

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023-24 Budget Estimates

Melbourne – Friday 2 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Mr Daniel Andrews MP, Premier, and

Mr Jeremi Moule, Secretary, Department of Premier and Cabinet.

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

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

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

I welcome the Premier, the Honourable Daniel Andrews and officers from the Department of Premier and Cabinet. Premier, I will invite you to make an opening statement presentation, for which you will have 10 minutes. This will be followed by questions from the committee. Your time starts now.

Daniel ANDREWS: Thank you very much, Chair, and I am delighted to again be before the Public Accounts and Estimates Committee to answer your questions and take you through this year's budget. I will run through this presentation fairly quickly.

Visual presentation.

Daniel ANDREWS: The budget is doing as we said we would do – doing what matters, a clear plan for growth: investing in health care; the SEC coming back – public-owned renewable energy for people, not for profit, powering that economic growth as well; Best Start, Best Life – a massive and profound reform agenda and big, big investments for our smallest Victorians to change the trajectory of their lives and to help all of us, really, in terms of the economic opportunities that will come from that; getting Victorians home sooner and safer – so very, very substantial infrastructure investment right across the state; looking after the most vulnerable to make sure our state is fairer; governing for the whole state, with a record boost for regional Victoria; and of course a clear plan to pay back that COVID debt, that emergency COVID credit card – most of it one-off spending with no enduring benefit. That has to be paid off, and there is a clear plan to do that.

Each and every one of our election commitments has been delivered or has been set on a pathway to be delivered. Some of them are so significant that they will take a number of budgets to be able to deliver and a number of years well beyond the forward estimates to deliver, but each and every one of those commitments is being honoured.

Of course strong economic growth and a real sense of optimism for the future is a feature of what we said we would do, and that is clearly evidenced by the fact that we have fully smashed our jobs target by more than 40,000 extra jobs two years ahead of schedule. That is incredibly important for workers and families and indeed for every family.

We laid out a four-step fiscal plan some time ago, in the midst of COVID, and we are in now that fourth stage, which is about stabilising debt levels. That is a medium-term challenge. We did not put a time line on that but we are very, very close to being able to do that, with net debt at 24.4 per cent going to 24.5 per cent – so getting quite close to being stable, and that remains a focus.

Health care obviously is critically important to every single Victorian family, not to mention the many hundreds of thousands of people who work in our hospitals and are dependent on the supply chains that come out of our hospitals. There is a big boost to nursing staff in intensive care, high dependency units and our emergency departments; nearly a quarter of a billion dollars for extra ambos; and money for training of GPs. We know primary care is such a huge challenge, and finding a bulk-billing doctor has never been harder, so we are doing something about that despite the fact that it is not actually a state government area of responsibility. There is a massive \$12 billion hospital infrastructure plan, and the planning of that, the further design work, is fully supported – every one of those projects – by a \$320 million fund. There is also an important boost – a modest boost in the size of the budget but an important boost – in expanding the role of community pharmacy. We know how good a job our community pharmacists do; we want them to do more, and I am confident they will.

Women's health has been a key priority – \$154 million there, and perhaps we will get a chance to talk about that in more detail later. There is \$162 million for further public sector aged care. We have already committed to that space. We are the only state in Australia that has remained in that space, with roughly 10 per cent of aged care residents in public sector aged care across our state. There is a very significant boost for mental health, both infrastructure and services. Again, there is a modest amount of money in the scheme of the overall budget but a really important and strategic investment in the Victorian Paediatric Cancer Consortium, which will really do quite amazing and globally significant work.

The SEC – our commitments are well known. There is an amount of money to invest in the delivery of projects, but before that you have got to plan things out, you have got to establish training centres, you have got to establish the centre of excellence. You have also got to establish and effectively restart the SEC, pull that off the shelf and get it back up and running, and there is really significant progress being made there – substantial investments, particularly in that workforce training component of the tech schools with a focus on clean energy as well as the centre of training excellence and the energy worker training centre, and \$50 million to establish the TAFE Clean Energy Fund. You have got to have a workforce in order to deliver these investments, but the SEC is well and truly on track.

Speaking of training, jobs start with skills, and we know that it is the right of every Victorian to have the skills they need for the job they want, and we have invested so, so strongly in TAFE and we are proud of that. There is more that has to be done of course, and there will more next year and the year after that, but we have made very significant investments in terms of expanding the eligibility for free TAFE so you can move up and down that skills ladder if you like and it is no longer a one-time thing. Throughout your life you can move up and down that qualification hierarchy, and that is really important given the flexibility and the changing nature of our economy. There is the Building Better TAFE Fund, \$170 million, so that is the best facilities for the best learning. And there is also our mRNA industry – and that sovereign capability has never been more important, with a lot of jobs to come out of that too; the sovereignty fund; as well as support for our live music and entertainment sector; the Major Events Fund; and of course cultural hubs get a big boost also.

Best Start, Best Life – I will not go through all of these dot points, everyone knows just how important it is. Those first few years of a child's life are critically important to their life trajectory and their opportunities. It is also really important to give women the opportunity to go back to work if they choose to. So there are 15 hours of three-year-old and 30 hours of four-year-old free kinder right across the board – that is critically important – as well as significant investment in our schools, particularly that \$235 million students with a disability package for them and their carers and their families. That is something that I announced at our campaign launch last year, and that is fully funded in this year's budget.

Transport infrastructure is obviously critically important – road, rail and everything in between. There is a substantial road funding blitz there. There is also a 10-year package for maintenance on top of flood recovery works, bringing some consistency to that effort. We think that is a really important thing to do – up and down does not do anybody any good. Having a more sustainable and a more predictable order book for that industry and for communities is really important.

There is a whole range of different projects mentioned there. I will not necessarily go into those, but I would just point out that 23 new three-car V/Locity train set order that we have placed down at Alstom, \$601 million, is really important to make sure that we continue to improve and enhance regional passenger rail services. And of course we have cut fares down at \$9.20 – same thing as in Melbourne – and we have seen patronage growth, which is such a pleasing thing. There are some station upgrades.

We will move on to 'A fairer Victoria'. This is the biggest First Nations budget that we have seen in the history of our state, and it comes off what was the then biggest First Nations budget just last year – \$82 million for the First Peoples' Assembly. There is \$100 million for avoiding homelessness. There is money for parks, playgrounds and community recreational facilities, and also a really big investment in Aboriginal child protection and family services. Perhaps we will get a chance to talk about that later on. That is profound reform, just as we said we would do. Looking after those who are vulnerable has always been important. There is always more to do there – no-one is being boastful about it; there is always more that has to be done – but it has been a real priority, and even in a tight budget, in a challenging budget, we are pleased to have been able to make savings in other places in order to support this really important progressive agenda and one that is at the heart of a modern, progressive, civilised society.

Regional Victoria, as I mentioned before, \$5 billion, that is up from a longer term average of about \$4.6 billion, so it is really significant, and again, I am sure Mr O'Brien will make the point that there is more to do. There always is – always; I know that, having grown up in regional Victoria. There is a lot more to do, but it is a pretty substantial investment, whether it is cost of living through V/Line fares all the way through to regional schools; more teachers and trying to deal with those hard-to-fill roles where that tyranny of distance can be a real challenge; service uplifts in our rail network – extra weekend services, for instance; all the way through to advanced medical equipment in regional hospitals. TAFE has also been a big winner in regional Victoria; biosecurity – there is some extra funding there for animal disease detection; and even right down to the \$10 million Tiny Towns Fund to give even the smallest community a sense that there is somewhere to turn if they have got a project or want to do further work. That map just gives you a sense of where that investment is occurring. It is occurring in every part of the state, and I hasten to add, of course, that there are always further spots on that map. There is always more that will have to be done, and that is part of our overall plan. That is what is delivered this year, and there will be more to come next year and the year after that.

COVID debt repayment plan – I think these are our last slides, and I will move through them fairly quickly. For the best of reasons – to save lives, to save jobs – we borrowed some \$31.5 billion. That is on a credit card essentially, not a mortgage, where you are getting an enduring benefit, but a credit card to get you through the most difficult of times. If we do not pay that back, then the next time there is an emergency there will simply be no funding for the next generation. That is obviously a key feature of our budget also.

The CHAIR: Thank you, Premier. The first set of questions will be asked by the Deputy Chair. Mr McGowan, you have 17 minutes from now.

Nicholas McGOWAN: Thank you. And thank you, Premier. Premier, budget paper 3, page 114 – the new schools tax, or the removal of the exemption for payroll tax on these Victorian schools and parents. Have you approved or seen the list of schools that will be taxed?

Daniel ANDREWS: No, but I am happy to speak to what the government's intentions are and the process, if that is of assistance.

Nicholas McGOWAN: That would be of assistance.

Daniel ANDREWS: Sure. Perhaps there should have been some better footnotes around this item in the budget – I fully concede that point – and I know you have had a bit of discussion about this this morning with witnesses that have been before you. We have a threshold in place now, and that has operated for the first five or six years of our government relatively informally. It was then formalised I think in 2020, and that strikes a fee rate at about \$7500. That is what determines whether you are, firstly, eligible for payroll tax, but secondly, and more positively, it also determines which schools are eligible for things like the tutor learning initiative and the government's record capital investment – in this budget alone, \$450 million for Catholic and independent low-fee schools. So that is what is there now.

The government made a decision to remove the payroll tax exemption. The only threshold that exists as a matter of public record is that threshold, so that is what Treasury has built those line items in the budget based on. However, at the same time the Minister for Education is out consulting with the sector, and assuming that the Legislative Council agrees to the Bill that is with them now – if we assume that passes – she will then make a determination about what a new threshold will be. There are a few reasons for that: one, even in 2020, \$7500, roughly, is not necessarily reflective of fees and costs and pressures and the school fee environment right now,

two, three, four years on. It would be my expectation that when the minister strikes that threshold on an average of the fees across those schools – there is a formula – we would do that once and not have to go back and do that each and every year, because that would be an uncertain set of arrangements, and we would want to try and give as much certainty as we can to those schools. Hopefully we can get to a point where we strike a threshold, and then for the remainder of these forward estimates, noting this does not start until 1 July 2024, those schools would have certainty for at least those next three years, and perhaps even longer depending on where we settle.

What does that mean? It means that that \$7500 number will go up. I am not in a position to confirm what it will finish up at, but it will go up. What that means is that the static assumptions at a point in time, which Treasury have put into the budget – there will be less than 110 schools, but I cannot tell you how many because that work has not been done yet. The overall revenue that is derived from this measure will almost certainly be less than what has been forecast. The reason for that is that if there had not been a threshold and the minister had not yet determined a threshold, then the budget papers would have said ‘To be confirmed,’ ‘To be confirmed’ across the three years. There is a threshold, and that was the only sort of point that the department could grab onto, but it is always, as this footnote says, subject to the work that Minister Hutchins will do. The Bill has not passed yet and the consultation has not finished yet. I hope that answers it. I am happy to keep going, but that is where we find ourselves. I know I am not in a position to provide you with all the answers you might want, but I will be soon, or at least the Minister for Education will be soon, because I think she will strike that new fee threshold as soon as she possibly can. I do have to stress again: these arrangements do not come into effect until the beginning of not this financial year coming but the one after. So there is some time, but we want to give everybody as much certainty as possible.

Nicholas McGOWAN: I thank you for that explanation. As I am sure you are aware, the difficulty for parents – I mean, I am confused today, and I am sure, as you would have heard from the earlier testimony, there was some confusion as well around exactly what the thresholds were. My concerns for the principals, obviously, are they are –

Daniel ANDREWS: I hope I have not added to that.

Nicholas McGOWAN: Well, only somewhat.

Daniel ANDREWS: Terrific.

Nicholas McGOWAN: Obviously principals are trying to determine fees for next year now because they are looking at enrolments, kids are visiting schools. We are all parents – not all of us, but many of us are parents – and I understand the pressure that the schools are under right now. They are obviously very concerned, because if that impost on them is in the order of the magnitude we are talking – \$421 million across 110 schools – I guess for the 110 schools that will be subject to this the fact that that is ongoing will be somewhat concerning to them. But I will come to a question. The question is: if they are now subject to this tax and no longer have an exemption, the assumptions in the budget did not allow for any exemptions within those 110.

Daniel ANDREWS: Yes.

Nicholas McGOWAN: Okay. Because the understanding previously, when I spoke with Treasury officials last week in the bill briefing, was that of the 110, the minister, in this case obviously the education minister, would still be able to provide exemptions to those schools. So you might find one school who are actually very disadvantaged or actually has some fee structure that still makes them eligible – that is, to pay the new tax – but there will be no exemptions. Is that correct?

Daniel ANDREWS: No, I do not know that that is necessarily correct. I think the minister has some latitude, but the State Revenue Office also has latitude when it comes to any individual taxpayer, whether that be an individual or a corporate entity. I am happy to take that on notice and come back to you. I suppose that is a fair way down the track. If we go back to first principles, the first thing to do is to work out who will be paying these additional charges. That is not able to be definitively stated today because the minister is out consulting and has not yet struck the fee threshold.

Now, just on the fee threshold, I might just make the point: I talk to the Catholic Education Commission a fair bit, I talk to Independent Schools a bit. This differentiation between low-fee and higher fee schools has been in place in one form or another for a long time. I have never had a word of complaint raised by any of those

schools. They fully accept that we are not sending the Smile Squad dental van around to Xavier College, but we do want to send it to low-fee parish primary schools and suburban or regional secondary schools that charge a more modest amount of money. We also do not upgrade classrooms and halls and things of that nature at Scotch College, for instance, but we do at a number of other schools, and we are doing that in record terms. Where we will get to quite soon is that we will have a new fee threshold that I anticipate will be higher than the one that has been operating to this point. As soon as we can finalise that we will, with the greatest of respect, communicate to the schools first so they know what is going on, and then we will make a public announcement, and then there will be clarity. There will be some that will be unhappy because nobody wants to pay additional tax, but it will not be 110. I think it will be less than that, because the kick point, the threshold, will be higher and therefore the revenue and the coverage assumptions that the Treasury department have made off the current system will have to be revised. That is why we have a midyear budget update every year and indeed a budget every year, given that these measures do not actually come into force until the middle of next year.

Just on your point about certainty, of course businesses, families and schools will all be planning for next year. However, I would just say this: when it comes to our school budget build – so when we determine and establish what individual school budgets will be for the coming year – we do not operate on a fiscal year, we operate a calendar year. Obviously the academic year is February to December. We do that for our schools in August–September. I have no reason to believe that Catholic schools or independent schools would not be on a similar time frame. So I think we do have a window here, and we are wasting no time. The minister will be making important decisions soon, of course assuming that the Bill passes.

Nicholas McGOWAN: No. I appreciate that. And I appreciate, as you say, going back to first principles. You know, at \$7500 that is \$20 a day, so for many schools that is not a significant effect.

Daniel ANDREWS: And Mr McGowan, there will be some schools who at a point in time were charging \$7500 a year ago and this year are charging more than that. So they would already have moved from being eligible for capital and tutors – and at a point in time in the future, the Smile Squad – and would not be now. It is an inflationary economy; we all know that. A lot of things are going up. And school fees – I have no reason to assume they would be exempt from that, so on that basis we will have to adjust up.

The Treasury, lest they just print ‘To be confirmed’, have to go off the current threshold and then in the footnote make it clear – perhaps it could have been clearer – that the minister with the Treasurer’s consent is going to fill this space in further with a new threshold. The sequencing – it cannot happen at the same time. Of course it could, but you would not be consulting with anybody.

Nicholas McGOWAN: Of course. That is one of the concerns too, that this policy could be inflationary, because in essence principals are already saying quite widely across the state they maybe have little alternative other than to cut programs, reduce hours or teachers or pass it on in terms of fees.

Daniel ANDREWS: Well, I think it depends on where that fee threshold is set.

Nicholas McGOWAN: That is right. And some of the confusion this morning was precisely around that.

Daniel ANDREWS: I wish I was able to tell you right now what that number would be, but I cannot.

Nicholas McGOWAN: No. I appreciate that. But I think some of the confusion is that, you know, you might pay \$5000 for a preppie but you might be paying for year 12 \$7000. Is it the cumulative of that –

Daniel ANDREWS: My understanding is the current threshold – and I do make the point again – used to be relatively informal, and it then became more formalised only a couple of years ago. As I understand it, there is a formula, and I understand a feature of that formula is averaging. So it is at the average fee; it is not just the highest fee that a year 12 student pays. But the Minister for Education will be able to take you through both the current formula and any thinking she has in terms of proposed changes to that formula. Again that might be a bit of a sequence challenge. I do not know when she is appearing before you, and I do not know whether she will have made her decision by then, but I am pretty confident she will be able to speak in more fulsome terms.

Nicholas McGOWAN: Well, again, this next question speaks to that. But the question is really: does the government have the power to impose the school tax having regard to, as it does in the legislation, any other

matter the minister considers appropriate? So that obviously extends itself to: does that include land, assets owned, gifts received, endowments? Because it is obviously fees and –

Daniel ANDREWS: Well, no, no. Again, I think you sometimes find that when it comes to the way parliamentary counsel draft bills, there are often a series of quite pro forma provisions. You often give ministers a fair bit of discretion. You do not necessarily want to be coming back into the Parliament every few weeks to change things. It does not mean that every provision is acted upon. It does not mean that everything that is in the Bill that you might be able to do, you necessarily do. Again, Minister Hutchins might be able to speak more generally to that. But it is payroll tax so it is on payroll; that is just common sense.

Nicholas McGOWAN: Okay. Thank you, Premier. I refer to budget paper 4, page 67. Before the election the government promised more than \$4 billion in funding for seven hospitals, which the government has grouped together as the Hospital Infrastructure Delivery Fund. The government committed to fully funding seven healthcare facilities in Gippsland, Monash, Dandenong, Wonthaggi, Ringwood and in Melbourne's north. Premier, you promised Victorians at that election that you could fully fund both transport infrastructure and health – there is some debate about that, as we both know – and that in fact we could have both. But obviously from this –

Daniel ANDREWS: There is no debate in my mind, and the budget should not cast any doubt on that.

Nicholas McGOWAN: I suppose the logical question is: why have these communities only received 7.95 per cent of their promised hospital funds?

Daniel ANDREWS: Sure. Well, you have to plan a project before you can fully fund it. That is just logic. And with many of these projects, there is simply not the detailed design, the clinical services plan, the quantity surveying or the scope work that has to be done. I will take you back again to first principles, Mr McGowan. At the election, I think I am right in saying, for each and every one of these projects we had a funding range. We said that they would cost between A and B. So even at the point of committing to them, we were fully acknowledging, even then, that we could not necessarily say to the dollar how much they would cost. There is a range.

Nicholas McGOWAN: I recall that with the Maroondah Hospital –

Daniel ANDREWS: No, no, there was.

Nicholas McGOWAN: Yes, there was. There was a range.

Daniel ANDREWS: I am pretty sure we did a range. I am happy to stand corrected, but I am pretty sure we did a range on every single one of them, because, well, it is a fairly turbulent construction market at the moment.

Nicholas McGOWAN: I thought you were allowing for blowouts.

Daniel ANDREWS: And there is also planning – you simply have to plan these things out. It is not uncommon: first budget, here is the money needed to do all the detailed design – really advanced planning, not just on whether you should do it but how you do it. Next year, because that planning will have been done and in fact even procurement will have been able to begin – some may well be even finalised by then – there will be more money. Then in the third budget of this term there will be more money and in the fourth, and so on and so on.

Nicholas McGOWAN: I understand. Premier, are you able to provide a break-up of the \$320 million that is included in the budget across the hospitals?

Daniel ANDREWS: I am happy to ask the question, yes.

Nicholas McGOWAN: If you could take that on notice, that would be appreciated.

Daniel ANDREWS: Yes, sure. But there will be a team at the health building infrastructure authority over in Minister Thomas's department, where they will be working to deliver all the planning necessary for all of those projects, and that will inform bids that come to ERC. Then when I am back here next year, we will be

able to talk to you about further budget allocations to not plan hospitals but to build the first stage or build the entire hospital.

Danny O'BRIEN: Will you be back here next year, Premier?

Daniel ANDREWS: Yes, I will be. I hope you will be too.

Danny O'BRIEN: I am just checking.

Daniel ANDREWS: I would not miss it. It is your tenth year next year, isn't it?

Danny O'BRIEN: Not quite.

Nicholas McGOWAN: Premier, if we can turn to budget paper 2, page 67, and the Albanese government's cuts to the budgeted Morrison funding to Victoria under the national health reform funding.

Daniel ANDREWS: Yes.

Nicholas McGOWAN: This and next financial year the former Morrison government committed \$13.7 billion, as you know, I am sure. The Albanese government has reduced that commitment to \$12.5 billion, a \$1.2 billion cut to this state's funding. How will that cut affect Victoria's hospitals?

Daniel ANDREWS: I think we might be shorthanding here a little bit, Deputy Chair. My understanding is that the Albanese government has delivered on all of its election commitments in relation to hospitals. In fact they gone further – further. They have invested substantially in Medicare, although I am the first to say that they will need to do a lot more than they have, even though they have done a fair bit in only their second budget. I think there are a whole lot of one-off COVID expenses. Obviously you do not fund them recurrently because they are not ongoing; they are one-off. In terms of the Commonwealth government, they are probably best placed to speak to the decision-making and the choices they have made. It is only a year, but in my experience the Prime Minister is from Sydney, but he is not just all about Sydney. He knows where Melbourne and Victoria are, and he has provided us with very strong support. Do we want more? Yes, we absolutely do.

Nicholas McGOWAN: In respect to the same page – page 67 – and the health-based response to public intoxication statewide: has the government formally delayed the implementation of the royal –

The CHAIR: I can stop you there, Deputy Chair. Apologies.

Nicholas McGOWAN: That is okay.

The CHAIR: The time has come to an end. I am going to hand to Mr Galea for the next set of questions.

Michael GALEA: Thank you, Chair. Good afternoon, Premier. If I can draw your attention to budget paper 2, specifically page 7, which references the COVID debt repayment plan, as I am sure you are aware, there has been lots of commentary of late about the nature of COVID debt as compared with debt that has been incurred for the purposes of investing in infrastructure. I wonder, Premier, can you please explain to the committee why there are multiple types of borrowings and how this relates to and what this means for the government's plan to stabilise the debt?

Daniel ANDREWS: Well, thank you very much, Mr Galea, for the question. Obviously – and I would think the Treasurer and the Secretary of the Department of Treasury and Finance may have gone to this a little bit this morning – there are many different components to the borrowings that the state and the Treasury Corporation Victoria, on behalf of the state, enter into. They are in the bond market for short, medium and long-term bonds almost every day. There is new paper that is bought every year. There is refinancing. It is a relatively complex thing. It is not like one mortgage with one bank. But there are some comparisons that can be drawn between mortgages and the common experience of ordinary Victorians. The first point to make is: if you divide debt into two different categories, first of all there is borrowing to build – that makes the economy bigger, that delivers the infrastructure that we need now and the future. That is the sort of thing that will define our quality of life. Do the roads work? Do we have a decent public transport system? Do we have hospitals and schools? Yes, we are going to be the biggest city in our country. Can we remain the best city in our country? Well, without those investments, you simply cannot do that. So if you are going to have a big infrastructure program, you have kind

of got two choices: you either pay cash for all of that – and I think we would have truly Scandinavian tax rates if we tried to do that and build a lot. It would be a bit like saying to someone, ‘You can only buy a house when you’ve saved up the full purchase price.’ Some people do that, I am sure. We are probably not too worried about whether they think housing is affordable or not. For real people and for governments that have got a bit of ambition and a real agenda, you go and borrow a prudent amount of money to build infrastructure that grows the capacity of the economy and makes the whole place bigger – more people in work. And that is not a one-off benefit, it is an enduring benefit. As the economy grows, the percentage of your borrowings comes down, the economic activity that that infrastructure supports means you can deliver surpluses and you can service that debt.

The second category of debt would be much more akin to a credit card that you might use for an emergency – usually one-off, no enduring benefit. There are no jobs in it longer term. It is not there to do anything other than get through a unique set of circumstances. So coming into the pandemic event we had a big plan to borrow to build. We had run surplus budgets every budget that we have handed down, and if not for COVID, we would have continued to deliver surplus budgets every single year. But COVID did come, and just as it was compulsory then to borrow to save lives and save jobs, it is compulsory now that we lay down a plan to pay that money back. So our kids are going to remember COVID, but we should not ask them to pay for it. If we do, then their version of COVID, whatever confronts them – and it could be fire, flood, it could be anything. We do not really know. Or, more positively, if a really big opportunity comes along, they will not be able to seize that. So unless we pay off that \$31.5 billion worth of COVID debt, which is not generating more jobs, is not providing an enduring benefit but is instead a liability that we had to incur – equally, we have to pay that back now and get that credit card balance back down to zero.

So some difficult decisions have to be made in relation to payroll tax, in relation to land tax, in terms of reducing the public sector back down to pre-COVID levels, and also in relation to a number of programs that were due to lapse being allowed to lapse. If you do not do that, then you finish up in a situation at the end of these forward estimates and indeed beyond – the only choice you have then is to start cutting into frontline services in order to pay that debt back. As you well know, Mr Galea, this is a Labor government, and we boost and grow and improve public services. We do not cut them. So this is a series of challenging, not easy and not easily made decisions, but they are very important if we are going to make sure that, in the future, all of that burden, which is ours to carry because we are the ones that got the benefit from it, not our kids and their kids – we cannot leave them that credit card to pay off. We have to do that, and that is why the COVID debt repayment plan has been laid down. Together with the offset benefits of the future fund, we will get that COVID debt down to and equivalent to – the \$31.5 billion – zero in 2033.

Michael GALEA: Thank you, Premier. And could you please give some more detail on this COVID debt repayment plan: specifically how the government does intend to pay down the debt?

Daniel ANDREWS: There is a mental health levy that has been in place for a number of years. We will essentially replicate that again as a COVID debt repayment levy. That is the top 5 per cent of companies. It is 10,000, 11,000 companies. It is based their payroll, both the Victorian share as well as national. And those companies represent over the last three years almost a trillion dollars worth of profits. That is excluding mining. That is a trillion dollars worth of profits. And you might say, ‘Oh, that seems a lot of money. Is that up or down on, say, the three years before?’ Well, it is 25 per cent higher than it was the three years before that. So there is very substantial profitability. There is a capacity to pay. It is a very worthy purpose that money is being put to. And of course many of those businesses were the direct beneficiaries of that COVID emergency borrowing, with \$11 billion, \$12 billion worth of business support. Some of those bigger businesses would not necessarily have got that business support, but people in their supply chain and their customers absolutely received that business support and family support and all the other public health response benefits, like testing stations and vaccine hubs and all of that work. So there is a capacity to pay there, and that is why it has been structured in that way.

There are then some changes to the tax-free threshold that relate to people who have multiple dwellings. The family home, the principal place of residence, is not impacted by this, despite some – there has been a bit of reporting and a bit of an attempt to try and link this to your family home. That is not covered. It is for people with multiple dwellings. There is currently a \$300,000 land value threshold. That has been dropped down, and there are two charges, one at \$50,000 and one at a higher level. The key point here is that, again, those properties have on average – residential – increased by around 85 per cent in value over the last 10 years, so

there has been a huge capital growth in those residential properties – and that, we think as well, represents a significant capacity to pay.

These are not taxes that are on forever. They are levies and charges that nobody will enjoy. I perfectly understand that, and there has been quite a bit of commentary to that end. But they are absolutely essential, and they will be there for, say, about 10 years, which is what we think it will take to get that COVID credit card balance back down to zero. The alternative is that we cut hospitals and schools to repay that money. That does not make any sense to us and is not consistent with our values. There is a state taxation Bill in the Parliament at the moment, and we hope that receives support from a majority of members. Then we will be able to begin the process of accumulating that \$31.5 billion so that at the end of that period, from a debt point of view, it is as if COVID did not mean we had to borrow any money. It will be back down to zero.

Michael GALEA: Sure. Thank you, Premier. I also appreciate the discussion on the land tax changes. If I can shift now to the announcement of rebalancing the public service by about 3000 or 4000 people. You said you will do this without impacting the delivery of frontline services. How can you guarantee that this will not affect services?

Daniel ANDREWS: Mr Galea, we saw the public service – this is separate from the public sector – flex up. Quite a substantial additional number of people had to be hired to get through COVID in lots of different roles. We went through, as a government, a targeted process, a very important process, with secretaries of all of our departments, and we said to them, ‘We want you to nominate savings from corporate services, strategy and advice, HR,’ – those truly back-office functions, many of which are replicated in each of our departments when they perhaps could be much more concentrated in one department with departments purchasing those services rather than creating their own units. So we think there is an opportunity for us to rebalance, not exactly to the pre-COVID levels but much closer to those pre-COVID levels than we are now.

There will be some other staff who will not be re-engaged and will not have ongoing employment, because a number of the programs that were set to lapse have been allowed to lapse. Now, I cannot give you a definitive list of those right now, because we are working through with secretaries, with agencies, with our partners, on exactly what that means. I can say though, some of these redundancies will be voluntary but a larger portion will be targeted. There are some views about that, and I fully appreciate that this will be a very challenging time for those 3000 to 4000 people. I want to give you and them and all Victorians a commitment that we will be fully compliant with our obligations under the enterprise bargaining agreement and under longstanding practice. We value the people who work for us. They work very hard, but it is not responsible for us to continue to have a staffing level for the Victorian public service, after a one-in-100-year pandemic event, that was needed then and was critical then. It is not sustainable now.

To your point about quarantining frontline services, there is a difference between the public service and the public sector. Our pledge to not affect frontline service delivery is borne out by the fact that, whilst we are rebalancing the public service down to pre-COVID levels, with the public sector, including nurses, teachers, ambos and others, that number has actually net grown – that is, increased – as a result of the budget that we are talking about today. There are more nurses, there are more teachers and there are more frontline services and not only more funded positions but more patients, more students and more work being done and, we hope, greater access and an even higher quality of services offered.

Michael GALEA: Thank you, Premier. If I can shift now to budget paper 3, specifically pages 54 through 56, which outline the \$4.9 billion investment in Victoria’s healthcare system, including of course the healthcare workers who patients so heavily rely on, can you please outline how this investment will benefit Victorian patients and ensure that they get the care that they need when they need it?

Daniel ANDREWS: I think any of us, not just as members of Parliament or ministers or premiers but all of us as partners and parents and indeed, from time to time, patients, have got an abiding respect for our health team. Whether it is paramedics, nurses, doctors, cooks, cleaners or ward clerks, the whole team do an amazing job. The best way that you can support them is to bargain in good faith, and we always do that, and then make sure that they have got the resources they need and listen to them. Before the election, and indeed before each election and pretty well every day, we sit down with our workforce and listen and learn. So many of the initiatives that are funded in the budget, whether it be making nursing degrees HECS free all the way through to covering the costs of, say, a registered nurse becoming a specialist in a given area, whether that be critical care

training all the way through to, ultimately, maybe becoming a nurse practitioner, all of those different scholarships and other incentives that we have put in place came from listening to our nursing and midwifery workforce and indeed to their union, proudly.

All of those commitments that we made around health workforce – it is not just nurses, though, as important as they are, or midwives, as important as they are. I mentioned in the slides earlier on that there is some substantial support for hospital trainee doctors to go and work in general practice. Currently if you are a very junior hospital doctor, you are paid about \$10,000 more than what a GP would get paid. We are covering that gap to take away an active disincentive to go and work as a general practitioner. There are also exams involved in becoming a fellow of the Royal Australian College of General Practitioners – we are going to cover those exam fees. There are many other examples. There is a paramedic practitioner role, brand new – no-one else does this anywhere in our country. We have made some exciting commitments about that, and they are funded in the budget. There are almost too many of these workforce initiatives to mention, but the key point here is promise made and promise kept. We did not come up with these ideas on our own; we essentially invited those people that we have got such respect for – all of us as Victorians, no matter how you vote, respect our nurses and our doctors and ambos – into the policy process. They helped us to lay out a really positive plan, and now it is fully funded in this year's budget.

Again I will make the point I was making to the Deputy Chair. Is this the end of it? Is there no more to do next year? Of course there will be. There will be more to do. That is why that continuous respect and dialogue is so, so important. But our hospital system is nothing without the staff. They do a great job. We should always stand with them and listen to them, and that is exactly what we do.

Michael GALEA: Absolutely. Thank you, Premier. I wonder if you could also detail and expand upon the \$153 million investment in women's health in this budget, specifically the new comprehensive women's health clinic, because I know I am particularly excited about the one at Casey Hospital. I wonder if you can talk a bit more about those.

Daniel ANDREWS: I was out with Minister Mary-Anne Thomas on Sunday at the Royal Women's Hospital. Labor built the Royal Women's Hospital – fantastic facilities – a previous Labor government. It was a great place to be to announce a few things: an expansion of the public IVF service; 20 women's health hubs that will be offering a full range of services – there is already one at the Royal Women's, and because of this funding in this year's budget they will go from one day a week to five days a week; we are doubling the number of endometriosis surgeries; and we are having an inquiry into women's pain management, because all too often women are not believed. There is a pain involved in that in and of itself. To be ignored is one thing, but to not be believed in 2023 is simply wrong. So we are going to do something about that as well. There are some scholarships as well, because workforce is critically important in this area too. There are nine further sexual and reproductive health clinics as well, so there will be 20 of each. It will just mean that more and more women can have a culture and the services they need where they need them, when they need them. That is a big, big step forward.

Michael GALEA: Thank you, Premier.

The CHAIR: Thank you, Mr Galea, your time has expired. We will go on to Mrs McArthur. You have 17 minutes.

Bev McARTHUR: Thank you, Chair. Premier, budget paper 4, page 67, goes to 'Health-based response to public intoxication (statewide)'. Has the government formally delayed the implementation of the royal commission recommendation for paramedics to take charge of mental health call-outs to ensure Ambulance Victoria and the Department of Health are ready for the abolition of the crime of public drunkenness in November?

Daniel ANDREWS: No. I am happy to explain what the government has done, though.

Bev McARTHUR: Thank you, Premier.

Daniel ANDREWS: So no, there is no connection between those two things. Again, there is legislation in the Parliament at the moment – and if we all assume that that passes, we certainly hope that it does. Ambulance response times – code 1 or signal 1 jobs are not being responded to as fast as I would like. We had the very best

ambulance response times ever recorded just prior to COVID arriving. We want to get back to that. Even then we had not quite met the 85 per cent – we were in the high 84s, I think – 83, 84 per cent. We want to get back to that, and it is the considered judgement of the government and I think Ambulance Victoria as well, and just common sense tells you that if we are going to be focused on those time-critical code 1 call-outs and getting the very best ambulance response time performance we possibly can, then that is not consistent with driving a really substantial reform also at this time. It is very important work. We have engaged with the royal commission and informed them of the logic behind our judgement. I will not speak for them, but I think they completely understand why it is that we will delay the move away from a police and dual response to an ambulance and dual response.

I am obliged to point that out because regardless of what framework we have in place I think there will still be a significant number of people that are in absolute crisis and that will need a dual response because they are either a threat, tragically, sadly, to themselves or to others. I do not think we are ever going to get, Mrs McArthur, to a ‘one and not the other’. Sometimes it will need to be both, but I just do not think now is the time for us to be trying to drive that big reform whilst we strive to get our response time performance back to where we all want it to be. We may agree on very few things, but I am sure as a committee we could all agree that we want those response times back to where they were just before COVID arrived, and that should be the singular focus of Ambulance Victoria. That is why we have made the decisions we have made. The two issues are not linked.

Bev McARTHUR: Premier, go to budget paper 3, page 354, and I am sure the committee is very excited by the significant increase to parliamentary investigatory committees, which are set to receive \$137.3 million next financial year. Is that a budget mistake, Premier?

Daniel ANDREWS: I am not sure.

Danny O’BRIEN: We are going to sit for four months this year, aren’t we? We have got all this money now.

Daniel ANDREWS: I am not sure what that is about, but I am happy to chase it up for you.

Bev McARTHUR: You will take it on notice?

Daniel ANDREWS: Of course. More than happy to.

Bev McARTHUR: We may not be getting \$137.3 million?

Daniel ANDREWS: How much do you get now?

Bev McARTHUR: Peanuts.

Daniel ANDREWS: What percentage increase would that represent?

Danny O’BRIEN: A packet of lollies. A few tissues.

Daniel ANDREWS: Your nine years on this committee have made you cynical.

Danny O’BRIEN: It is not nine years yet, Premier.

Daniel ANDREWS: Sorry!

Bev McARTHUR: So, Premier, if that is one mistake in the budget, can we expect there are others?

Daniel ANDREWS: Well, I certainly hope not. Let me take that on notice, and I will have a thorough –

Bev McARTHUR: Look for the other mistakes.

Daniel ANDREWS: It is about investigative committees, and I will conduct an investigation, Mrs McArthur, into how that egregious error ever happened.

Bev McARTHUR: Well, we hope it is not.

Daniel ANDREWS: Getting your hopes up that you would have \$150 million to interrogate people – sorry, I do not think that will be the case.

Bev McARTHUR: At the same time, you are cutting the funding to IBAC, the Auditor-General and the PBO. Does the government really want to attack integrity agencies who are just doing their job?

Daniel ANDREWS: No, not at all. And I would not agree with your contention, either in terms of funding that has been allocated or the government's approach to these matters. I will just pick the IBAC as one example, and I will just preface these comments by saying this is in no way a criticism of that agency. They have got a very important job to do, and I am just pointing out the facts lest anyone start to attribute anything beyond that. On four separate occasions the Department of Treasury and Finance wrote to IBAC ahead of the budget – and not four times in a week either; like over a lengthy period of time – requesting that they make a budget submission so that the expenditure review committee could have a look with advice from the Department of Treasury and Finance; the other central agency, my department; and probably, likely, the Department of Justice and Community Safety would have a role in that as well, given that the Attorney is their minister. Despite those four written requests for a budget submission, no budget submission came forward. I cannot explain that. Only IBAC would be able to explain that. So the government was left with a choice – 'Well, what do we do? They haven't put in a submission.' So we gave them last year's base funding plus a small uplift. I do not know what else we might have done. What I will say, though –

Danny O'BRIEN: Pick up the phone.

Daniel ANDREWS: Well, four letters, Mr O'Brien – four letters – and I am pretty sure they read the letters too. Four letters. And it is not for me to be picking up the phone. The Department of Treasury and Finance, official to official, has had an extensive communication. Again, I cannot explain that, and I am not really here to debate it. They are just the facts of the matter. However, it is important not to lose sight of this fact: base funding, with the departmental funding model with that uplift on top, is one component of funding that any agency might have in a given year. Agencies are absolutely entitled – if they have further proposals, ideas, if they want further funding, then they can, if they choose, approach their minister, in this case the Attorney. I think on occasions that agency has met with the Treasurer also. They can, and I expect they will, come to government with further funding requests, and under the *Financial Management Act* and then as a result of this budget there are various contingencies, and Treasurer's advances can be provided.

Bev McARTHUR: Would you able to table those letters to IBAC, Mr Premier?

Daniel ANDREWS: They are not correspondence that I have, but I am happy to refer that matter to the Department of Treasury and Finance.

Bev McARTHUR: Thank you so much.

Daniel ANDREWS: That is the advice I have. I did not write the letters, and I did not press send either. That was a matter for the Treasury officials that did it, but my advice is on four separate occasions. Again, I am not making a judgement – they are just the facts – but it is a bit hard to provide people with money when they have not actually asked for it.

Bev McARTHUR: Yes. So, I mean, the cut has gone from \$62.9 million to \$62.2 million, so it has been reduced.

Daniel ANDREWS: We have just got to do apples with apples. There is base funding, which has been replicated with an uplift. That is just a fact. Then there may be other project-specific funding. And what I am essentially doing, because writing letters does not seem to be working, is I will issue an invitation now. This agency and any agency can come to their minister throughout the course of the financial year or at any time they choose and ask for further funding to do further work, and the government will always consider that.

Bev McARTHUR: So does that go to the Auditor-General and the PBO too?

Daniel ANDREWS: Well, any agency can come forward and seek further funding.

Bev McARTHUR: So they have never sought further funding – the Auditor-General's office or the PBO?

Daniel ANDREWS: No, no. No, no. Hang on. I did not say that. Base funding, or even base funding plus a whole lot of project funding, might be provided on budget day. In my experience – I have been doing this a little while – if people want more they will come forward and ask for it. Now, the answer is a different matter. That will have to be properly considered. That is the thing – when you run for election and you have enough support to be able to form a government you have to make those choices and you have to be accountable, but the door is never closed to these agencies. There is always an opportunity for them to come forward and ask for more. I am not saying the answer is automatically yes, otherwise the areas you were talking about before, the whole budget, would be worth nothing, because it has got to be closed off at some point, but there is capacity for us to do more if a well-argued case comes forward. But if no case comes forward, it gets a little bit difficult to do anything other than provide the base funding.

Danny O'BRIEN: Premier, can I just clarify something, then?

Daniel ANDREWS: Sure.

Danny O'BRIEN: Last year the budget papers allocated an additional \$7.9 million for IBAC in the 2023–24 year. Can I clarify then whether that money has been reprioritised or whether that is now part of the \$62.2 million that is in the budget for this year.

Daniel ANDREWS: First of all, I will get an absolutely definitive answer for you. But did you and I not have a conversation about this last year?

Danny O'BRIEN: Over many years, Premier, yes.

Daniel ANDREWS: I think we might have. I stand to be corrected, and I will get you the full answer, but I think that might have been an underspend from the previous year.

Danny O'BRIEN: No, there was, I can tell you right here from the budget paper last year, an increase to base operational funding for IBAC. It was \$7 million for the current financial year and \$7.9 million this year and figures going forward. The question I am asking is: there was no change; is that \$7.9 million that was allocated last year in their base funding now, or has it actually been reprioritised?

Daniel ANDREWS: I do not think there is any reprioritisation. This is the advice I have: their base funding we have replicated. We have given them another lot of base funding consistent with what they had, plus a small uplift. What else were we to do? In terms of any underspend, I have got a recollection that there was quite a substantial underspend from a previous year.

Danny O'BRIEN: I think that might have been a couple of years ago.

Daniel ANDREWS: Am I a year out? Was it the one before?

Danny O'BRIEN: I think you might be a year out.

Daniel ANDREWS: Okay, fine.

Danny O'BRIEN: But this year's budget is actually a reduction still on the revised figure for this year.

Daniel ANDREWS: Let me go and check that. We have provided them with base funding plus an uplift. I just again make the point –

Danny O'BRIEN: If you can take that on notice –

Daniel ANDREWS: I am happy to – more than happy to. But I would fully expect, and only time will tell, if they work out that they want X dollars more to do whatever they want to do, they will come to their minister and ask for that and the government will duly consider that.

Bev McARTHUR: And so you are confirming, Premier, that neither the Auditor-General nor the PBO have come to you, or whomever they are meant to go to, to get extra funding.

Daniel ANDREWS: No, I am not confirming that at all. I am familiar with what has gone on in relation to that process of engagement with the agency we have been talking about. I am not familiar with budget submissions from others. I am more than happy, if you have got a specific question, to chase it up for you.

Bev McARTHUR: It was just that you said that they had not come to ask for extra funding.

Daniel ANDREWS: No, I did not say that. I said that IBAC had been invited to submit a budget.

Bev McARTHUR: But there have been cuts to the Auditor-General and the PBO as well.

Daniel ANDREWS: I do not know about that. I am happy to take that on notice.

Bev McARTHUR: Thank you very much, Premier.

Daniel ANDREWS: More than happy to.

Bev McARTHUR: That would be terrific. You mentioned the nursing degrees which would be HECS free. Premier, it is only for public sector nurses. Why do you want to penalise non-government, private sector nurses who want to train?

Daniel ANDREWS: With the greatest of respect, Mrs McArthur, I am not going to sit here and apologise for providing a very, very attractive model for nurses to go and study for free and then require them to work in the public system. That is the whole point of this policy: you get some money up-front each year while you are an undergraduate, and then you get the balance of the funding once you commit to coming and working in a public hospital. We have a great partnership, often, with the private sector. The private sector is of course for profit. When it comes to denominational –

Bev McARTHUR: Or not for profit. Many hospitals are not for profit.

Daniel ANDREWS: Let me finish, if I can. When it comes to denominational hospitals, we have a very close partnership with them, and they are considered public sector for the purposes of this. In terms of the private sector, we do not pay the wages of those nurses, and it will be up to the public sector, bargaining in good faith, setting out at board level – and beyond – their workforce attraction and retention plans. What is more, if I can be clear with you, the reason we are not doing that is that that is not what we committed to doing. We laid out our policy, and we are delivering it in full in the very first budget after laying it out. In fact this one is a little bit curious because it was a decision of government, not an election commitment. But that is what we said we would do, and that is what is reflected in the government's performance since.

Bev McARTHUR: Thank you, Premier. Budget paper 3, page 82, details the 'Next generation computer aided dispatch (CAD) system for Triple Zero' and the description in the justice department questionnaire reads:

The proposed solution and new CAD system will meet the needs of the Victorian community, especially members who are vulnerable and more likely to require emergency assistance during their lifetime. By making women and girls feel safer in public spaces, by emphasising with people from CALD communities and by making people who suffer hearing impairment feel heard, the new CAD system will provide a level playing field so that they can be confident in knowing that they will be able to ask for, and receive, help during an emergency.

Premier, shouldn't any Victorian simply call 000 and expect that it is answered on time and an emergency service vehicle is dispatched, regardless of race, gender or disability?

Daniel ANDREWS: Mrs McArthur, again, it is the justice questionnaire, so perhaps the best person to talk to is the coordinating minister of the justice department, who happens also to be the emergency services minister with responsibility for ESTA and computer-aided dispatch. But I do not think that is a list that is intended to be an exclusive list – that only if you fell into one of those categories would you get a prompt response. I think that is used to illustrate that there are some in the community who have perhaps not been well served. There is nothing wrong with them being a priority cohort. But everyone, when it comes to an emergency response, should receive the best response possible. I think they are by way of example. I do not think there is a footnote there that says, 'This shall only apply to those groups.' There are a number of people for whom the same logic would apply: 'How dare I come up with a comprehensive women's health strategy?' Well, because there is a gap, there is a problem, there is a total deficiency, so we have done something targeted about it. And that is not to the exclusion of better health care for everybody.

Bev McARTHUR: Premier, what research or data backs up the need to prioritise any group of Victorians in the queue for a 000 call?

Daniel ANDREWS: No, I do not think that there is necessarily – again, you have got the department of justice questionnaire in front of you, and I do not, so I am rather at a strategic disadvantage. But I do not know that necessarily anyone is indicating that those cohorts should be prioritised above anybody else. However, when it comes to engaging with people who have got a disability, for instance, I find no problem in us trying to do better by those people.

Bev McARTHUR: Thank you very much.

The CHAIR: Thank you. The next questions will be asked by Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Premier and Secretary. In budget paper 2, page 16, it sets out how the budget is delivering initiatives to help relieve cost-of-living pressures for Victorian households. Can you give us an overview or some examples of the initiatives that we have funded to help with the cost of living and how they might be connected to or build on previous initiatives?

Daniel ANDREWS: Thank you very much. It is a very important question. It is a lengthy list, so I will try and do it justice. But look, I think it is really important that we be clear with the Victorian community that there are some cost-of-living pressures that as a government we can do something about. But it is really important not to be promising things that we simply have no impact on. Interest rates are set by the Reserve Bank and banks. Food prices are not necessarily something we can have an impact on. But there are some things that we can do to make the fortunes, the household budget and the prospects of families right across the state just that little bit easier.

I think chief among those are the four rounds of the power saving bonus that we have put in place. This is a payment that every household across the state is eligible for, and we have seen an amazing take-up. We are up to over 1.5 million people in this most recent – the fourth – round. That is a \$250 payment. That is important. The best place for that is in your pocket. But what is even more important than that is if you go to that trusted website – compare.energy.vic.gov.au – you can trust the website, and some 40 per cent of people who go to it find that they are not on the best deal. In fact they are often on much worse than the best deal. Because the thing about greedy energy companies is they do not pick up the phone and say, ‘By the way, we’re ripping you off. You’re not on the best deal.’ They do not do that. This is a way of short-circuiting that. This is a way of making sure that this market actually works for customers. So the power saving bonus is a really, really important part of that.

Equally, the free kinder initiative – and because that happened a few months ago on day one of term one perhaps people kind of gloss over that and move on to the next thing. But \$2500 per child per year – that is a very, very big saving. Think about working families who, to net that off after tax, have got to earn \$4000, \$4500. That is a lot of money. To not have to pay any kinder fees whatsoever – and we have got 97 per cent of kinders that are participating in the free kinder program, plus we are expanding hours to 15 at three years old. And all across the state all three-year-olds are getting access to some part of that 15 hours. They are not all at 15 hours yet –

Lauren KATHAGE: Including mine.

Daniel ANDREWS: Including out in the growing north. And we are building up to the 30 hours of four-year-old. But there are a few different elements to this. It is a cost-of-living measure – of course it is, because it is money you do not have to pay – but it is so much more than that. Early childhood development, socialisation, picking up a problem, picking up a challenge, putting a strategy around that, together with all the socialisation and the confidence that comes from play-based learning, is infinitely better than child care. It just is. It is not a criticism of child care, but play-based learning, particularly 100 per cent free play-based learning, is a very, very important thing. It is not a cost, it is a profound investment.

There are 26,000 women in Victoria – and I think the number is probably much higher, but at least 26,000 women – who are completely locked out of the workforce because they cannot find child care. More free play-based learning hours is better than child care and will directly address the number of those women, whether they want to go back to work, work more hours, study or just have a bit more balance in their life, just

have a bit of time to catch up with themselves. So for all of those reasons and the life trajectory and opportunities that those little Victorians will have because of this investment, and of course the cost of living, it is profoundly important. The other one around this of course – child care – is we are building 50 government owned and operated low-fee childcare centres, and we have made some significant progress with those in this year's budget. As many of those as we possibly can will be located and co-located in either government schools or low-fee Catholic schools to avoid that double drop-off.

I spoke in the slides earlier on about what is probably the biggest reform of the fee structure for V/Line that we have ever seen, and this works both ways – people going from Melbourne to the regions and vice versa. It is great for tourism, great for connectivity. It makes the state in a distance sense smaller, makes it even more compact, because if you had to pay \$50 – some regional passengers were paying close to \$100 – versus \$9.20, that was a big barrier that is not there anymore. It is a very significant cost-of-living boost. So that is just about making fares fairer and having some equity. So to go from Hawthorn to the city, it is now costing you the same as it does to go from Bendigo to the city or vice versa. So that is a really important change and one that we were pleased to put in place.

The veterans card – that is fully delivered in this budget as well. That provides a whole range of benefits in recognition of the service and sacrifice of our veteran community. It is a small thing, but it is important to say thank you, and it does cut the cost of living for those proud Victorians.

And perhaps the last one – there are many more, but the last one – yesterday I was out at Kangan TAFE in Broadmeadows to celebrate that about 12,000 apprentices who currently get a 50 per cent rego discount are going to get a 100 per cent rego discount, so it is \$865 a year in their pocket. We all know that apprentice wages are a bit lower than once you get your ticket and you are out earning much better money. So \$865 – I am sure that for many people in your electorate who would be apprentices or who might want to be apprentices out there in the growth corridor, that would be welcome news to them.

There is a whole raft of these measures. There are many more, but wherever we can we have always got an eye to trying to ease the cost of living. And there will be more next year – there will have to be. I do not know exactly what the nature of those will be, but we are always looking, and if there is capacity for us to do more next year or the year after, then of course we will.

Lauren KATHAGE: Thank you, Premier. The cost of living, though, as it relates to health – what measures has the government taken to help in that regard? We have heard about transport, veterans, child care.

Daniel ANDREWS: Yes, we have. Obviously there is a whole lot. I spoke earlier on about a number of workforce initiatives that really do remove barriers for staff to become part of our health system, but perhaps the most important example is the priority primary care clinics that we have established – 25 of those – that are providing free bulk-billing services out of hours, 16 hours a day, seven days a week. You walk in with your Medicare card, that is all you need. So it is GP consultation, diagnostics, imaging as well as pathology, being seen to quickly and no out of pockets – you are getting exactly what you need. Now, this is not a state government area. We should not be doing this, but we would rather see people supported than not, and there is a benefit to the state in that healthier people obviously are not coming to hospital. They are not sitting in an emergency department – they are not having to go through all of that – and they are taking some pressure off those nurses that I spoke about before. But that is a really significant investment on our part, and whilst we really should not have to do that, we are.

But there are a whole range of different measures that you might put in that category: free pads and tampons, for instance, in I think about 700 locations across the state – libraries and all manner of other public places. It is 1500 vending machines in 700 public sites – TAFEs, public libraries, train stations and major cultural institutions like the State Library, for instance, and Museums Victoria. This builds on the free pads and tampons we have provided already in our schools. What is sometimes called period poverty is a really significant issue, and for dignity's sake and for health as well it is the right thing to do. And it is a relatively modest investment. There has been some criticism of this; I think that criticism is misplaced. People can make their own judgements about those who thought that this is wrong. I think it is exactly the right thing to do, and that is why we are doing it.

Lauren KATHAGE: Thank you, Premier. On to budget paper 3, pages 11 and 12, regarding the Best Start, Best Life program, we can see the output and asset investments there. Can you step us through how those investments are progressing that reform agenda – I know it was not all happening in the first year – and how that is going to benefit families? I was referring earlier to my three-year-old, who is at kinder as we speak, so I know of some of the benefits to families, but if you could outline some –

Daniel ANDREWS: I am very pleased to hear that. There is \$4.4 billion that has already been invested by our government in our Best Start, Best Life agenda. This budget invests another \$1.8 billion. That is in free kinder, those 50 government-owned and operated childcare centres and new kinders – so new classrooms as well as brand new kinders, and they will be both near-government and low-fee non-government schools. It is a really substantial investment. When you think about it, there would have been entire decades, maybe longer, where only a fraction of that money would have been invested. So this is a big reform, a profound reform, in size and scale. It will be close to \$10 billion by the time we are finished, maybe even more. It takes some time, but it is a massive investment. When you talk to experts in this field, for brain development as well as what you do in those precious first few years and what that means 20 years later, this is great for the economy, great for women and great for kids; it just makes sense. And to get a cost-of-living benefit as well, this is a really profound reform, and in some respects, this will have as big a lasting benefit as any of the reform work that we have done over our time in office. Sometimes you have to wait a long time to see those benefits. We are seeing some, not all but some, of those benefits right now, and then the rest of them will come over time. So we are making good progress. But as you point out, it is not a simple thing, it is not easy. There is a lot to be done.

I am sure when Minister Stitt is here before you, she will be only too happy to take you through chapter and verse about all the different classrooms we have built and all the staff that we have already employed. Just to give you one example, the first of our 50 government-owned and operated childcare centres will open 2025, with our first four co-located at primary schools, including Eaglehawk North Primary School, Moomba Park Primary School, Murtoa College and Sunshine Primary School, in the Member for Laverton's electorate. The locations for the next 26 of those have already been announced, including many of those in regional Victoria; one in Foster, which I am sure will be of interest to the Member for Gippsland South, and one in Portland.

Danny O'BRIEN: In this year's budget – it is already built.

Daniel ANDREWS: Well, you have got to pay for the staff. You do not want that redirected somewhere else, I take it.

Danny O'BRIEN: No, I said it is already built.

Daniel ANDREWS: Yes, good.

Danny O'BRIEN: It has only just got in this year's budget.

Daniel ANDREWS: Well, you have got to commission services, and –

Danny O'BRIEN: No, no, it is operating. Anyway, proceed. You are very welcome.

Daniel ANDREWS: Well, the academic year and the budget year are two different things. But in any event, we are in furious agreement that is a great investment in Foster. And of course there is another one in Portland, which I know that the Member for Western Victoria will be very pleased about as well, among many other things I am sure she is pleased about. So this is really very –

Bev McARTHUR: Fix our roads, Premier.

Daniel ANDREWS: Oh, we can come to that. It is very, very important that we make these investments and others, not just for now but for the future. But there is a real sense of progress here. To go a little bit further in terms of pre-prep, there is \$152.9 million allocated in this budget towards the rollout of pre-prep, which will roll out in selected regional areas from 2025, before expanding right across the state with full access to 30 hours of that pre-prep year, that four-year-old kinder, statewide by 2032. So to give you a sense, with pre-prep at the 30 hours in 2025 – Gannawarra shire, Murrindindi shire, Ararat rural city, Hindmarsh shire, Northern Grampians shire, Yarriambiack shire – we have been very much focused towards regional Victoria, that was in the rollout of the 15 hours for three-year-old, and similarly for the rollout of 30 hours of four-year-old. We are

very grateful to our local government partners, very grateful to parent committees and of course very grateful to our staff who have been at the centre of this.

Speaking of staff, we have got courses added to the free TAFE list. We have got many thousands of staff that we have to recruit; we have made a pretty fast start on that, and there are substantially more staff in the system right now. Just the other day I was out with Minister Stitt over in Carlton positively reflecting on really significant investments for scholarships and for other measures to attract staff. It is great for jobs as well. That is probably the other benefit we have not mentioned, just the direct workforce that is being employed in this sector as we essentially double it and even more than that. Those jobs are important too.

Lauren KATHAGE: Thank you, Premier. We have also been reading about bilingual kinders, and I saw that also in the budget papers – budget paper 3, ‘Service Delivery’, page 13, early childhood language programs. Can you explain a bit about what that actually means and what the benefits will be?

Daniel ANDREWS: There are a couple of programs; there is multicultural story time, which will be held at public libraries, and there are a number of key language groups that are involved in that, and that will probably grow over time and have more and more different cultural groups involved. Language is so important, and it is the best way to honour and respect those who speak a different language at home and those who are a brilliant part of our diversity and a really important part of our multiculturalism. There is also a whole lot of research that says that engaging different parts of your brain – sound, the phonics of all of that – together with having a greater cultural awareness and an awareness of difference really has a profound effect on our littlest Victorians as they learn. So for very good reason, that is a very cheap but a really important thing for us to do.

Multicultural and bilingual kinder programs are also a feature of this budget. I can well remember being out in Northcote during the election campaign with Kat Theophanous when we made this announcement. Obviously there is a significant Greek community in that area, and it was in Greek that she was reading to those kids, but to see kids from every cultural background and parents from every cultural background sitting there listening to Greek and the sense of wonderment, the sense of joy, the appreciation that we share so many things in common but we have got a unique offering, each of us, to make, based on our culture and tradition and history and values, is a special thing. A very small and modest investment, one that I think bodes well for brain development and the kind of pedagogy of it, but it also I think is a really important investment in everyone respecting the multiculturalism that is a really important part of our state.

The CHAIR: Thank you, Premier. Ms Kathage, your time has expired. We will now adjourn the hearing for, say, 10 minutes for a short break and resume at 3:30 sharp.

The committee will now resume its consideration of Premier and Cabinet. Mr O’Brien, you have 17 minutes from now.

Danny O’BRIEN: Thank you, Chair. Premier, you will not be surprised I want to talk about timber, which is budget paper 3, page 28, ‘Timber worker and industry support’. I do not know if you saw the *Today* show on Wednesday morning where there was a little boy, Oliver Jones, who is in grade 4 at one of the Heyfield primaries. He was there – he had come out to protest because he was upset about his dad losing his job. He was moved to tears, and he said:

... what’s going to happen when he has no job, we have no money, can’t have food on the table?

What do you say to people in communities like Heyfield, Orbost and Swifts Creek and to people like Oliver’s dad who will lose their jobs as a direct consequence of your government’s policy decision?

Daniel ANDREWS: Mr O’Brien, what I say to those communities is we had a plan which we had outlined to exit native timber harvesting by 2030. That was our intention. That itself would have been challenging, even though it is some way off. And I am sure you and I would still not agree on whether that should have happened in 2030. But what is without any doubt and is just a fact is that with the exception of only a couple of coupes there has been no native timber harvesting for a very lengthy period of time now, since court judgements from late last year and some even earlier.

We have done a lot of hard work to work through these issues. We have got Victorian Government Solicitor advice, senior counsel advice, solicitor-general advice. There is an appeal that is on foot at the moment run by VicForests. I do not want to cut across that, so I will not go into the kind of detail and legal advice we have got.

But where it finishes up is this: there is no prospect that the litigation that has stopped this industry in its tracks is going to let up. Even if you won in one court, there would be a further appeal and there could be further actions. That is just state-wise. There could be ultimately appeals to the High Court. There is federal legislation that can be used as well to achieve the same outcome, and there is every likelihood – in fact it is a certainty in my judgement and the judgement of those I have just listed – that relief would be granted while any and all of those matters were dealt with.

Danny O'BRIEN: But that is the question I am getting to, Premier.

Daniel ANDREWS: Yes, sure. I am just trying to give you the sense – with the greatest of respect, you did describe it as the government's decision, and I am not walking away from what we have done –

Danny O'BRIEN: And so can I explain that then?

Daniel ANDREWS: but I am trying to explain why.

Danny O'BRIEN: Yes. I understand the legal threat. You have the policy option to amend the timber code of practice to ensure that this sort of litigation is at the very least minimised and that the timber industry can go on. You have chosen not to do that. New South Wales has done it, and successfully. Why didn't the Victorian government take that decision?

Daniel ANDREWS: Well, we will see. Hang on a second. I am not here to comment too much on New South Wales, but we will wait and see how that runs in New South Wales courts, just quietly. Not just because I had a sense that you would ask this but because it has been a germane issue and a relevant issue, I have gone and tested that line of argument with the solicitor-general, with senior counsel, and the advice I have got is that that is not legally certain or legally safe.

Danny O'BRIEN: Will you provide that advice then to the public and to the timber workers that are saying, 'Well, they could have done something?'

Daniel ANDREWS: No. There are a whole range of complexities around legal professional privilege and all sorts of other issues. What I will provide those workers –

Danny O'BRIEN: You have just told a public hearing about what your advice says.

Daniel ANDREWS: Yes. That is fine. And we will not be making that advice available, because if it is made available to you, Mr O'Brien, it is made available to everybody who might seek to use that advice to work against the interests of the Victorian taxpayer.

You asked me what I will provide to those workers. This is what I will provide: with the \$200 million that is in this year's budget, that takes the total amount of support since 2019 to \$875 million. That is a very significant amount of money. However, I give you this commitment, and your community – and I know this is not about politics. We may disagree on the policy, but this is about people, and I think we have a shared and common interest to try and wrap around those people, their families, their businesses and their communities every support we possibly can. My commitment to you is: if we have to go further beyond this \$200 million and beyond that \$875 million, then we will.

I have said to the Leader of the National Party that everyone has got to say what they have got to say. Everyone is out there doing what they have got to do, and that is fine because we do not agree on the end point, but we should be able to agree on the process. You have got better local knowledge than I do – I freely admit that: you live there, it is part of your community. I do not live in the local community, right, I get that.

Danny O'BRIEN: Well, can I put, just on that –

Daniel ANDREWS: But if you want to talk to me or if your leader wants to talk to me or anyone else in the government, the door is open. What I want to try and do here is wrap around –

Danny O'BRIEN: Premier –

Daniel ANDREWS: Wrap around these communities auto industry transition-type support, like the car industry stuff we did. We were not matching people up with a resume writing service, we were matching them up with a new job. And that deals with that four-year-old's concerns.

Danny O'BRIEN: Can I just get on to one of those – and I am not asking for an answer, but my colleagues have raised with me the fact that this announcement has been dropped last week and literally what is available in terms of mental health support is a couple of phone lines, like generic phone lines, not even timber industry specific. Could I ask you – and I am not asking you to do it now – but could you go away –

Daniel ANDREWS: No, you should ask me to do it now. The answer will be yes. If you want me to do more –

Danny O'BRIEN: To provide some face-to-face counselling availability would be a good start.

Daniel ANDREWS: If you want me to leave today's hearing – seriously, if you want me to leave today's hearing and go and secure some better face-to-face services for those families and those communities, I will give you my commitment that I will make sure that that happens.

Danny O'BRIEN: Thank you. Speaking of commitments, in 2019 when you announced this package, the original package, you would be aware that the CFMEU raised concerns about particularly the Opal mill at Maryvale. On 10 November 2019 you said:

The notion that this package does anything other than secure up to 1000 jobs in Australian Paper is simply wrong ... these jobs are secure. Up to 1000 jobs at that Maryvale mill, up to 2050.

This year there have already been 130 redundancies at that mill as the white paper industry has shut down. I might add, we have got a Minister for Manufacturing Sovereignty and it is the last white paper production shut down under his watch. How do you explain that broken promise to those workers who have lost their job?

Daniel ANDREWS: A number of those workers have been off work and have been being paid by our government, and that is obviously not a sustainable thing.

Danny O'BRIEN: Well, 130 have been given redundancies already, and there are more to come.

Daniel ANDREWS: Indeed they have. And others want to access their redundancies and cannot, and we have been paying subsidised wages to those people and others across this industry. That is not a complaint. I am just saying there has been support at every point. There are a lot of things that have unfolded between 2019 and now, most notably a number of court cases where VicForests or the government or our timber plan out to 2030 have been defeated. We have lost. And on that basis we have got a clear choice. You can pretend that it is not happening and over the next six months all the wood that is in the yards will be depleted and there will be no timber left. Or we can use that precious six months to wrap support around each and every person, and that is what we will do.

Danny O'BRIEN: Again, we will agree to disagree on whether you have to accept that reality. The issue with Opal – I have just given the example of the absolute guarantee you gave four years ago. Likewise, in the Latrobe Valley you promised 500 jobs with a SEA Electric vehicle plant which did not happen. As part of a timber mill closing in Nowa Nowa, you promised a new plantation nursery there. That did not happen. You promised more plantations would be in the ground. We put \$110 million in the budget in 2017 and there is still not a single extra plantation tree in the ground today. And now you have got these job losses at Opal. When you say 'We stand by the timber industry', how can they possibly believe anything that you say given this litany of broken promises to this industry in this region?

Daniel ANDREWS: Well, I would not necessarily agree with the characterisation of each of the examples you have used. I will go to the private sector partnership; I think it was the first example you used. They came to us with a proposal. We went through a due diligence process. We agreed to provide a grant. There was then further due diligence that had to be done, and in the end it did not stack up.

Danny O'BRIEN: Well, you announced it the day before we went into caretaker mode before the election, and it fell over.

Daniel ANDREWS: Hang on. When it is announced has got nothing to do with whether they get through the gateways. Again with respect, if your proposition to me is that we should have just made them build it even though it did not stack up, that does not make any sense, does it?

Danny O'BRIEN: The proposition, Premier, is you are now saying, having shut down the industry –

Daniel ANDREWS: I mean, you used the example, not me.

Danny O'BRIEN: You are now saying to the industry, 'Don't worry, we will stick by you.' But all these things you have had over the years, you have not stuck by them at all.

Daniel ANDREWS: Auto industry workers – thousands of them – tell a very different story.

Danny O'BRIEN: We are talking about the timber industry.

Daniel ANDREWS: Yes, and what I am saying to you – this is your time; we can if you want – is without going through each of the examples you have cited, where I think you have interpreted them and presented them in a way that I would not necessarily agree with, if you want proof that when we make commitments we follow through with them, there was extensive support delivered by the Latrobe Valley Authority in the wake of big changes in coal-fired power down there. Not everybody would support that, not everybody wanted to see that decision happen, but our staff down there have worked extremely hard and continue to. The auto industry – I did not dare these people to leave, but they did.

Danny O'BRIEN: It is not about the auto industry, Premier.

Daniel ANDREWS: You asked me –

Danny O'BRIEN: No.

Daniel ANDREWS: No, you did. You asked me, 'Why can people trust the commitments that the government has made,' and I am answering to a very substantial –

Danny O'BRIEN: To the timber industry.

Daniel ANDREWS: The timber industry is transitioning now. The auto industry has already transitioned, and there are tens of thousands of workers who can speak in eloquent and elaborate terms about the fact that we stuck by them, and we will do the same for timber.

Danny O'BRIEN: To go to the final example, in 2017 you announced money for plantations to help transition. There is still not a single extra tree in the ground in 2023.

Daniel ANDREWS: I do not think any of those would have been mature enough to chop down now.

Danny O'BRIEN: So it is all right to start now? The point is, Premier, this was announced in 2019 as a transition to plantations. You have not even planted a single extra tree. So how can you possibly –

Daniel ANDREWS: Well, I do not know that that is actually accurate, because the minister –

Danny O'BRIEN: It is accurate, because you took 500 hectares of land that was previously HVP – you just took it back into government hands and replanted it, so it is not extra plantation.

Daniel ANDREWS: Well, I am not sure.

Danny O'BRIEN: The point is –

The CHAIR: Mr O'Brien, you have asked the Premier question. Could you please afford the Premier the courtesy of being able to answer your question. I am sure the committee is interested in the answer that the Premier has to your question.

Danny O'BRIEN: I will ask the question. You talk about alternative jobs and alternative industries.

Daniel ANDREWS: Yes.

Danny O'BRIEN: Can you name a single alternative industry that has been established as an employer or an economic driver in timber towns since you started this process in 2019?

Daniel ANDREWS: No, and I did not claim that I would be able to. There is a lot of hard work to be done. Hang on a minute. Not every job that might be an opportunity for someone who is leaving the timber industry would necessarily be located right in the centre of a timber town.

Danny O'BRIEN: That is the exact point, Premier. If you are in Orbost –

Daniel ANDREWS: Which we fully acknowledge.

Danny O'BRIEN: There are 100 jobs going to go in Orbost. Where do those people go?

Daniel ANDREWS: Hang on a minute. There is forest fire management – clearly a whole range of opportunities, local. The plantation industry, which you have been talking about, they are not fully employed. There is quite a substantial vacancy rate in the plantation industry. There may be opportunities there. There may be all manner of different opportunities. No-one is saying that all the answers are there now – they are not, and I accept that that is adding to uncertainty. But regardless of the philosophical differences and some of the legal judgements that you and I might make about what is safe and what is not from a legal point of view, I think we all want the same thing, and that is that people who are in distress should be supported properly and we should be transitioning people into other jobs. That is what I want to try and achieve. By you and I working together, I think we might have a better chance of doing that.

Danny O'BRIEN: You could start by releasing the legal advice that says you cannot do anything to stop this happening.

Daniel ANDREWS: Well, again, I will not –

Danny O'BRIEN: Anyway. Can I move on?

Daniel ANDREWS: Your proposition, with the greatest of respect, that all of this can just be washed away – an industry that was decimated by wildfire and has been beset by legal action after legal action after legal action, with absolutely no prospect that that legal action will let up, on state grounds or federal – with some Act that sails through this Parliament is simply wrong.

Danny O'BRIEN: You are telling me that I am simply wrong, but then you will not give anyone the proof that it is wrong legally. But anyway, I will move on.

Daniel ANDREWS: I am not going to compromise the interests of the state, Mr O'Brien. I am just not.

Danny O'BRIEN: Premier, the Treasurer's speech and the budget papers clearly talk about \$31.5 billion of COVID debt.

Daniel ANDREWS: Yes.

Danny O'BRIEN: DTF has a link on its website with a list of the COVID expenditure and includes spending like the Metro Tunnel, the Breakthrough Victoria Fund and the \$250 power saving bonus. How is that possibly COVID spending?

Daniel ANDREWS: I am happy to take on notice a definitive list if one can be produced. There is a website. There was advice from the Auditor-General as I understand it – not recently, but going back some time ago – about what should be considered. We have taken a pretty conservative approach. Some one-off expenditure that you might say was about stimulus – that has been included, and other kinds of consumables like PPE and vaccines and hubs and all of that sort of stuff, business support obviously. But then things like, for instance, some projects that we brought forward, like the gallery, for instance, have not been included in the \$31.5 million. It is always difficult because there was a lot of expenditure during that time, but I believe we have put together a good-faith, conservative estimate that could have been bigger. You could have included other things that were borrowings incurred during the pandemic, but we are trying to split out productive – so

enduring benefit – versus things that were done then and had to be done then and are not making the economy bigger, for instance, Mr O’Brien, there is no enduring benefit.

Danny O’BRIEN: Okay. Secretary, can I ask what is the current figure for 2022–23 of ministerial staff numbers in the government and in the PPO specifically?

Jeremi MOULE: Just one moment, Mr O’Brien. As at March, which is when these figures were last updated, there were 82.6 staff in the Premier’s office and 183 staff in other ministerial offices.

Danny O’BRIEN: Sorry?

Jeremi MOULE: 183 in other ministerial offices. That compares to last year’s figure of 83 in the Premier’s office and 202 across ministerial offices.

Danny O’BRIEN: Right. Can you tell me what the cost of those staff is as well? Have you got the breakdown?

Jeremi MOULE: I can tell you that the 2022–23 budget allocation for ministerial staff is 49.6 –

Danny O’BRIEN: Sorry, I cannot hear you.

Jeremi MOULE: \$49.6 million –

Danny O’BRIEN: Yes.

Jeremi MOULE: which is less than the budget allocation of last year but consistent with the numbers prior to that.

Danny O’BRIEN: That is all ministerial staff?

Jeremi MOULE: That is correct.

Danny O’BRIEN: Do you have a figure for the PPO?

Jeremi MOULE: I do not.

Danny O’BRIEN: Okay. Would you be able to take that on notice and provide a breakdown on the PPO as well?

Jeremi MOULE: If we have that data, I am happy to do that.

Danny O’BRIEN: Thank you.

The CHAIR: Thank you, Mr O’Brien, your time is up, and I am going to hand over to Mr Hilakari.

Mathew HILAKARI: Thank you, Premier, and thank you, Secretary. I might take us to budget paper 3, chapter 1, pages 33 and 34, Premier. I would just like to ask about the SEC. What will that mean for future generations of Victorians?

Daniel ANDREWS: Thanks very much, Mr Hilakari. We ran a pretty clear agenda at the election that we wanted to do everything we could to acknowledge the fact that AGL had made an announcement that by the middle of the next decade they would be leaving. That is a choice they have made. It is driven by a number of factors, one of which of course is that they could barely get finance for maintenance let alone for a refit or an expansion of their Loy Yang A plant. The world is changing, the market is changing, and on that basis they are gone. They are the biggest single source of baseload power across the state. They need to be replaced, so the issue then is: what do you replace them with? Is there a better thing you can do? And we made a judgement. Again, I am not here to make any points about who did what, but I think we can all just agree that privatisation has not worked. And regardless of what happened way back when, the future –

Danny O’BRIEN: You just keep doing it in every other industry.

Daniel ANDREWS: Well, there is a really interesting point about this. When something remains owned by the Victorian community, it remains owned by the Victorian community. Loy Yang A or B or Yallourn W et cetera, et cetera – there was no joint venture. They were sold outright, so the asset is owned by a private company or a consortia of private companies. Those companies have told us they are leaving. Loy Yang B have not yet told us when they are going, but their CEO is on the record saying they would be gone in the early part of the next decade. I think it is safe to say they will not be around perhaps on the day that Loy Yang A closes. They might be gone before then. In any event we have to plan that at some point they are going to make an announcement and they are gone.

So if you do not get cracking now on a replacement resource, then genuinely we have got a massive challenge: no electricity means no economy. Now, that is if you see things in a very negative light. We have got a much more positive outlook than that. We think that climate change and the energy transition is not just a challenge but it is a really important opportunity. So we said, ‘Well, what if we were to revive the SEC and have government-controlled, government-owned renewable energy?’ There can be private sector partners, and we think that super funds are probably in the best place to be our private partner. I can tell you the positive reaction from super funds has been quite amazing – they are very, very interested. And many from the renewable energy sector are very, very interested. The SEC could be a big player in the market, but not for profit, instead for people. It still has to deliver and be profitable enough to be able to grow and attract partners, but every dollar of profit that is made gets reinvested. Any profits from one particular wind farm or battery project or offshore wind project or solar project get reinvested in the next one and the next one and the next one. That sense of ownership and control is really important, plus you are making the transition – you are getting the megawatts into the grid. So, in order to do that, obviously we needed to win the election. That was a positive plan. It was not supported by everybody. It still is not supported by everybody. But we were fortunate enough to be humbled by the fact that we were chosen for a third term, and we have set about – we have wasted not a moment – in building up the SEC, firstly, so that it can get 4.5 gigawatts worth of renewable energy projects into the ground, into the seabed, so that we can deliver the full promise of the SEC. Minister D’Ambrosio is doing a fantastic job, and it is a big piece of work. There is a billion dollars in co-investment money, and that will not be the end of it. That is the allocation we made. It may need to be more than that. But, again, a billion dollars is a very substantial down payment.

Then there were a number of other commitments that we made; for instance, \$5 million to progress the SEC centre for training and excellence – the business case of that. That is funded in the budget. There is \$7.5 million for the clean energy school vocational education and training pathways. That is about encouraging more of our middle-school kids and their parents to choose a career in vocational learning and the SEC – clean energy, renewable energy. You are going to see a lot of people from the SEC at careers nights at high schools in the suburbs and in regional Victoria trying to convince families that this is the way to go, this is where the high-paid jobs are, you will never be unemployed. This is such a big part of our economy and the transition. It is a bit like the plumbing apprentices I was talking to yesterday at Kangan TAFE. I said to them, ‘You’ve made the right choice, a much better choice than my arts degree from Monash University.’ Not that we have anything against arts graduates; I am one, and I am married to one. But, anyway, at the end of the day the jobs and the future are in practical learning, vocational, high skill – very, very high skill – training and learning and employment pathways and that sense of building and adding to those skills almost every day.

The SEC is good for about 59,000 jobs across a supply chain that will be right across our state. It will be diverse. This is a massive economic opportunity. But you have got to lay the foundations, not just for cables on the seabed but you have got to also lay the foundations for a workforce that has got skills and the competence and the aptitude to be able to meet that task, so that is schools across the board. But then there is \$7 million to develop new vocational education and training qualification standards. There is \$116 million for six new tech schools. I do not know whether members of the committee have had an opportunity to visit a tech school, and not every region has one, but –

Mathew HILAKARI: There is one in Wyndham. I have been to it recently. It is fantastic.

Daniel ANDREWS: And it is just fantastic. It is all stuff – all the equipment, all the scale – that no individual school could possibly afford, or no government or low-fee school could afford. Some of the ones we were talking about earlier on can probably afford to have a tech school embedded within their school if they are charging 30, 40, 50 grand a year. And this is for the government and non-government sector. Every school in the community comes in and can access the technology and the staff and the programming so that you can learn

all these skills. We are going to open up six more of these, and they are going to have a focus on these renewable energy, clean energy jobs and those pathways. That is a profound investment. And again, when you do that much school building there are also quite a few jobs in doing the building of those schools, so that is a really positive step forward as well. There is also some funding for clean energy equipment into the existing tech schools, so that they can put the right kit, if you like, into those already existing, of which I think 10 are there now, and this takes it to 16, if my recollection is accurate.

There is another \$19.1 million to support 10,000 students to access work experience in these jobs. I have long thought that work experience – that sort of year 10 experience – can be much, much improved. It might have something to do with having had three kids that have gone through year 10 fairly recently. I think that can be better, and this is an opportunity too good to pass up. There will be a bit of work to be done to prove that all up, but I think that will be much more productive, a much better use of that time. And if that can spark an interest, even in a handful – I think it will be more than that, but even if a handful of young people go and pursue one of these careers, then that is obviously a very big step forward.

Beyond school, though, once they have made that choice – once we have sparked the interest and they have decided to go off into these careers – TAFE becomes a really critical part of that journey. So there is \$50 million for a TAFE Clean Energy Fund. That is to make sure they have got the right equipment, they have got the right curriculum and that they can do what they do so well, and that is giving people the skills they need for the job they want. There is \$10 million in the hydrogen energy worker training centre. There has been a lot written about hydrogen and a lot spoken about hydrogen. There are some uncertainties there about whether technology can keep pace with some of the trends in the market and some of the expectations in a rapidly changing consumer environment, both wholesale and retail, but we think there are some substantial opportunities there as well. And then there is \$6 million for a wind worker training centre. We made that announcement up in Ballarat, as I recall, because we know that offshore wind as well as more conventional onshore wind projects are so, so important to our renewable energy and particularly renewable electricity future. So that is a pretty comprehensive agenda. They are all paid for, they are all funded in the budget. There is a lot of work to go, obviously. It is the very first budget after we made these commitments. Minister D'Ambrosio and also Minister Tierney will be able to take you through more detail on some of those things. But that is not all of it. There are neighbourhood batteries. There is all sorts of other stuff that we are doing.

Mathew HILAKARI: Could I maybe take you there for a look at batteries?

Daniel ANDREWS: Absolutely. Yes, sure.

Mathew HILAKARI: That would be really great. You have mentioned energy transition, so I would like to bring you just to that point, and it is in budget paper 3 on page 33. How will they contribute to the energy transition that is going on right now?

Daniel ANDREWS: We have increased the total amount of base load power that is now attributable to renewable energy. We have increased that more than any other state, and we are very proud of that. Obviously we have to keep on investing to grow that total percentage, because as I said at the outset, it is not a fossil fuel future. They have decided to leave, and they are going to leave, and there is not much we can do to change that. Plus why would you want to, frankly, because their emissions profile is not sustainable, and it is not safe, so we have to do something about this. We have also created more new renewable energy jobs than any other state, and without a shadow of a doubt we have the most ambitious climate change action and energy transition targets and emissions reduction targets of any jurisdiction in our country and arguably the world: net zero by 2045, 95 per cent renewable electricity by 2035 and a whole lot of other infill targets along the way, all of which will be part of Victorian law. As you know, Minister D'Ambrosio just a couple of weeks ago under the Act declared those interim targets the next stage of our targets.

So some people see this as a challenge, and it absolutely is. But with a bit of urgency, a bit of ambition and gathering up the wisdom and the skill of the Victorian community, you can turn it into a really important opportunity for the future. And the real issue is: to those who would be less than supportive of this agenda, well, what is your alternative? What is the alternative that has got this kind of emissions profile, this many jobs, this much supply chain and kind of ecosystem benefit and technology that is proven, technology that works, whether it is the wind farms that have been approved, when that industry was essentially stifled for four years – nothing got built – the most ambitious battery storage targets and the biggest uplift in battery storage of any

jurisdiction in our country and a globally significant investment, all the way through to: what is in many respects the most exciting?

We try to kind of be modality neutral, but I think the most exciting part of this agenda is the offshore wind agenda. The jobs in this are very high paying jobs. They are good jobs and there are lots of them, and the resource, the quality of that resource, is internationally significant. I have met with a whole range of companies from Europe as they visited here – really big players in this space. They have been here to see us because they know how important and how prospective this is. There are three different consortia that are in market at the moment. They have all said to me personally that our targets are a critically important part of it. The wind strategy, the first version and the second iteration of that, are really, really important. The Port of Hastings, the supply chain security, transmission decisions we have made – all of these things are incredibly important, and the workforce. It is wonderful to have a resource, but if you have got no-one to build it and you have got no-one to maintain it, that obviously becomes a real challenge. But that is in many respects some of the most exciting renewable energy promise, if you like, or opportunity anywhere in our country and arguably in the world. So this is a very exciting space.

But it is not just big projects that are billions of dollars. Sometimes things like 100 neighbourhood batteries for \$42 million is really important too. Solar Homes, neighbourhood batteries, offshore wind, storage targets and a whole range of other investments mean we really are leading and dealing when it comes to this. That is what you need if you are going to turn a profound challenge into a really important opportunity for the future.

Mathew HILAKARI: A lot of this transition, Premier – and I thank you for that answer – has been around regional jobs. I understand this budget sets out \$5 billion in investment just this year for regional Victoria. I draw you to ‘Budget Overview’ of the Victorian budget, pages 54 through to 58. I am just hoping you can outline the boost and what that means for regional jobs and economies.

Daniel ANDREWS: Look, it is with a real sense of pride – not self-pride but pride for some of the things the government has done and all of the things that the private sector and our partners have done right across regional Victoria – to think of the 3.7 per cent unemployment rate, the lowest on record or close to it, and a massive increase in the participation rate as well, particularly women. Parts of regional Victoria have had a pretty rough ride if you think about the last five years, from terrible fires to the pandemic – challenging for everybody – and then of course floods last year. But the absolute resilience of regional communities is well known to all of us. We should not trade on that; we should always invest and make the most of that, and that is exactly what this budget does. With \$5 billion and 175,000 jobs created over the course of our government, this takes it up over \$40 billion that we have invested in regional Victoria.

Again, as I have said a few times today, I am not for a moment calling time on this. There is always more that has to be done, always, in every part – road, rail, hospitals, schools, different sectors, housing. There are so many different things that we have to do, but we are not just maintaining unprecedented spending in regional Victoria – or I should say unprecedented investment in regional Victoria – we are actually boosting it. That bodes well for our regions to be even stronger in the future. We know – I know again from my own background – if regional Victoria is strong, then Victoria is strong. It is about equity, it is about fairness and it just makes sense; it is smart. If we invest in every part of the state, particularly in regional Victoria, we all share in the benefits of that.

Mathew HILAKARI: And part of that investment and that upgrade and the expectations from regional Victoria are about schools and making sure that we have got world-class teachers at those schools.

Daniel ANDREWS: And some of those placements are quite hard to fill. So there are some incentive arrangements in the budget this year to try and make sure we get the teachers where the kids are.

Mathew HILAKARI: Fantastic.

The CHAIR: Thank you, Premier. Mr Hilakari, your time has expired. Ms Sandell, you have 17 minutes with the Premier now.

Ellen SANDELL: Thank you, Chair. Good afternoon, Premier. Regarding expenditure on consultancies in the budget, following the recent scandal involving PwC leaking confidential tax information, federal government agencies, including the RBA, have reportedly now said that they will pause new contracts with

PwC. I believe Australian Super has also come out today and said they will freeze any new contracts with PwC. Will the Victorian government pause any new contracts with PwC?

Daniel ANDREWS: Ms Sandell, let me make a couple of general comments, and then I will ask the Secretary, who has been –

Ellen SANDELL: I have limited time obviously.

Daniel ANDREWS: That is all right. He has been engaged with PwC quite significantly over the last few weeks. The government's position is in two parts. Firstly, we join with the Commonwealth government in condemning what has gone on here. This is just completely inappropriate and cannot be tolerated. Secondly, it is important that we wait and see what the outcome is of a number of Commonwealth processes – let us wait and see what they come back with. I think a nationally consistent approach here would be very good.

Ellen SANDELL: I understand that, but other agencies federally and organisations like Australian Super have said this is so serious that they have taken the decision to freeze contracts immediately. So why hasn't the Victorian government taken the same approach?

Daniel ANDREWS: Well, the Secretary can speak to this in a moment, but if I can just make this point: what I do not want to do is finish up acting in haste and finish up with a whole lot of legal action that costs the taxpayer a fortune only to then, before that is resolved, have a determination from the Commonwealth and an invitation to be part of, say, a national approach that would be altogether safer.

Ellen SANDELL: Wouldn't other organisations have also considered that, but they have still taken that decision?

Daniel ANDREWS: That is a matter for them. Their engagement, their relationship with this firm might be wholly different to ours.

Ellen SANDELL: What is our relationship with this firm? What is the value of contracts over the past 12 months?

Daniel ANDREWS: Let me pass over to the Secretary, and then I am happy to supplement if he would like me to.

Jeremi MOULE: I will go to the first issue before I come back to the issue of cost. I have had both correspondence and engagement directly with PwC and also with the Commonwealth related to the circumstances in and around Canberra. There is no doubt that the individuals that were involved in the wrongdoing at PwC and their work on other matters have a far greater exposure to the Commonwealth. They are largely Canberra- or Sydney-based and work primarily to the Commonwealth account, so they have a far greater exposure and therefore you see that playing out in some of the decisions that are being made at the Commonwealth level at the moment. PwC, in an audit they have done of those individuals who might have had exposure to Victorian accounts, have identified 7 hours worth of work over the last 15 years by one of those individuals that has either resigned or been stood down as a result of current investigations. That is a very small exposure over that period of time.

Now, although they have attested to that, obviously we are highly vigilant at the moment. The trust in that organisation has plummeted for understandable reasons and each of the government departments and agencies are looking through their individual contracts in relation to PwC so that they can assure themselves of those matters as well. I do not have at hand expenditure for –

Ellen SANDELL: That is all right. I will move on. I have got limited time. In 2017 the department of transport was sidelined in favour of PwC to do work to build the case for the Suburban Rail Loop. I appreciate what you say about the exposure regarding federal agencies, but how can we be sure that where a firm like PwC is hired to design a project like the Suburban Rail Loop, they are not then passing that information on to other clients who might tender to deliver elements of that project? Isn't there just a fundamental conflict here?

Daniel ANDREWS: Well, I have got no advice to suggest that there is any such conflict in actual terms. I might very well agree with you that I think there are some inherent conflicts in this model. Now, the one that is most apparent to me and I think probably to all of us is something I spoke about publicly the other day in that if

you have an audit business where government effectively devolves to that private sector audit business regulatory power – so signing off on a company’s accounts, affecting its annual report, its share price and so on and so on – whilst at the same time another division of that business is providing advisory work, sometimes to exactly the same business, and what is more you have got a common profit pool, where all those earnings go into a pool and then partners draw down on that, there is I think an arguable case that that is an inherently conflicted model, at least in perception terms if not in actual terms. On the issue of who is working for who, I have got no advice. In fact there were, as I understand it, non-disclosure and privacy arrangements put in place in relation to a project as sensitive as the Suburban Rail Loop.

Ellen SANDELL: I am sure there was with the ATO as well, though.

Daniel ANDREWS: Well, no, indeed. That is the next point that I was going to make. Whereas there is a very credible case that those assurances were worth nothing, I have no evidence, no advice, no doubt – based on assurances that have been given to us – that any such similar misconduct occurred.

Ellen SANDELL: But can we trust those assurances given what has happened federally? It does not –

Daniel ANDREWS: Well, that is what is, I think, before the Commonwealth government in the first instance.

Ellen SANDELL: But it is before your government, isn’t it? You have been given assurances. How can we trust those? How can the public trust those assurances?

Daniel ANDREWS: Well, I suppose, if we just kind of cut to the chase here, we are not going to go and act in a unilateral fashion. We are instead going to work through an orderly process. I think we are well briefed on what the Commonwealth is doing, and the Secretary can take you to that if you want. We have had numerous discussions at an official-to-official level. We are confident that they will resolve their position soon. I would urge them to do that, because I think a nationally consistent approach to these issues, not just in relation to that firm – and I cast no aspersions on other firms, but some of the risks, not the actual misconduct but the risks of misconduct, may well be replicated in a number of different places, not just one firm. So my question to the Secretary was, ‘Have you got assurances?’ Answer: yes. ‘In your judgement and the judgement of the senior team, is it safe for us to wait for the Commonwealth?’ And the answer back to me was yes. Now, if the Commonwealth take what we deem to be too long to resolve these matters, we may revisit it.

Ellen SANDELL: Okay. A further question around consultancies, and maybe this one is to the Secretary – we understand that workers are being made redundant in the DPC media monitoring unit because the function has been outsourced to a private provider, but then the public service workers have been asked to train these private providers. Is that correct?

Jeremi MOULE: The changes that have occurred in terms of media monitoring services reflect a change in vendor and the nature of the technology that that vendor is able to provide. The previous contract had been with one vendor for some time, and without being disparaging, they were essentially photocopies of newspapers digitally transmitted. The new arrangements allow for an app, a lot more self-service and access, and therefore the manual handling of various files, documents and clips and the distribution of those is not required as a part of that contract. So there is a transition period. There is a clause 11 process underway for those staff within the department at the moment.

Ellen SANDELL: And who has been awarded that contract? Can you take that on notice?

Jeremi MOULE: I would need to check the name of the company, but it is a company that exclusively deals with media monitoring. I am happy to provide that.

Ellen SANDELL: Thank you. I appreciate that. A question now for the Premier on a different topic: I note that in budget paper 2, page 54, Victoria has received \$3.5 billion in ‘Other revenue and income’, which I understand includes royalties from gas projects, gas drilling and such. Does the Victorian government intend to continue to allow gas drilling in Victoria onshore and offshore into the future and therefore continue to receive income from royalties such as these?

Daniel ANDREWS: Can I answer in two parts – firstly, I would need to go and double check whether that is in fact a source of revenue that is accounted for in that global number. It may well be, but I will take that on notice and come back to you.

On the broader issue, obviously the only gas exploration or extraction that can occur in the state of Victoria is using conventional means. That is really important. That has been the subject of some debate. I think you and I would agree that the settings are appropriate. Others have got a different agenda, but we have no plans to change the settings as they exist right now in terms of conventional gas extraction. But I would point out that Minister D'Ambrosio has released a gas substitution plan. I am sure she would be more than happy to talk to you at length about that – and all matters energy, I reckon, and all matters climate change.

Again, this is a transition, although what I think by many had been thought to be the great transition maker, this transition fuel that we would all move to and then we would move off that to something else – the market has moved beyond that. Expectations have moved beyond that. The science of the climate emergency, as you and others might call it – the great danger we are in – has moved beyond that. So I think gas has got a pretty limited future. The gas lobby see differently, some of their friends in the media see differently, but electricity is the future, generated by renewable means.

Ellen SANDELL: Well, on that matter, though, the funding for the *Gas Substitution Roadmap* was actually cut in this budget, in particular the subsidies to transition people from gas hot water and heating to electric. So I will just make that point.

Daniel ANDREWS: They have not been as successful as we had hoped, but that does not mean we will not come back with further statements and further commitments.

Ellen SANDELL: I would hope so. Given what you have said about climate change and given the IPCC's recent report that said that developed economies need to really leave fossil fuels in the ground, why are there still almost 20 gas drilling projects on the Victorian government books at various stages of approval with this government?

Daniel ANDREWS: We have not moved to a formal decision and a position that you cannot extract. The only means by which you can explore and extract is conventional means. The stuff that is off in the seabed is long-running history. Onshore, the chief scientist has told us not once but twice that there are no known or probable reserves that would be commercially viable.

Ellen SANDELL: Then why are approvals still being given to gas projects?

Daniel ANDREWS: Well, because there has been no decision to stop approving those projects.

Ellen SANDELL: Okay. Thank you. I will move on to a different topic.

Daniel ANDREWS: But it is clearly not our priority. The law is the law. There is a process, and –

Ellen SANDELL: There has been no decision to change that. I understand that.

Daniel ANDREWS: Correct.

Ellen SANDELL: Regarding the end to native forest logging in Victoria, given the government is required to provide a certain volume of wood per year to industry through the wood pulp agreement Act, will this Act now be repealed?

Daniel ANDREWS: I think there are a number of issues that it is fair to say have not been resolved, and they are consequent to the decision that was just announced only a couple of weeks ago. I did not anticipate that being a question. I thought you were probably going to ask me about land use management of those 1.8 million hectares, but there will be a lot of –

Danny O'BRIEN: I can help you, Premier. There is no mill to take it anymore.

Daniel ANDREWS: Well, that is exactly right. So I am not just going to make it up, right? But logic tells you that with certain Acts of Parliament that regulate and licence certain activity, if that activity stops then they will probably find their way onto a list of Acts that do not need to be there anymore.

Ellen SANDELL: Would the anti-protest laws be on that list? Would that be repealed?

Daniel ANDREWS: I cannot give you a commitment to that.

Ellen SANDELL: And what will happen to VicForests? Will they be disbanded?

Daniel ANDREWS: Given that there are a number of people who work for VicForests, I think the most sensitive and appropriate thing to do is not necessarily announce their future at a parliamentary committee but instead engage with them, and we will do that. That will be done at a time of the government's choosing and when it is appropriate to do that.

Ellen SANDELL: Thank you.

Daniel ANDREWS: There are a lot of unresolved issues here –

Ellen SANDELL: I understand.

Daniel ANDREWS: particularly in relation to the declaration of those 1.8 million hectares and the division between regional park, state park, national park – all of that work. That is yet to be determined, and we will have further announcements to make about that.

Ellen SANDELL: Thank you. On another topic, given the housing crisis it was a little disappointing to see that this budget had no new capital funding for new public and affordable housing. We have the Big Housing Build, but that is due to end in 2027. We have got 120,000 people, as you would know, on the social housing waitlist, so what happens post 2027? Why was there no new funding for public and affordable housing in this budget?

Daniel ANDREWS: I expect my answer is not going to please you. In a few months time the government will hand down a comprehensive housing statement. It will not necessarily solve every problem, and it will not necessarily all be about every single thing in the first 12 months. It will be short, medium and long term, and it will cover a whole range of different issues. What it will be principally aimed at doing is a significant increase in the supply of housing.

Ellen SANDELL: Public housing or private housing?

Daniel ANDREWS: Well, I think the best thing to do is to say let us use the most generous definition, the most all-encompassing definition. There will be a real focus on affordable housing – for rent, for market, for people in every part of the state. There is a series of displacement effects here, which is one of the great pressures why that public housing waiting list is growing – because people are simply being completely and utterly priced out of housing they might have been able to afford at a reasonable level. Public housing tenants are paying 25 per cent of their income. There are not too many private rentals that are available at that level. I am not here today to announce the elements of the package, but it will be a comprehensive package –

Ellen SANDELL: Would it include rent caps?

Daniel ANDREWS: and it will deal with supply. I look forward to briefing you on it at the appropriate time. Rents have gone up by an astronomical amount in recent times. There has been a bit of commentary this last couple of weeks about some of the tax changes we have made in the budget. I think it is really important not to lose sight of the fact that metro rents have gone up by about 25 per cent in the last 12 months and regional rents have gone up by 37 per cent over the last three years, and that is with a relatively stable land tax. So the thing here is that is not driving increases, lack of supply is driving those increases, and we need to do something about that. We are finalising our thinking, and it will be a comprehensive package.

Ellen SANDELL: Obviously there is the supply side, but there are also other elements of this. So are we looking at something like longer term rent caps to ensure that prices are kept down?

Daniel ANDREWS: As I said before, with the greatest of respect, I am not here to make announcements in relation to housing policy. That will be a matter for another time. And the reason I say that, Ms Sandell, is that the cabinet has not yet decided on a whole range of issues, and it is just not fair to put the outcome before the process. We need to go through the process, and then we will make announcements.

Ellen SANDELL: Fair enough. On another topic in my last 30 seconds, obviously we have got a few big crises facing us. We have talked about the housing crisis and the climate crisis. We are also heading towards ecological collapse, as many scientists would say, but we are seeing in this budget, for example, just take the environment biodiversity section of this budget in DEECA, 22 per cent cuts to those programs. So how are we going to arrest this decline if we are seeing these kinds of 22 per cent cuts to biodiversity programs?

Daniel ANDREWS: Given that we are nearly out of time, I have complete confidence that Minister Stitt will be only too happy to take you through that and any other elements of the environment portfolio. They are important to us, and our long-term commitment has been there – lots of funding, lots of effort. But she is best placed to take you through those issues.

The CHAIR: Thank you, Premier. Your time has expired, Ms Sandell. We will now go to Mr Hamer.

Paul HAMER: Thank you, Chair. Thank you, Premier. Thank you, Mr Moule. Can I first turn your attention to budget paper 3, pages 11 and 12, and particularly the first item on the output initiatives ‘Additional supports for students with disabilities’ and the line item ‘Fighting for students with disability and their families,’ and I was just wondering if you could provide a bit of an overview of this initiative and just what that is going to mean to Victorian families.

Daniel ANDREWS: Thanks very much, Mr Hamer. I acknowledge that I have visited specialist schools in your local community with you, and I know how passionate you are. And I am sure all members of the committee, regardless of the party they belong to, know and understand that this is some of the most worthy work you will ever do.

In this job you should not have favourites. You should try and come to every policy problem, every opportunity, with an open mind and try to be equally attentive to everything. But for me, and other colleagues, this has been one that I have been very, very interested in and committed to over my whole time in the Parliament, not just as the leader of the government. I can well remember, Mr Hamer, just behind my electorate office there used to be the Noble Park Special Developmental School. Literally moments after I was elected in 2002 the treasurer of the school, a local branch member of mine, small businessman, former councillor, very well known person whose youngest son attended the school, invited me – well, it was not really an invite, he kind of insisted that I go and attend. So I go down to see this school, and it was almost walking distance from where my EO is. And we walk in, and they have got about 120 kids and 60 or 70 staff – that is the ratio, because so intensive is the care and support. There are a lot of kids with profound impairment – but a wonderful culture, wonderful culture. Most of the school was either very, very old buildings or portables. They had to do recess and lunch in shifts because they simply could not have everybody out in the playground, if you could call it a playground. So literally for my entire time in public life I have had a sense that we had to do better in this space. That school is now at the old Springvale tech site, down near the Springvale station. It is purpose-built and it is magnificent. I visit there often, and they do an amazing job.

Not long after that visit I can remember the Notting Hill special development school outside my electorate but just outside. They were 100 per cent portables. They are now in the old Brandon Park tech site – again, fit for purpose, fantastic, the sense of opportunity and dignity, the purpose that comes from these facilities with great teachers, great staff. You can never forget the support staff; they do an amazing job. But if you give them the facilities to match, they can change lives, they can create opportunities and they can give families the support that they need. These kids are worth it. Their mums and dads are worth it, and the staff certainly are as well. So we have upgraded or are upgrading every single one of our specialist schools – every single one – 83 or 84 of them I think it is. No government has ever done that before. Now, it might be a bit of a Sydney Harbour Bridge project – by the time we have finished we have got to start again, but if we do, we will.

At the election we committed to a number of really important initiatives, and they are funded in the budget. Before I talk about what they are I thought it might be a good idea just to share the process by which we delivered those policy commitments. I sat down with groups of parents and some senior teaching staff at a

number of special development schools, specialist schools, and said, 'Righto, if you had my job for a day or a week or a month, what would you do? Where are the gaps? How can we do more and do better?' And those people very, very generously gave of their time, their passion and their lived experience. The clarity with which they could speak to these issues was obvious because it is their life. It is what they live every single day.

So we came up with a number of different policies. Some of them date back a couple of years ago and we trialled them and then we committed at the election to mainstream them – so to go from a pilot program to something that would be there for every single young person. I can run through a couple of examples. Outside school hours care – anyone who has visited these schools, you have never seen a group of kids who are more invested and excited to be at school. It is a safe place, a supported place. School holidays is often the most challenging time because all they want to do is go to the school. Many of us would see school holidays very, very differently and certainly our kids probably would, but for these families it is a really challenging time. There are no before- and after-school programs. There are no school holiday programs. So we have piloted some, and now we are going to roll that out in at least 30 of these schools and then build over time so that there is a disability-appropriate, sensitive and perfectly appropriate program for before and after school and particularly for the school holiday period. Again, it is not an enormous amount of money in the scheme of things, but it is all about giving to those families what so many other families would pretty well take for granted.

Capital upgrades I have talked about a little bit. There are more of those coming, obviously. They are really important for equipment, for everything from hydrotherapy pools to making sure that, you know, you have got the safest, brightest, most sensitively designed fresh spaces where there is sensitivity for sensory gardens and playgrounds. Appropriate lighting, appropriate space – design and fabric, if you like – mean more in these particular school environments than perhaps any others, so there is a significant boost around that.

Every problem in government is a workforce problem if you think about it for long enough. So just as we have talked about kinder and hospitals and schools, with this workforce there is a specialist element to it. So there are some scholarships and other subsidies to try and see more and more people enter this deeply rewarding but often highly challenging field of education. Occupational therapists, speech pathologists and other specialists are in very high demand, and the last thing we want to be doing is referring people to waiting lists. We want people to be able to get, for them and their kids, the care that is needed. But we have done something a little bit different in that not only are we providing incentives to train more of those allied health professionals, we are going to bring them to school rather than parents having to do this endless travelling around the suburbs, travelling after a long day at school, other kids to look after, all the hustle and bustle of, you know, busy life. We sat down and had this discussion: 'Well, what if we could get at least some of the allied health appointments to be conducted at the school so that you didn't have to travel anywhere?' – such a simple thing. The sense of excitement when we suggested this was palpable because it just means you are making life easier for people.

It is an exhaustive list and I am happy to keep going and break it down a little bit further for you, Mr Hamer, but the other one of course is the national disability insurance scheme. Regardless of the politics of this, it has lost its way in a number of different features. It is incredibly difficult to navigate. That is not the way it is supposed to be, so we are putting NDIS coordinators – a trusted, independent source of advice and guidance – in our specialist schools so that parents can go there. They are not delivering packages, they do not work for a provider and they do not work for the NDIS; they work for those families so that those families can chart their course, find their way through and make sure that their kids are getting everything that they are entitled to at the best price and the best cost and making the most of the package.

As I said, you should not have favourites, but this is some of the most rewarding work that I have ever been involved in. And it is not just me – there is a big team that has done this – but I will forever be grateful. No matter how long or how many different issues I am involved in, I will always be very, very grateful to those parents who so generously gave of their time and in a very personal and emotional way shared all the frustrations and the challenges in their lives and then held the pen and wrote the policy for us. They are amazing people.

Paul HAMER: Thank you, Premier. Yes, I can certainly, I think, speak on behalf of the special development school in Blackburn South, Aurora, which you mentioned. The minister was out there with me last week, and they are certainly very pleased about the progress of their upgrade.

Daniel ANDREWS: Fantastic.

Paul HAMER: You mentioned the scholarships for disability workers. How many are there of those scholarships, and are they in different areas? Are they provided for different workers?

Daniel ANDREWS: Yes, I can take you through a little bit of detail with this. I am sure that other colleagues might be able to go into even more detail than this, but essentially there is \$11.3 million as part of this package, which delivers I think about 1000 scholarships. There are 500 scholarships of \$15,000 for students studying to become a speech pathologist or an OT, an occupational therapist, if they commit to working in a regional area, because again we know that they can be quite hard to staff. Shortages – there may be even a small number of referrals, but if there is no-one to refer to, then that becomes a very long list after a period of time. That is \$15,000 for students studying to become a speechie or an OT. And then there are another 500 scholarships of \$7500 for students enrolled in the certificate IV in disability if they commit to working in a disability support role in a regional area. And that is just the beginning. We will have more to say about other scholarship opportunities and other ways in which we can support the attraction and retention of staff. You get half the scholarship at the completion of your studies and the other half at the end of that 24-month bonded period where you have agreed to work in a particular area in a particular school, and in this case it is regional Victoria.

The other thing to remember as well is that free training has been very important here. It is a great incentive, free TAFE, in the main. Of those 70 courses that we have got on the free TAFE list, the certificate IV in disability is one of those. That just sends a really positive message to people: ‘Look, this is a challenging but a rewarding career. We are hiring, and the training is free.’ Some of the work that Minister Pearson did previously and Minister Blandthorn and others are doing now around that social services workforce and guaranteeing jobs for people – if you do the study, it is free, there is a guaranteed job for you and it is a really rewarding job – I think is absolutely going to drive up the number of people who are working in these critical areas.

Paul HAMER: Thank you, Premier. Can I turn to a question on transport infrastructure?

Daniel ANDREWS: Yes.

Paul HAMER: It is on budget paper 3, page 102, and also the new projects which are on page 83 of budget paper 4. I was wondering if you can just take us through that, particularly looking at the new projects and what significance they will have for the state.

Daniel ANDREWS: So as you well know, in your local community and across the state, this is the biggest infrastructure agenda the state has ever seen, and it is the biggest in the nation – Infrastructure Partnerships Australia confirmed that only a few months, a few weeks, I think, even, before the election last year. Road, rail, hospitals, schools, projects large and small, projects in every part of the state – it is a very big, very, very big agenda. That means it is challenging sometimes. But we are hurtling along to be the biggest city in our nation, and we want to be not just the biggest but we want to remain the best, and if we do not make these investments, then our quality of life and the things that some of us take for granted – just the way we live, not just in Melbourne either but right across the state – will be forever compromised.

There are also a lot of jobs that are underpinned by this really important investment: big supply chains and the embedded skills, skills that travel with workers for a lifetime. One of the great joys of this job is to travel to so many of these sites and sit and talk to both very, very experienced workers and also those who are just starting out. For those who are just starting out – particularly as part of our 10 per cent workforce being apprentices, trainees or cadets, and some of the social procurement we do as well, whether it is First Nations, people with a disability, male-dominated trades where we are trying to get more women to be involved – one of the most exciting things is that in the stories they tell they have this really active appreciation that what they are doing is important; they are building the state for the future, and the skills and the experience they garner they will carry with them for a whole working life. They will be able to tell their kids and their grandkids that they helped build the Metro Tunnel, that they helped build, you know, ‘insert project’, or helped to remove a deadly level crossing in your electorate, when many of the loudest voices were opposed to that project. Two women lost their lives there. There will be no more funerals because of those level crossings, because both of them are gone – and a brand new station, and, I think it is fair to say, really positive community feedback. We thank the

community for putting up with a lot of disruption out there, but often the proof is that once it is done, everyone can then see the benefit of the sacrifice they have made. That is just one example; there are many others.

But there is \$112 billion since 2014 that we have invested. This budget provides another \$7.3 billion to keep delivering on those transport and infrastructure projects. That is 20,000 jobs directly, and many more than that in terms of a big integrated supply chain. There is significant investment in roads. There are some further details to come on that because we have got some tenders to go through, we have got some procurement processes to go through before we can settle on exactly how much effort, how much work will be done because of that money. But Minister Horne will lead that process and will have more to say about that soon.

The rolling stock orders I think I spoke about before, both trams and buses, as well as the VLocity trains out there in Dandenong. It is an integrated agenda. It is a really significant agenda. There is also some planning money for a number of projects we have committed to, a bit like the hospitals that we were discussing before I think with Mr O'Brien. We will have more to say once all that planning is done and procurement proceeds to the next level on a whole range of fronts. But this is the biggest build in our state's history, it is the biggest in our country. It has never been more important, and we are pushing ahead and getting it done.

Paul HAMER: Thank you, Premier. I know there are only 10 seconds or so to go, but you did mention the level crossings, and I was very pleased to see that removal and the new station in my area open recently. Now, there was a commitment for 25 more level crossing removals, and –

Daniel ANDREWS: There will be 110 gone, just as we promised. We are well ahead of time, and they are really important projects.

The CHAIR: Thank you, gentlemen. Well, Premier, department Secretary, thank you so much for joining us this afternoon and appearing before this committee. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

I do want to thank all ministers and officers who have taken the time to give evidence to the committee today as well as Hansard, the committee secretariat and parliamentary attendants.

I also want to give a big shout-out to the hospitality, security and cleaning staff, who have very much looked after us today.

The committee will resume its consideration of the 2023–24 budget estimates on Monday 5 June.

I declare this hearing adjourned.

Committee adjourned.