to every Victorian, didn't you?

Mr ANDREWS — Thanks for the question, Deputy Chair. As much as you have tried to ask the question and answer it yourself, you are wrong.

Mr MORRIS — Just pointing out the evidence, Premier.

Mr ANDREWS — Well, I cannot put it any better than the Treasurer put it when he said that we made a commitment to the people of Victoria around taxes. We did not make a commitment to the people of the world. No Victorian will pay the property taxes that you have spoken about, at least the overseas investor component. By their very nature they are overseas investors, and I would indicate to you that I do not think price is the only reason. In fact it may not be all that relevant a factor at all actually why so many investors want to come and buy a property here. They look at our universities, our hospitals, our roads and our public transport. They look at our parks and gardens, our open space and the major events calendar. We are the cultural capital of Australia. They look at so many different features, and they use those as motivating factors. Everything from the best of galleries to the best of sport to the best wine and the best restaurants — the list goes on and on. They are the reasons why people want to come and buy from overseas a property.

But those investors make no contribution to all those things I have just listed. By that I mean — I am not being derogatory; I am simply pointing it out — that they do not pay GST, and they do not pay personal income tax. There are many different ways in which everyone in this room contributes to the provision of all of those defining features that so many overseas investors do not. This is simply a process of making sure everyone pays their fair share. Since the introduction of those arrangements last year, if you look at the steady increase in investment, you can see that any claims, as we heard last year, that it would stifle demand, have not been borne out by the facts.

In terms of coal royalties, the comment you made does not make any sense. We have not introduced coal royalties; they have been there for some time.

Mr D. O'BRIEN — The question was the increase.

Mr MORRIS — Three-hundred per cent increase.

Mr ANDREWS — No, no. I was accused of having introduced them. They have been there for some time, and we make no apology for extremely profitable companies who have no justification in passing on any of these imposts to anyone. We make no apology for making sure that our natural resources that are owned by all Victorians, that a fair price is paid for them, bringing in line with other states the amount of coal royalty that is paid. The impact on households would be very small if it were passed on. These are all very profitable companies. There is no justification for them passing it on. It would be less than \$2.00 a year, if it were to be passed on in full. So as colourful and as dramatic as the comparison may have been, I do not accept it, and I would just remind you that we made commitments to the people of this state, not, as the Treasurer so eloquently put it, the people of the world.

Mr MORRIS — I am interested, Premier, that you apparently think the fire services levy is paid entirely by people overseas, not by ordinary Victorians.

Mr ANDREWS — I did not make that point at all.

Mr MORRIS — But that aside — —

Ms SHING — Do not worry about being verballed at all. That is fine.

Mr MORRIS — A 7.2 increase and a 7.3 increase.

Mr ANDREWS — Deputy Chair, of course — —

Mr MORRIS — That is a tax increase. Coming back — —

Mr DIMOPOULOS — Hang on, point of order, Chair.

Members interjecting.

The CHAIR — Order!

Mr DIMOPOULOS — My point of order is that the Deputy Chair is attributing something to the Premier that he did not say and not giving the Premier the opportunity to clarify.

The CHAIR — Would the Deputy Chair like to put that question to the Premier in relation to the fire services levy or would the Deputy Chair like to move on to another issue?

Mr MORRIS — The facts are in the budget papers.

Mr ANDREWS — Chair, I would simply make the point that in providing I thought a fulsome answer to the Deputy Chair I made no reference to the fire services levy. If you would like me to go to that, I would be happy to, but the budget papers — —

Mr MORRIS — You claimed that there were no tax increases for Victorians. That was implicit in your claim, but I am trying to move on to the extra \$250 million a year raised by the 300 per cent increase in the coal royalty.

Mr ANDREWS — I would be happy to move on, but, Chair, I reject what Mr Morris says is the implicit reference in my comments.

Mr MORRIS — Premier, that tax is on the fuel that powers 90 per cent of Victoria's homes and businesses.

Mr ANDREWS — Less than two dollars a year.

Mr MORRIS — \$250 million a year.

Mr ANDREWS — Less than \$2 a year.

Members interjecting.

The CHAIR — Is there a question for the Premier?

Mr ANDREWS — I don't know that there is.

Mr MORRIS — I take it from the response that some modelling has been done. Can I ask you, firstly, what were the findings of that modelling, and will you make it available to the committee?

Mr ANDREWS — I have just conferred with the good Deputy Secretary, and I can confirm for you that the Department of Treasury and Finance has confirmed that if the coal royalty increases — yes, increased by our government; not introduced by our government, Mr Morris — were passed on in full, and there is no reason to expect that they would be, and I would say they should not be because these companies are very profitable, it would represent less than \$2 per household per year.

Mr MORRIS — \$250 million a year.

Mr ANDREWS — No, Mr Morris, I am terribly sorry — you do not get the answer that you want, which is \$2 per household per year — —

Mr MORRIS — It is in your documents. It is your budget.

Mr ANDREWS — Are we writing pamphlets or are we asking questions? 'We can't put \$2 a year. That doesn't scare anyone. What we should do is go back to the \$250 million aggregate number' — —

Mr MORRIS — Which is in your budget.

Mr ANDREWS — Well, yes, and what does that represent per household? If we want to be the friend of households, Deputy Chair, then quote the real number.

Members interjecting.

Mr ANDREWS — In any event, I get a sense that you are less interested in my answer than you might pretend to be.

Mr MORRIS — I did ask, Chair, whether the Premier was prepared to make the modelling available.

Mr ANDREWS — I just have. I have just indicated to you — —

Mr MORRIS — The modelling, not the abbreviated verbal version.

Mr ANDREWS — You had the Treasurer before you this morning. At the end I am sure there will be some matters you will put on notice, won't you?

Mr MORRIS — The Treasurer got the figures wrong.

Mr ANDREWS — Thank you so much for clearing that up, Deputy Chair. I will be happy to take that on notice, and what can be provided, we will see what we can give you.

Mr MORRIS — Thank you, Premier. We now turn to budget paper 5, page 173. We have talked about the increase in the coal royalty. There is apparently, from that page, a cut in the electricity concession to pension health card holders of 23.1 per cent. Can you provide us with some information on that cut?

Mr ANDREWS — I am happy to follow this up. I will provide you with an initial answer now, and we may need to follow this up. I did hear some media commentary about this last week. My understanding is, and again we will confirm this for you, that there are changes in the definitions of who is eligible. The eligibility criteria are not determined by our government — not under this government, not under your previous government — —

Mr MORRIS — I am aware, yes.

Mr ANDREWS — It is a function of the federal pension system, if you like, or benefits system, and I believe there are changes that have been made around part pensioners, full pensioners. We can write to you about that, but we have not changed any of the funding or any of the policy. We will deliver to everybody who is eligible, but eligibility, as I understand it, is a function of decisions made by the federal government, and that is what accounts for the change. Deputy secretaries Phemister or Falkingham might want to supplement that, or we can write to you just to confirm. But that is my understanding as I sit here now.

Mr MORRIS — It would be helpful, but can I just ask you in a general sense: would it not be open to your government to amend the definition, should you choose to do so, and maintain the former coverage?

Mr ANDREWS — Look, I suppose yes, it would be, but I think we need to be aware of the fact that this is part of an intergovernmental agreement.

Ms PENNICUIK — Premier, one of your responsibilities is the timber industry task force, and if I look at the Department of Premier and Cabinet website, Our Environment, Our Future, it reads:

As part of Our Environment, Our Future, the Victorian government committed to the establishment of an industry task force to provide leadership to reach common ground on the future issues facing the forest industry, job protection, economic activity, protection of our unique native flora and fauna and threatened species, such as the Leadbeater's possum.

I have trawled through the budget, particularly budget paper 3, page 37, which has the DEDJTR output initiatives lists, and page 69, which has the DELWP outputs list, and I do not see anything in there regarding any allocation for the outcomes of this task force, which is due to report in June. If it was going to do anything, surely it would need a budget allocation in the 2016–17 budget, so I wondered if you could make some comment about whether there is a budget allocation that I have missed or whether it will be funded in some other way?

Mr ANDREWS — The way these things work, Ms Pennicuik, is that if and when a decision is made, then provision will be made. There are various contingencies in the budget. This is a general answer. There are various contingencies in the budget; there is also a very healthy surplus, so we do have some flexibility to deal with opportunities and challenges that present themselves outside the budget cycle. There is the notion of the Treasurer's advance; there are all sorts of different facilities within the accounts of the state that give us the flexibility to respond, as I said, to challenges, but also to opportunities.

Now turning to the specifics of your question: you are indeed correct, we made a commitment to do something that has never been done in this state. Arguably, there have been some examples of this in other states, but it has certainly never been done here, and that is to bring together the three groups that are most directly involved, impacted and interested — although arguably we all have a stake in good forestry policy, good management of our national estate, all of those issues. These resources are precious, and they are owned by all of us. But we made a commitment to put together that task force. So we have got VAFI, we have got a number of environmental groups, and we have got unions.

Ms PENNICUIK — Thank you, Premier, I know who is on the task force, so you do not need to — —

Mr ANDREWS — Yes, well — —

Ms PENNICUIK — I have only got a few minutes — —

Mr ANDREWS — That is fine.

Ms PENNICUIK — So I do not need you to give me the list of who is on the task force.

Mr ANDREWS — The work is ongoing, Ms Pennicuik, so therefore — —

Ms PENNICUIK — I wonder if I could move to Mr Eccles and yourself, if either of you — so you are saying it is ongoing?

Mr ANDREWS — Well, it is.

Ms PENNICUIK — It is meant to report next month. We have been trying to find out whether it is on track for reporting next month.

Mr ANDREWS — I can understand that you might be impatient —

Ms PENNICUIK — I wonder if you could go to that — —

Mr ANDREWS — but having established the process, not something that had ever been done before — —

Ms PENNICUIK — Well, we know that. You have established that, so now I want to know how far along the road we are as to getting to the report in June.

Mr ANDREWS — Well, we are quite well advanced, and when we have got more to say about that we will be able to do that. The thing is, we have said all along: if a consensus can be reached — —

Ms PENNICUIK — So it could be that we will be waiting another year if there is no allocation; or else you will just be using contingency?

Mr ANDREWS — I would take a much more positive view than perhaps you do, Ms Pennicuik —

Ms PENNICUIK — I am glad you are; I am glad to hear you are.

Mr ANDREWS — to say that any time you might have to wait will be a lot less than you would have waited if we had not set — this process is not something that has happened before. If a consensus can be reached, and that is yet to be — —

Ms PENNICUIK — It has been going a long time. It is due to report in June. I wonder if Mr Eccles has anything to add as to whether it is on track.

Mr ANDREWS — It has been going for exactly as long as this government has been elected, because no other government ever did it.

Ms PENNICUIK — Thank you, Premier.

Mr ANDREWS — So I am happy to be criticised for having kept our promises.

Mr ECCLES — I might defer to Mr Phemister, because it operates out of his group.

Ms PENNICUIK — Thanks, Mr Phemister.

Mr PHEMISTER — Quickly, there has been no extension requested from the task force, so we are planning on receiving the forestry task force finding. That said, I cannot make any guarantees on behalf of the task force, but from the bureaucratic side — and we are on the secretariat — there has been no request for extension.

Ms PENNICUIK — And so have you been actively participating — as in people from DPC — in the task force?

Mr PHEMISTER — No, we provide secretariat support only.

Ms PENNICUIK — Just secretariat support, yes? Okay. If I can quickly go to the Hazelwood mine fire inquiry, \$51.2 million — BP3, 19 — there is no reference there to the emergency management commissioner. Is that part of that funding?

Mr ANDREWS — EMV is funded separately and has a standing allocation. I am not sure whether as part of our response we were committing to provide additional resources to Commissioner Lapsley and his team. There is money for the EPA for monitoring; there is money for local health services, community health and also acute care — —

Ms PENNICUIK — Could you follow that up please?

Mr ANDREWS — Certainly. Happy to.

Mr DIMOPOULOS — Premier, I just want to bring your attention to law and order — BP3 at page 97. There are a range of line items in that output, but specifically I want to get some comments from you in relation

to front-line policing. Obviously there was an announcement recently of the 406 extra police officers, freeing up of custody officers — a whole range of other initiatives. I just want to get a sense from you about how those measures will impact on front-line policing.

Mr ANDREWS — Thanks very much, Mr Dimopoulos. I said some time ago — and it has been our approach all the way through our time in government, and it will not be changing — that the chief commissioner will have the powers he needs, and the chief commissioner will have the resources that he and his members need. It is very important that we give to the chief commissioner — and we are so ably served, so well served by a relatively new chief commissioner. Our government had the honour of being able to appoint him to that role after a rigorous process. He brings an acute understanding of counterterrorism, with experience both at the Victoria Police level and at the AFP level, with important international experience.

He is the right person for the job, but we have got to give him the resources he needs, and that is why I was so very pleased, along with acting Minister Scott and the parliamentary secretary, who has done a great job, Ben Carroll, the member for Niddrie, to be out at the police academy in Glen Waverley and to announce a \$596 million public safety package. This is in addition to the family violence \$572 million. This means the best equipment — everything from riot shields through to the armoured vehicles that the Special Operations Group and the Critical Incident Response Team need to deal with some contemporary threats — but also front-line police, 406 of them. The academy will be full. The academy will have the police custody officers. They are already moving through, and we fast tracked that by six months so that at watch houses in the suburbs and big regional cities uniformed police can be freed up from babysitting crooks and can be out catching them.

Mr DIMOPOULOS — Premier, the custody officers, that was in addition to — sorry, the package you are talking about —

Mr ANDREWS — That is on top of the 596 million that was funded in this year's budget. We have re-profiled that to bring forward the delivery of those 400 six months early, because each one of those that comes into the system frees up a uniformed Victoria Police officer.

The equipment, as I have mentioned, is everything from riot shields through to specialists armoured vehicles, but then there is the really critical investment. It is 8500 iPads that are being ordered. At the moment when Victoria Police attend a scene of a crime, they fill out a piece of paper with a pen, they get back to the station, they fax it — they fax it; just to get that for the record — to a room with 40 or 50 faxes in it. They have got their own in-house team that fixes these fax machines because no-one does it anymore. Then a VPS member of staff has to manually enter into a green-screen ancient technology database the contents of that fax. We are going to save so much time and allow police to do policing by having an iPad for every one of them when they are out on the road. No more paperwork, no more faxes. The uniformed police officers I have spoken to, which are many, just around in my own local community and when I am out and about visiting different people and of course to police command, the commissioner and others — there is a level of excitement about this. It is amazing. People are so pleased. So extra uniformed police; technology, not just iPads but a trial of the body worn camera, new armour, new ballistic and knife-proof armour — sorry, vests, they are called — for each and every member of our front-line police and riot shields, specialist equipment, all of that, together with the boost last year to forensic capability.

This gives the chief commissioner the resources, the powers, the technology, the opportunity he needs and wants to fight crime and keep our community safe. And it is important, because we have got a rising crime rate, driven by a number of different factors. We have been very upfront about that. The chief commissioner is determined to get on top of that, and we need to resource him appropriately, and that is what this budget does, like no budget ever has.

Ms SHING — Just to pick up on a number of things that you have talked about in relation to the importance of technology, and noting the tyranny of distance for rural and regional stations and for officers deployed to remote areas, how does this budget actually provide for benefit from those investments in regional areas — at table 1.20 on page 97 of BP3?

Mr ANDREWS — Obviously the allocation of resources, where those new officers will be deployed, that is a matter for the chief commissioner. That is a function of the statute book of our state, as it should be. I want to make the point that the chief commissioner was perhaps invited in and was part of this budget process like no other chief commissioner before him, because we do face some significant challenges in terms of the crime rate,

and there was a need to ensure that there was direct input from police command around what was needed. When I said that the police could get what they needed, I meant it. So we did have that level of engagement. It was probably superior to the level of engagement that has ever been seen before.

Ms SHING — Whilst retaining that independence to deploy?

Mr ANDREWS — Absolutely. If the government wants to fund the chief commissioner with what he needs, that involves having to have a discussion with the chief commissioner and engaging promptly — back to that point about good faith, listening, having an open door. Dare I say, having meetings with people every now and then, you know? That is a good thing.

This is a very strong budget, but there is that operational independence — absolute independence — around resource allocation. But the good thing about it is of course that the chief commissioner has substantially more resources to be able to allocate. Regional Victoria will be properly supported through the family violence package; I mentioned that point, sadly, about increased incidence. But there are also, just to give you one example, \$36.8 million in police station upgrades, including replacing stations at Bright, Colac, Corryong, Cowes, Mallacoota, Murtoa and Warburton. I have actually visited a couple of those, the last of which, Warburton, is anything but fit for purpose — really important. That is not to say they are the only stations that need upgrading, but that is what we have funded this year and we will continue to make those investments as best we can.

But the chief commissioner, given all those additional police in specialist roles, civilian roles as well that are specialists, so task force-based policing, civilians with specialist expertise and general duties uniformed officers. He will make the decisions about where they go, and I would trust him, given his expertise and his character and his commitment to the task, to allocate those resources appropriately.

Ms WARD — Premier, you mentioned in your response to Ms Shing family violence in terms of money that was going out into the east, I think. Could you talk in more general terms — and back to budget paper 3, page 97 — on how the investments are supporting Victoria Police in the areas of family violence?

Mr ANDREWS — The royal commission made 227 recommendations. We have been able with our initial response to respond to about 65 of those in full or in part. There are many more that need to be dealt with and they will be as part of our 10-year plan, which will be released before the end of the year. And that will provide long-term funding, long-term policy and planning that the royal commission recommends and that this crisis basically calls us to enact. We are required to make these investments and we will.

The beauty of the \$572 million package is it is very well balanced into a number of different areas. For instance, housing we know is very important. There were the best part of 1500 women last year — I should say victims of family violence, the vast majority of whom were women and children; it was certainly more than 1000, and I think it was getting close to 1500 — who needed crisis accommodation and could not get it. This package provides headleasing for the first time, so we can have a really quick turnaround, plus investments to build and operate social and community housing with attached specialist services. That is what is happening right now.

A longer term piece of work is those 17 safety hubs right across the community. There may indeed need to be more of those, particularly in rural and regional regions, as the term goes. That is a longer term piece of work, and that will be the subject of the 10-year plan. So dispersed investment, appropriate investment in lots of different areas, and we are not wasting any time doing it. But the 10-year plan is a power of work that has to be done, and Minister Richardson is leading that work in close consultation with myself and other colleagues. We will have more to say about that toward the end of this year.

Mr D. O'BRIEN — I just want to go back to the royalties question again, Premier. Whilst I am pleased on this occasion you are not following the Greens' lead and talking about closing power stations, I just want to read a couple of quotes to you. From the *Latrobe Valley Express* last week: Hazelwood says this is a \$20 million hit to their business, Loy Yang says it is a \$35 million hit to their business, and the comment from the Hazelwood spokesman is that this comes:

... at a time when we are already experiencing very difficult electricity market trading conditions ...

And:

... policies that continue to damage our business commercially will not help the community of the Latrobe Valley or the Victorian economy in the longer term.

You talked about transition there before, and I understand the need for transition in the Latrobe Valley, but how does whacking a \$252 million tax on the major employer in the region — 3000 direct jobs — help that sector transition?

Mr ANDREWS — Mr O'Brien, if you applied the same logic, then we would not have reopened the Hazelwood mine fire inquiry and asked them to have a really close look — I do not want to quarrel with you about this; I think that on this point we could probably agree. But if you applied the same logic, you would never have reopened — —

Mr D. O'BRIEN — Not on my question, Premier.

Mr ANDREWS — Hang on.

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

Mr ANDREWS — If you just give me a moment, I will get to it. It is directly relevant. The same logic, Mr O'Brien, would have seen us not re-open the inquiry, not give Bernie Teague the terms of reference to look very closely at the issue of rehabilitation. The same logic would have seen us not apply an adequate fit-for-purpose — dare I say, a just — rehabilitation framework for fear that it might hurt these businesses. These are profitable businesses.

Mr D. O'BRIEN — That is a different issue entirely.

Mr ANDREWS — No, it is not at all.

Mr D. O'BRIEN — No, it is. It is entirely a different issue, Premier. That is about the transition.

Mr ANDREWS — There is no need to shout.

Mr D. O'BRIEN — How does the tax help the transition?

The CHAIR — Order! Mr O'Brien. The Premier is trying to answer your question.

Mr D. O'BRIEN — The Premier is not being relevant to the question, Chair.

Members interjecting.

Mr D. O'BRIEN — The Premier wants to talk about the rehabilitation. I am fine with that, Premier. I am asking you about the tax

Mr ANDREWS — If you are finished shouting, then we will move on. Chair, have I got the call?

The CHAIR — You have the call, Premier.

Mr ANDREWS — Thank you so much, Chair. The government has made a decision that it is fair and appropriate for those power companies to pay a coal royalty, for those businesses to pay a coal royalty, that is far more in line, that is more consistent, with what similar businesses in other states pay. That is a decision that we have made. Having, I think, failed to make the case by way of criticism that this will be a crippling impost on houses, you have now moved to the notion that jobs will be at risk. I think businesses not paying their fair share is how you put at risk the livelihood of people across our state. This is a fair and reasonable cost. There is no reason that it ought be passed on to households.

If you apply the same logic that these are somehow a protected species, these businesses — not their workers, the businesses, right? — if you apply that same logic that they can never be the subject of any change and we should nurse them along, which seems to be what you are putting to me, we would never have made the decision we proudly announced just a few weeks ago to make sure that these outfits for the first time ever pay the full cost, the appropriate cost, of rehabilitating the mines that have been the source of their profitability for a very long period of time. Whether it is in royalties or rehabilitation. Mr O'Brien, a fair share is a fair share, and

that is what we are levying on these companies. Again, the decision has been made. It is the right decision, and I probably cannot add any more than that.

Mr T. SMITH — Premier, page 31 of the DPC questionnaire details a 14.62 increase in the use of contractors and a 24.29 per cent increase in consultancies. We do not have a forecast for 2016–17 yet. These increases are despite a commitment from the government before the election to reduce these costs. My question is: why has there been such a significant increase, especially in light of the significant increase in public sector FTEs at your department?

Mr ANDREWS — Mr Smith, if I interpret your question, you are inviting me to talk to you about consultancies and the amount of money beyond the standing public service that has been spent by our government.

Mr T. SMITH — Your department, that is correct.

Mr ANDREWS — What I will need to do, because I really want to get this right because the comparison is an important one, is provide you with some information once the hearing is over. I will take that on notice and I will give you a fulsome comparison between the number of people that were employed de facto by the previous government — consultancies, accounting houses, consultancy houses, contractors, people who came up with public transport solutions and could not tell you where the stations were, people who — —

Mr D. O'BRIEN — He was actually asking about your government, Premier.

Members interjecting.

Mr ANDREWS — I am happy to give you the comparison. I am going to give you the comparison on notice.

Mr T. SMITH — Premier, with respect, it was a reasonable question.

Mr ANDREWS — Yes, and it will be answered in reasonable terms, and it is best to do it, to get it perfectly accurate, I will be happy to give you that on notice, and you will be able to review it.

Mr T. SMITH — That is good of you, thank you. Premier, I am wondering, in that vein, with regard to the payments made to Mr Wylie and Mr Zwier, how much they were paid to negotiate the winding up of the east–west link contract.

Mr ANDREWS — I might ask the secretary to speak to that issue.

Mr ECCLES — Thank you, Mr Smith. Mr Zwier and his firm, Arnold Bloch Leibler, were paid \$120 916.40, and the lead commercial negotiator, John Wylie, was contracted by the state on the basis that he would charge for his advice after 31 March 2015, and he did not invoice the state for any services.

Mr T. SMITH — Mr Wylie did not charge, is that what you are saying?

Mr ECCLES — That is correct.

Mr T. SMITH — I am intrigued.

Mr ANDREWS — Again, time probably limits us — if we were to deal with all the intrigue in relation to that project, it would take quite some time — but we made commitments and we have honoured them despite arrangements left to us. But the answer is the number as quoted by the secretary, 120-odd thousand, I think, in legals to Arnold Bloch Leibler, and Mr Wylie, in the public good and the public interest, did not submit an invoice.

Mr T. SMITH — Thank you, Premier. Premier, I refer to budget paper 3, page 99 and page 101, relating to police stations. As most Victorians are aware, police stations in areas such as Pakenham, Mooroolbark, Reservoir, Ashburton, Somerville, Greensborough, Epping and Craigieburn have had to reduce their opening hours because of a lack of funding since your election. Does this budget provide any funding to increase operating hours at these specific stations?

Mr ANDREWS — Thanks, Mr Smith, for your question. I do not know how you could describe the biggest budget that Victoria Police has ever enjoyed as a cut in funding. That is just nonsense. That is just complete nonsense.

Mr T. SMITH — With respect, Premier, I was asking — —

Mr ANDREWS — No, I do not want to argue, I am just saying to you that I reject that completely because it has no basis in fact whatsoever.

Mr T. SMITH — That is not how this works — I ask the questions about these specific statements and you give the answer.

The CHAIR — Order! The preamble forms part of the answer.

Mr ANDREWS — And I am answering your question. Mr Smith, my answer is as follows: to assert that the biggest budget Victoria Police has ever enjoyed is a cut in funding makes no sense and has no credibility whatsoever.

Mr MORRIS — Premier, the question was about specific stations which have either had their hours cut — —

Mr ANDREWS — And a specific allegation was made, and I — —

Mr MORRIS — Or in the case of Somerville, they have not been opened at all.

Mr ANDREWS — Deputy Chair, I thought Mr Smith was asking the questions.

Members interjecting.

The CHAIR — The Premier had started to answer Mr Smith's question. The preamble forms part of the answer. The Premier was answering the question. He has dealt with the preamble and now he will go to the substance of Mr Smith's question.

Mr ANDREWS — I will not let wildly inaccurate comments that have no basis in fact or logic go unchecked, so I have dealt with that issue.

Mr T. SMITH — Are you asserting, Premier, that — —

Mr ANDREWS — I have dealt with that issue. But I tell you what: on the issue of police station opening hours and this notion that police stations have been closed, I can do no better than quote the chief commissioner, and this may take a little while because it is a lengthy quote, but surely the committee would be well entitled to hear what the chief commissioner had to say about this. This is a direct quote:

We haven't been closing police stations. What we have been doing is adjusting hours where counters have been staffed by police — —

Mr MORRIS — No, they have not been opened. What about Somerville? It has never been opened.

The CHAIR — Order! The Premier is answering your question, Deputy Chair — —

Mr MORRIS — It has never been opened.

The CHAIR — Order! The Premier is answering your question.

Mr ANDREWS — I am quoting the chief commissioner and you would shout over me.

Mr MORRIS — I will shout at you if I need to.

Mr ANDREWS — 'We have not been closing police stations. What we have been doing is adjusting hours where counters have' — —

Mr MORRIS — You have not been opening them.

Members interjecting.

Mr ANDREWS — Let the record reflect that the Deputy Chair would rather shout over me than have me quote at length from the chief commissioner.

Mr MORRIS — It is simply not accurate, it is not accurate.

The CHAIR — Order! The Premier is — —

Mr ANDREWS — So the chief commissioner is not accurate?

Mr MORRIS — Somerville has never been opened.

The CHAIR — Order! The scheduled time of the hearing has expired — —

Members interjecting.

Mr ANDREWS — What an extraordinary claim. I will be happy to provide on notice the lengthy, detailed quote, where the chief commissioner makes it very clear that Victoria Police, if given the choice between having police officers on the front counter or police officers on the front line, will choose the front line every time; I will be happy to provide that in writing, despite the shouting — —

Mr MORRIS — The communities that have had their hours cut for their police might have a different view — —

The CHAIR — Order! The hearing is concluded. I would like to thank the witnesses for their attendance: the Premier of Victoria, the Honourable Daniel Andrews; Mr Eccles; Mr Bates; Ms Falkingham; and Mr Phemister. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of the receipt of that request.

Mr ANDREWS — Mr Chairman, thank you so much, and to you as well, Deputy Chair, and to members of the committee. Thanks for the opportunity to talk about a great budget and what it means for the people of this great state.

The CHAIR — Order! Thank you, Premier.

Witnesses withdrew.