

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2019–20 (Premier)

Melbourne—Friday, 31 May 2019

MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallenge

WITNESSES

Mr Daniel Andrews, Premier,

Mr Chris Eccles, Secretary,

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

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

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

On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. The committee will now begin consideration of the Department of Premier and Cabinet.

We welcome the Premier of Victoria, the Honourable Daniel Andrews, and of course officers from the department. We thank you for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Premier, I invite you to make a brief opening statement or presentation of up to 10 minutes. This will be followed by questions from the committee.

Mr ANDREWS: Thank you very much, Chair. It is a great pleasure to be here again appearing before the Public Accounts and Estimates Committee. I have got a brief presentation that gives you some highlights from the budget, and then I do welcome moving into questions.

Visual presentation.

Mr ANDREWS: Obviously the 19–20 budget and its forward estimates represent yet again a continuation of strong financial management. We are very pleased to be able to report strong surpluses in each and every year, averaging \$3.4 billion a year and more than \$11 billion in surpluses across the forward estimates. There has been an increase in borrowings to build the infrastructure that we need, but the budget settings have again been rated AAA by both of the credit rating agencies. That makes our borrowing costs low and it means that we are in a position to responsibly borrow to build that infrastructure that is so important. Again, these are the plans we outlined at the November election last year. Net debt does remain at or below 10 per cent over the next four years.

In terms of jobs growth, this is in many respects the most important metric. We see jobs and economic growth leading the nation at 3.5 per cent, outstripping the national rate at 2.8 per cent. We promised back in November 2014 to create 100 000 jobs. We have now, in partnership of course with industry large and small right across the state, created more than 450 000 jobs; 70 per cent of those are full-time. That is between 35 per cent and 40 per cent of total new jobs in the nation having been created right here. That should be a point of pride for all Victorian businesses. I know it is certainly a point of pride for the government.

Jobs and infrastructure are obviously very closely linked. Our record investment in the infrastructure we need, as promised, underpins demand, underpins confidence and sentiment, and the numbers really are a very big departure from a pretty lacklustre investment profile over a long period of time. Infrastructure investment is averaging almost \$13.5 billion a year over the next four years. That compares to getting close to triple the rate of the 10 years prior to us coming into office.

That infrastructure includes a number of different projects. They are all well-known to the committee so I will move through these fairly quickly. The suburban transport blitz, which includes North East Link, the biggest road project the state has ever seen and one of the biggest in the nation; a further 25 level crossings to be removed by 2025; the improvements on the Sunbury, Cranbourne and Hurstbridge lines as promised; and of

course the planning money for the transformational Suburban Rail Loop. This of course builds on the almost \$47 billion that has already been invested in our transport network. This is, on any measure, a very, very big build—one that is creating jobs and one that is setting us up not just for next year or the year after but indeed for the medium and the long term.

Regional Victoria is always a priority for me and the team that I lead. There is a \$2.6 billion boost across regional Victoria that again underpins demand, underpins jobs growth, better services and the infrastructure that we need. Regional rail and roads are a priority. You can see that there is a brand-new train order. There is also a very significant investment in regional roads coming off the back of the creation of Regional Roads Victoria last year, and around \$900 million that was invested in last year's budget. Consistency of effort in terms of new road projects and road maintenance is very, very important. I hear that message whenever I travel throughout regional Victoria.

In terms of local businesses, there are further payroll tax cuts and some discounts, important discounts, on transfer duties, so stamp duty for businesses relocating to the regions. We want to see more economic opportunity and this is a really practical way in which we can support that. There is \$477 million for sporting facilities, including the racing industry, and the full delivery of our commitments in terms of camping and enjoying the great outdoors. All of this comes on top of \$13 billion worth of investment we are proud to have made in regional Victoria over the last four years.

Early childhood education is a very big part of the story of this budget. We said that we would begin the process of rolling out universal 15 hours of three-year-old kinder right across the state. This is the first down payment of that, \$882 million. We will have every three-year-old getting at least 5 hours of subsidised kinder by the end of 2022, and it starts, I am proud to say, in regional Victoria; there are six local government areas from 2020 and another 15 in 2021. This is without any doubt the biggest investment in early childhood education that our state has ever seen, and it is one of the largest undertakings that our nation has ever seen. We are really proud to have got that away in the very first budget after the election. It is a mix of extra staff, extra classrooms, extra hours, and it will mean much better life opportunities for our littlest Victorians throughout their journey.

Moving beyond that, of course preschool is important, but school investments are very important too. There is a further \$1.8 billion for school infrastructure, new schools, upgraded schools and some important investments around making our school facilities and therefore school experience more inclusive, particularly for students with a disability or additional needs. This is again on top of almost \$11 billion that we have invested across education in the four years prior to this budget.

Health care—it does not matter where you live or what you do for a living, there is nothing more important, really, than being able to access the very best care as close to home as possible. This continues the momentum, the building, the investment and the reform that we have driven, including \$1.6 billion in capital works and further funding, so growth funding, to support 2 million extra patients being admitted to our hospitals, support for new parents in that precious time and \$64.4 million for the full delivery of nurse-to-patient ratios, or at least that portion that we had foreshadowed as part of that rollout.

Another way to put that: that is nearly 550 additional nurses and midwives working across our hospital system. This builds on nearly \$12 billion worth of investment in our health and hospitals services over the previous four years. So in every way this is hospitals, schools, road and rail, city, suburbs, regions, the smallest of country towns—full delivery of our election commitments we made last year. We are proud to do it, albeit there have been some challenges, particularly in terms of revenue over the last 12 months. But this is a budget that fully acquits the mandate that we sought and the great gift that we were given at the election last year.

The CHAIR: Well, Premier, if the next four years of budget delivery are anything like your presentation, they are ahead of schedule and under budget, so thank you for that. In that case we will move, 4 minutes ahead of time, to the first question.

Mr RICHARDSON: Thank you, Premier, Secretary and deputy secretaries. Premier, I want to take you to the level crossing removal program, and I refer to budget paper 3, table 1.2 on page 107. Could you explain the funding for the government's Level Crossing Removal Project in the 2019-2020 budget?

Mr ANDREWS: Thank you, Mr Richardson, for your question, and I know that at a local level you are a great champion for these projects. You know, and your community knows and understands, that they are dangerous, they are congested, they hold us back from running more trains more often, and of course we have seen many, many tragedies and so many near misses over a long period of time. So we committed to 50 being removed by 2022; that was back in 2014. We said we would have 20 gone by the end of last year. We have in fact got 29 that are gone, five more that are under construction and a whole lot more that are under planning, so at different stages of procurement and design. So we are very confident, being ahead of schedule, as far ahead as we are now, that we will deliver in full the 50 by the end of 2022. Because of the success and the fact that we have got now a subsector within our construction industry that are so skilled at doing this complex work, we committed to a further 25, so 75 by 2025 to be gone. This program has expanded well beyond its original scope, so it has included power and signalling upgrades. The reason that is important is that if you have got a line shut down to remove one, two or three level crossings it makes perfect sense while you have got that disruption to do some of the other infrastructure along the way, whether it is power or signalling, or indeed we have put a whole bunch of new stations in—much friendlier in terms of disability access, much safer, a much higher, I suppose, amenity for those who are using those train stations.

So we in this budget commit the further \$6.6 billion, that portion of which that is required, to fully deliver the 75 removed by 2025. I know some of those are in your local community. We have been clear to outline where each of those 25 are. They are all now the subject of intensive work, consultation with communities and the best engineering advice. And just as we have done in the first four years of our term in office, we will seek to stay ahead of schedule for the next four and get rid of these terrible, terrible things.

As I said, it is not just good for local traffic—that is pretty obvious—but there are very, very important benefits to run more trains more often. Some of these gates are down for 80 per cent of the 2-hour peak every weekday morning. If you try and run even one more train, then the gates are down for almost the entire peak period, which would cause absolute traffic chaos. So there is every reason to get on with this. This budget delivers against that. We are ahead of schedule and we aim to stay ahead of schedule.

The other thing, too—if I can finish with this—this is creating some 4500 jobs, and I think that number might be a bit at the low end, honestly. I think there might be many more jobs being created as a result of this. And having spoken to many, many workers at different sites over the last four and a half years that sense of certainty, knowing there is a pipeline of work, is a great comfort to them. It just means they can invest in skills, they can invest in plant and equipment, they can set themselves up, because they know it is not just one crossing in one five-year period; it is a big program of works, one that Victorians voted for and one that we are getting on with and not just delivering in full but delivering in fact ahead of schedule, and we aim to stay that way.

Mr RICHARDSON: You will forgive me for being a bit parochial, but if I take you to chapter 1, page 112, Chelsea level crossings in particular. Obviously this is the most significant change along the Frankston line since the line went through in the early 1900s. Can you explain the level crossing removals at Chelsea in more detail?

Mr ANDREWS: Sure. Obviously there is nothing wrong with being focused on your local community, I would have thought. These are Chelsea Road, Argyle Avenue, Swanpool Avenue. They are the three of 18 crossings that will be removed on the Frankston line as part of the level crossing removal project. If you think about that, that is a massive engineering task. It is a very big project in terms of cost, but the benefits are equal to that. I think they far outweigh the costs. These three level crossings will include construction of a new Chelsea station, you will be very pleased to learn. Just to give you an example—you know this very well, but for the benefit of the committee—the boom gates at the Chelsea sites are down for about 40 per cent of the morning peak. It is particularly challenging, given you have got obviously Nepean Highway, the railway line and the road that runs back behind the railway line. You finish up with traffic being banked up, not just affecting those who are seeking to cross over but affecting traffic heading parallel to the railway line, which is often affected by that traffic banking up as well.

The other point to make, too, is these Chelsea crossings are among some of the most dangerous that we have on our network. There have been 20 near misses since 2012, and indeed there was a very serious collision in 2015. The Frankston line project, including the Chelsea level crossings that you refer to, are fully acquitted in the

budget. We are moving through the obvious processes around engineering, planning and design. There then has to be an important procurement process. But we are wasting no time on these, and we will deliver them as soon as we can, and we will deliver them consistent, certainly, with the time lines that I think we had indicated when we first made these announcements in your local community last year.

Mr RICHARDSON: So taking another step into infrastructure, and particularly around a substantial one starting up in the Cheltenham region—the Suburban Rail Loop—going back to page 107, table 1.20, are you able to expand on how that \$300 million for the Suburban Rail Loop will be spent in this budget?

Mr ANDREWS: So, much like the Metro Tunnel, Mr Richardson, we made a commitment back in 2014 that we would provide \$300 million for planning. We then moved on to fully fund that project, and as you move around the city you can see that it is well and truly underway now. Suburban Rail Loop is a very big endeavour, to connect from Cheltenham to Box Hill and all across the north-east and the northern suburbs, across then to connect with the airport rail link running from the city through Sunshine out to Melbourne Airport. It essentially means an end to those many, many thousands of trips every day where people have to go all the way into the centre of the city on one line, change trains and then come back to where they really want to get to on another line. This will be the busiest train line in our overall network once it is up and running—200 000 cars a day off the road and indeed many more passengers than that. It is a very, very big project. In fact it is almost certainly the biggest public transport project that the nation has ever seen. I have been very clear about the fact that I will be proud and pleased to start it in the full and certain knowledge that it will take other governments in decades to come to finish it, it is such a big project.

But the \$300 million is about pre-construction work—so, the geotech, understanding exactly what we would be tunnelling through. There is a whole lot of precinct planning, and my colleague the Minister for Priority Precincts has been doing a lot of work around that with the Minister for Transport Infrastructure, me and the Treasurer, as a cabinet group that is dedicated to this particular project. So already, many, many hundreds of hours of work have been done, thousands perhaps. These are a dozen new stations connecting up all of our major lines. In some of them there are great opportunities for precinct development, for more employment opportunities, for more housing opportunities. It is all about building, essentially, a brand-new public transport system for the middle ring. But not just that, it will mean that there is employment, connections between universities, TAFEs, current employment precincts, research precincts and of course health care as well.

It is a big project, there is no question about that. It will not be completed by the government that starts it, but I take the view—and I have been, I think, pretty strongly supported in this as I have moved around and talked to lots of people—that they are the sorts of infrastructure projects that people want, not something where the person is concerned about who cuts the ribbon. It is rather saying, ‘Let’s get this done; let’s provide industry with that pipeline of work’. It is a massive undertaking. The first step is to get the planning right. That work has already started. The money is provided in this budget, as we had committed to at the election in November, and we will keep the committee and all Victorians very well informed as we make progress. There will be many, many milestones and key decisions that we will be able to talk about.

Mr RICHARDSON: I think, to your point about those broader planning interactions as well, obviously then the airport rail link and how the Suburban Rail Loop will integrate with that very important project, and then the *Western Rail Plan* as well.

Mr ANDREWS: There are three important projects there, if I can go through them quickly. Obviously, I have spoken a bit about the Suburban Rail Loop, and that is essentially Cheltenham to Box Hill or portions within that being the first stage. Then it arcs across the northern part of the city and across to the west, connecting up with Melbourne Airport. Airport rail link will fill in the gap between the city and Sunshine, and ultimately Melbourne Airport as well. So if you like, both of those projects will be under construction—airport rail link in the west and the Suburban Rail Loop in the south-east and east—during 2022. So we are, if you like, starting at both ends. There are a lot of key decisions that have to be made about packaging of works, about sections or stages and sub-stages, given how big the project is.

You mentioned the *Western Rail Plan*, and there is \$100 million in the budget to deliver that. That is essentially about separating and electrifying suburban and regional rail lines. For Geelong, for instance, this is about electrification out to Wyndham Vale, separating—for want of a better term—city and country trains so that

they are not having to compete for the same track, for the same slots in that track. That is a big engineering undertaking. There is a lot in that space now. Suburban Rail Loop is not so much a feature of that, it is more airport rail, because Sunshine and therefore access to the city becomes the real hub point for that. So again, planning is very important. That is again full delivery of the commitment that we made.

I would make the point that we were very pleased to see a commitment from the commonwealth government to that Geelong fast rail. There is also an important commitment to airport rail link, and we are very pleased to be partners with the commonwealth government to deliver it, not in the order that I mentioned but the other way around. We will get the airport rail done, and it needs to be done first. That is under construction in 22. On the *Western Rail Plan* there is a lot more work that needs to be done. We will work through the details, but it was good to see the commonwealth government commit certainly to the Geelong leg of that during the recent federal campaign.

Mr RICHARDSON: We heard this morning from the Treasurer about the employment growth and how substantial the construction contribution has been to those employment numbers. Premier, what do you envisage the increase in construction jobs will be for the Suburban Rail Loop project?

Mr ANDREWS: Each project is different, obviously, but on the scale of these projects, there are up to 20 000 jobs during the construction phase, which then equates, almost more importantly than the total number—these are the numbers that really matter, I think—to 2000 apprentices, trainees and engineering cadets that will be employed through our Major Projects Skills Guarantee. That is on the Suburban Rail Loop. We have had the same approach whether it be on Metro Tunnel; West Gate Tunnel; regional rail revival, where we are upgrading every single regional passenger rail line at the moment; Metro Tunnel as well; and of course level crossing removals. We have been absolutely focused on trying to make sure that whilst these projects will deliver benefits for decades to come, what you also want to do is have literally an army of workers in decades to come looking back and saying, ‘I got my ticket, I got my start and the beginning of my whole working life’ through the skills attainment component of removing level crossings or upgrading suburban roads or building big heavy rail projects, or indeed schools and hospitals, because that is big part of our infrastructure task also.

So we are very pleased to see the jobs growth. It is interesting that what builders, what people in the civil engineering, design and construction industry say to me is that they have never seen a pipeline like it. They are absolutely delighted that they have got the certainty to know that there is more and more work coming. They do not always like the price that we try and drive them down to in terms of what it will cost to deliver it, but we have got to try and drive a hard bargain as much as we can. But the good thing is that each and every one of them are pleased and I think are an active partner, particularly on the skills engagement. They know there is an opportunity in some of the social procurement too, whether it be Indigenous Victorians working on these projects or some people who have got a criminal record who are wanting to make a new start.

There is a range of different ways in which we try and get the maximum benefit out of the money that we are spending, not just for the project but for all those other spin-offs that are really important too.

Mr RICHARDSON: I might run out of time, but I was going to take you, Premier, to the North East Link a final time.

Mr ANDREWS: Yes.

Mr RICHARDSON: I just wanted you to expand on the decision of the government to fully fund the North East Link.

Mr ANDREWS: Well, that is an easy one to explain really. That is exactly what we promised we would do. We said that with three big intergenerational projects—projects that will have benefits for many decades to come—suburban rail—

The CHAIR: Apologies, Premier. We will have to take that up later.

Mr ANDREWS: Certainly, we will get back to it.

Mr D O'BRIEN: Welcome, Premier. Premier, last year your former Minister for Industry and Employment, Ben Carroll, told Parliament that on the West Gate Tunnel there will be 92 per cent local steel used. In your press release from 2 April 2017 you said, and I quote:

The two three-lane tunnels, second river crossing, and new freeway above Footscray Road will be built using 93 per cent local content, with around 92 per cent local steel—creating jobs across the supply chain.

Now, I am sure you are aware of the article yesterday that revealed that 33 000 tonnes of steel will be sourced from China. That is about 17 per cent of the overall requirements for the West Gate Tunnel. Have you broken your promise?

Mr ANDREWS: Well, we are very disappointed that the contractor will not deliver the 92 per cent local content requirement. Of course we would prefer that the West Gate Tunnel was exactly the same, for instance, as our level crossing removals, where 100 per cent Australian steel is used. The key point here though is the advice—

Mr D O'BRIEN: No, the key point of my question is: have you broken your promise?

Mr ANDREWS: I am answering your question, Mr O'Brien. So we are disappointed that the contractor will not fulfil the requirement, which was a 92 per cent local steel content. My most recent advice is that they are likely to deliver an 85 per cent outcome. So there is a discrepancy between, I think, the numbers you just put to me and the advice that I have. That is not the 92 per cent; we are very clear about that. We are disappointed that the contractor will not meet that. It would seem that the key to this issue is that the contractor has not given local steel manufacturing businesses sufficient notice in order to fulfil the orders.

So what has happened is they have essentially put the order in. They have not given local manufacturers, Australian steel manufacturers, enough time to scale up to fulfil that order, and then they have said, 'Well, it can't be supplied locally so we have to go offshore'. We are not pleased about that in any way. We are disappointed. The key point here though is we are working with each—the coordinator-general and others are working with each—of the contractors who build our infrastructure to try and make sure that they place their orders much earlier and give that local supply chain time to appropriately fulfil the order and for them to fulfil their—

Mr D O'BRIEN: So, Premier, both you and the former minister made this commitment; what action did you take to ensure that that commitment was reflected in the contract?

Mr ANDREWS: Well, the contract is very clear, and that is why I said it is so disappointing that the contractor will not meet their obligations.

Mr D O'BRIEN: Okay, if the contract is very clear, will there be penalties for the contractor?

Mr ANDREWS: Well, we are working through those issues with the contractor. We are working through those issues with the contractor involved.

Mr D O'BRIEN: You must have been pretty angry.

Mr ANDREWS: As I said, I was—

Mr D O'BRIEN: You have broken your promise.

Mr ANDREWS: Well, Mr O'Brien—

Mr D O'BRIEN: Well, you said you are disappointed.

Mr ANDREWS: I am, yes.

Mr D O'BRIEN: I can only assume that you are disappointed because you accept that you have broken your promise.

Mr ANDREWS: Well, I am disappointed because when we make commitments about local content we expect that they are honoured. They have not been in this case.

Mr D O'BRIEN: A very good point.

Mr ANDREWS: But I do not propose necessarily to conduct the penalty arrangements or negotiations or discussions with the contractor via this Public Accounts and Estimates Committee. I do not think that is necessarily the best way to get the outcome that we all want.

Mr D O'BRIEN: So, Premier, we all remember ad infinitum hearing during the last election, 'Say what you do, do what you say'. In this case you have not done what you said, have you?

Mr ANDREWS: Well, Mr O'Brien, you can put as much editorial comment around it as you like; I have answered your question. I am disappointed that the contractor—

Mr D O'BRIEN: Do you accept though that you have broken your promise?

Mr ANDREWS: Well, I am answering your question, and if I can get a sentence out, I am happy to keep on answering the question—and it is a very important question; I could not agree more.

Mr D O'BRIEN: But you are not answering the clear question: do you accept that you have broken your promise?

Mr ANDREWS: Well, I am disappointed that it would seem that the contractor will not deliver the 92 per cent local content that they were contractually obliged and had agreed to deliver. I would just make the point that we are still examining options, we are still examining ways in which we might be able to increase other elements of local content on that project. And to your point about how significant this is, we are also working hard to make sure that this does not happen again on any other project, and the key to that—and the point I am making to you—is that those contractors need to place their orders, give the certainty to that supply chain, to that local manufacturing industry, much, much earlier. Otherwise I think they will from time to time struggle to fulfil orders, and they are very big orders. But I do not necessarily agree with your—

Mr D O'BRIEN: All of which was known at the time you made your promise, Premier. That is the point I am getting to.

Mr ANDREWS: Well, Mr O'Brien, you have asked me a question and I am providing you with an answer—a pretty fulsome answer.

Mr D O'BRIEN: Going on from what you just told us, you just mentioned I think that you are hopeful that 85 per cent will be Australian steel.

Mr ANDREWS: That is the most recent advice I have.

Mr D O'BRIEN: Well, what action are you taking to make sure that it is and that indeed we get more than that? It has not got to the 92 per cent you promised.

Mr ANDREWS: Well, we are still working with the contractor in question. That work is ongoing. We are evaluating options; there are a number available to us. But as I said, I do not propose necessarily to negotiate with that contractor via the Public Accounts and Estimates Committee, principally not out of anything other than respect for this parliamentary committee, but I just do not think that is how you get the best outcome.

Mr D O'BRIEN: Are you satisfied that Chinese steel meets all Australian standards?

Mr ANDREWS: All steel involved, no matter where it comes from in any government project, needs to meet the highest of standards, and we have a whole range of experts that make those judgements for us. That is not a judgement that I would make, Mr O'Brien.

Mr D O'BRIEN: Presumably a penalty clause in a contract will be black and white. There should not be any room for negotiation.

Mr ANDREWS: Well, I do not have the contract in front of me, but for instance, if you were to fail or fall short on one local content element, there might be opportunities to try and make that up in other parts of the fulfilment of the contract that you have signed. These can be quite complex matters, but let us not get into that.

The straightforward point here is really clear: we are disappointed. We set the target and expected it to be honoured, and at this stage it looks like it will not be. We seem to have a pretty good understanding of why, and that principally relates to big orders being placed too late for the Australian industry to scale up.

Mr D O'BRIEN: Yes, you have said that Premier. I understand that.

Mr ANDREWS: I would have thought, Mr O'Brien, you and I have a shared interest in this not happening again, and this is the critical issue.

Mr D O'BRIEN: Exactly, and in terms of that the question really gets to the nub of this: how can anyone believe what you say in the future?

Mr ANDREWS: Well, you are free to draw whatever conclusions you would want to draw, Mr O'Brien. I suspect you might already have before you asked me that question.

Mr D O'BRIEN: Well, let us perhaps not even take—

Mr ANDREWS: I would not have thought that would be a fair and reasonable conclusion to draw, but that may not satisfy you.

Mr D O'BRIEN: Say what you do, do what you say, Premier. You have said it ad infinitum.

Mr ANDREWS: Well, if you want to recite the campaign advertisements that we ran, then more than happy to do that.

Mr D O'BRIEN: Let us perhaps then move away from what I say, and let us go to AWU state secretary Ben Davis, who said in the *Herald Sun* yesterday:

This announcement will go off like a bombshell in the steel industry, where they have been making investment decisions based on agreements made.

That includes the contract, and it includes the statement that both you and the former minister for industry made. What action are you taking to ensure that industry, the steel sector and the construction sector actually can have confidence in the things you say and the contracts you sign up to?

Mr ANDREWS: Well, \$105 billion worth of infrastructure work would be I think of some comfort to the construction industry, Mr O'Brien. It does sit in some stark contrast to the four years before I was given the great honour of becoming Premier. I would just say, on this issue—

Mr D O'BRIEN: I am not sure, given what we are talking about, that it will be much help to—

Mr ANDREWS: And I think I have actually answered this, but I am happy to go back to it. The way that we will ensure that this does not occur again is to make sure that each and every one of the contractors who are delivering the record infrastructure boost that we funded gives the steel industry adequate notice in order for them to gear up to have sufficient capacity to fulfil the orders. If the orders can be fulfilled locally, then we will not get into this issue of, 'You cannot produce it for us; therefore we will have to go offshore'. That is what the contractors are saying; that is where they are at. The best way to ensure that this does not occur again is to make sure that every single contractor gives the steel industry appropriate notice, and that is what we are engaged in discussions to give effect to.

Mr D O'BRIEN: Premier, on that local content issue, in the same statement that Minister Carroll gave to Parliament last year, he said:

Last week I had the great pleasure to join the member for Frankston at BlueScope's manufacturing site in Western Port to meet some of the 100 workers that have been put on over the past 12 months, helped by the Andrews Labor government's record investment in infrastructure.

Can you guarantee the future of those jobs over Chinese steel jobs?

Mr ANDREWS: Mr O'Brien, you are asking me whether we are pleased to see this local content level not—

Mr D O'BRIEN: No, I am asking you: can you guarantee the future of local steel jobs?

Mr ANDREWS: And I will answer your question. Again, if I can get a sentence out, I am happy to answer the question. We are not pleased. In fact we are disappointed that the contractor has not delivered. We are still working with them evaluating different options. We seem to have now a clear and agreed understanding of what has caused this problem. We are taking steps to try—

Mr D O'BRIEN: Yes, We have got that. We have got that four or five times now.

Mr ANDREWS: This is directly to your point. If you are concerned—and I take it that you genuinely are concerned about those jobs—we need to make sure this does not happen again, so I am directly answering your question. The best thing I can do to guarantee more jobs in the steel industry at that business and many others is to ensure that every contractor who is delivering infrastructure for our government and our state gives the steel industry sufficient notice so that they have got every opportunity to fulfil those orders.

Mr D O'BRIEN: Yes, we have heard that, Premier.

Mr ANDREWS: I do not think that you could look at this project without some reference, for instance, to the fact that even at 85 per cent—this is on my advice—it is more local steel than in any other project in the country, and level crossings are 100 per cent.

Mr D O'BRIEN: It still breaks your promise; you said 92.

Mr ANDREWS: You can editorialise as much as you like, but we—

Mr D O'BRIEN: Premier, can I move on? Last year you signed a memorandum of understanding with the Chinese government on the Belt and Road Initiative, which committed Victoria, among other things, to facilitating unimpeded trade with China. That is actually in the agreement. Is this why Victoria's minimum local content rules and your commitment have been broken in favour of Chinese workers?

Mr ANDREWS: No.

Mr D O'BRIEN: Why would you sign that? What is it worth then?

Mr ANDREWS: The answer is no.

Mr D O'BRIEN: Is that agreement with China then not worth the paper it is written on?

Mr ANDREWS: If your presentation is that you do not like trading with China, then I am sure there are many, many dairy farmers in your local community that would have a different view, Mr O'Brien. We are a strong partner with China, but we are very disappointed that these steel orders could not be fulfilled locally. We do understand why this has happened, and we are taking the steps to ensure that it does not happen again. That is the most important thing, not playing a China card or seeking to—

Mr D O'BRIEN: Here we go again.

Mr ANDREWS: I am not entirely sure what you are seeking to do.

Mr D O'BRIEN: I am sorry, I am not sure what insinuation you are making with 'playing the China card'. I am reading back to you the agreement you signed, Premier, and making a fairly clear point.

The CHAIR: Mr O'Brien, I have given you a bit of latitude there.

Mr ANDREWS: And I have answered your question. The answer is no.

Mr D O'BRIEN: Chair, I will cede the rest of my time to the member for Evelyn.

Ms VALLENCE: Thank you, Premier, and thank you for appearing. My question is going to refer to budget paper 3, page 295 and Infrastructure Victoria. Premier, did you receive a briefing from Infrastructure Victoria prior to your meeting with the Prime Minister and the federal Treasurer yesterday, and if so, did you discuss progressing east–west link?

Mr ANDREWS: Thank you for your question, because it does provide me an opportunity to talk about what was a fantastic meeting yesterday between me, the Prime Minister, federal Treasurer Josh Frydenberg and Treasurer Tim Pallas, and we had a very, very good discussion about a number of areas where we can work together, and I am more than happy to take you through a number of those. For instance, with the federal government—and I again take the opportunity, as I did yesterday, to congratulate the Prime Minister on having been re-elected—there are a number of commitments. For instance, there is a \$2 billion commitment to better fast rail in terms of regional Victoria—

Ms VALLENCE: Sorry, Premier, my question was: did you discuss progressing east–west link?

Mr ANDREWS: No, I thought your question was about my meeting with the Prime Minister yesterday, and I will need to put any discussion about that project in the broadest of contexts.

Ms VALLENCE: Would you like me to reiterate the question?

Mr ANDREWS: You also mentioned—

Ms VALLENCE: I will reiterate the question, which was: were you briefed by Infrastructure Victoria prior to your meeting with the Prime Minister and the federal Treasurer to discuss progressing east–west link?

The CHAIR: Premier, just before you answer, if you wish to phrase your question around the proposed federal government funding towards east–west, then I am happy for that question to stand. If you are asking the question specifically about a briefing the Premier may or may not have had, that is immaterial to the Public Accounts and Estimates Committee. So I leave it to you to rephrase the question accordingly, because as the question is right now it has no relevance or relationship to what we are doing.

Ms VALLENCE: I will rephrase the question. So in relation to budget paper 3, page 295, Infrastructure Victoria, did they brief you before your meeting with the Prime Minister and did you discuss the \$4 billion on offer from the Prime Minister and the federal Treasurer?

Mr ANDREWS: I will deal with the two parts of your question. The first part in relation to Infrastructure Victoria, no, I do not make a habit of necessarily having a meeting with a body that is about medium and long-term infrastructure priorities before I meet with the Prime Minister. I have had many meetings with the Prime Minister—in fact all three of them over the last little while—and I do not know that I have ever gone and—

The CHAIR: I am sorry to interrupt you, but we need to move on to the next question, which is from Ms Stitt.

Ms STITT: I just wanted to ask you about some of the funding in this year's budget around building and expanding our hospital network across the state. The reference is in BP3, page 50, table 1.11, and I wanted to ask you to explain how the capital investment will benefit Victorians across the state in this area of expenditure.

Mr ANDREWS: Thanks very much, Ms Stitt, for your question. There is around \$3.8 billion that is invested in this budget to deliver a more modern, a more efficient, a better health system for every single Victorian. It is a whole range of different projects, and I am happy to go to some of those, but as important as buildings are, obviously supporting our staff and providing additional recurrent funding is very important as well. But the capital highlights in many respects—there is a further \$100 million for the Regional Health Infrastructure Fund. This was created by our government some four years ago. We have fully expended it and topped it up I think twice, perhaps this might even be the third top-up to it. There has been I think it is close to 260, 270 projects, I think, that have been funded out of that. Some are very small but make a big difference, and some others have been a bit bigger. There is a further \$100 million for that. That is great news for rural and

regional hospitals, often very small hospitals who never really had anywhere to apply for funding before, so that is really good. Almost always local tradespeople do that work as well, so there is a real economic benefit from that as well.

There is \$1.43 billion for the new Footscray Hospital, which is essentially a brand-new hospital down there at VU. The current one is showing its age. It needs to be replaced, and this is again full delivery of the commitment that we made. Wantirna Health, out on the old drive-in site, there is \$81.6 million and a further 120 beds for aged care, particularly with high care, to complement existing palliative care services. I think there are some psychogeriatrics, so some dementia-specific services there, which is a really important area to invest in. There is \$59.5 million for the rehab centre at Bendigo, which, if you like, kind of completes it. There was the big rebuild of the hospital, ambulance stations as well—this is like the last piece of that puzzle, I think, although I am sure that people in Bendigo will be more than happy to point out some additional areas they would like some further funding in. But that is really important, and, again, we said we would do that.

There is \$31.4 million for 30 new inpatient beds and an expansion of the emergency department at the Royal Children's Hospital. That is shell space that was set aside when we first constructed the hospital some years ago under a previous Labor government. And there is \$16 million for a whole range of planning for other redevelopments across the whole state. So very, very significant investment in hospital buildings, and that of course is matched by delivering on our nurse and midwife-to-patient ratio commitments and a whole range of other recurrent funding boosts that we have provided as well.

Ms STITT: I am sure you will not mind if I want to talk about the Footscray Hospital in a little bit more detail. It is a project that is dear to my heart, being in the Western Metropolitan Region. You have already mentioned that the budget has a \$1.4 billion investment in rebuilding that hospital—well due. Can you talk a little bit about what that would actually mean for the health network in the west and Western Health in particular?

Mr ANDREWS: The Footscray Hospital project, to my reckoning, having had some experience in this part of public administration over a long period of time, I think may be by value the single biggest hospital project the state has ever seen, at \$1.5 billion. I will give you a couple of examples, and take you through some of the metrics on this project. You have 193 additional beds over and above the current Footscray Hospital numbers. That allows you to treat 15 000 more inpatients a year, 10 000 additional procedures to be undertaken, 20 000 more emergency department presentations that can be dealt with and 155 000 additional outpatient consultations each year. There are six additional palliative care beds. There are 26 additional mental health beds. That comes in the context of the Joan Kirner Women's and Children's Hospital, which is open. There have already been more than 200 babies born there since it opened only a few weeks ago. We are very proud to have delivered that and delivered it really, really well. We always knew that the model would be successful, but it has got such strong community support—and why wouldn't it? It is bringing to the western suburbs, arguably the fastest-growing corridor in the nation, for the first time neonatal intensive care, special care nursery cots—that much higher care. That is exactly what public health should be about. It is close to home at the highest level for the greatest number of people. There is no greater number of people than the number of new families moving into the west. So Footscray is really important, but it should be seen in the context of upgrades in Sunshine and upgrades at Werribee Mercy Hospital, where our partnership with Mercy Health and aged care is very, very important and a very strong one. Together with a whole range of other investments we are making in ambulance services, for instance, the west is being very strongly supported by our government, as it should be.

Ms STITT: Thanks, Premier. Can I ask about ambulance services now? If I can take you to BP3, page 64, table 1.12, 'Building a better'. Could you please explain for the committee how this investment will improve the response times and meet the demands for regional areas in relation to ambulances?

Mr ANDREWS: Thanks very much, Ms Stitt. It is a very important question. When we came to government, our ambulance services were in a real mess—very low morale, difficult to recruit, ambulance response times were the worst on the mainland. We had made commitments to turn that around, and I am very proud today to be able to report that we have the lowest response times ever. That is a great credit to our paramedics, to those who work at Ambulance Victoria, to our emergency department nurses and doctors, to our non-emergency patient transport workers and our call takers at 000—the whole team have done an amazing job. But as the community continues to grow, as ageing continues to be a challenge in the health system, as we

have people are living longer and we can do more for them—that is a wholly good problem to have, I might add—you have to go to keep that investment going if you want to keep those response times getting lower and lower.

The other point, too, that should be made, is that our paramedics do more now than they perhaps ever, ever have. So it is not just about getting there quickly. You want to be there quickly, particularly given that their scope of practice is so much broader now. They really can do some quite amazing things, things that would have been unthinkable in a paramedical prehospital emergency response 20 or 30 years ago. So the budget includes the full delivery of the commitments that we had made around ambulance—that is, additional branches; additional paramedics; and two-officer crewing at, I think, 15 different locations across regional Victoria, again as we have said. So for instance Avoca, Beaufort, Camperdown, Charlton, Foster, Inglewood, Murchison, Rochester, Rupanyup, St Arnaud, Terang and Yarram all move from single-officer branches to two-officer crews. We think that is very, very important.

Essentially there is just under \$300 million that we have invested for additional paramedics, vehicles and station upgrades—and that is all about trying to drive even better ambulance response time performance. There are 90 new paramedics, building on the 1000 we have recruited over the previous four years. There is a 24-vehicle surge fleet, giving us that opportunity to be able to really provide extra support at periods of high demand, particularly, I would think, probably in the west of the city, where there is significant growth.

It is a very long list, but really it is not about patting ourselves on the back. I will just take this opportunity to thank all of our ambos, such a dedicated group of people who have for the first time in a long time got the funding that they need to do the work that they do and to continue to improve, to change lives and to save lives. That is exactly the way that it should be.

Ms STITT: Thanks, Premier. Can I ask about the nursing and midwifery development fund. That is again budget paper 3, page 50. Can you explain how the government is delivering on its commitment to recruit and train more nurses and midwives in the state?

Mr ANDREWS: Thank you so much, and I think all of us know and understand that we have had two waves of nurse and midwife-to-patient ratio reform. The first was in delivery of commitments we made at the 2014 election. At that time we said that we would do that initial work and then we would seek to firstly write the existing ratios into law, then seek to expand and improve ratios beyond that, and we did that as well.

So this fund is a recognition that in order to fulfil those ratios you need two things. You need dollars from the government, payroll to be able to hire those extra staff. But at the time of workforce shortage you also need some innovative approaches to attract, to recruit and to train additional nurses and midwives to fulfil those better—much better—nurse and midwife-to-patient ratios. So there is additional funding in the budget through this fund—scholarships, a whole range of targeted training—trying to deal with all the barriers that might see someone get close to saying, ‘Yes, I’ll enrol in a nursing course’, but maybe not do that. So we are very much guided by nurses who are on the ward now. We listen to that workforce, we engage with that workforce. That is where the idea of this fund came from—the scholarships and others—and it is fully funded, and we will deliver it. I think it means we can be confident that we will be able to fulfil the new nurse and midwife-to-patient ratios that we have set in law, because that is all about safer care, better care.

Ms STITT: Great, and they are wonderful.

Mr ANDREWS: They are indeed. Just like the ambos, we should take the opportunity to thank them for the work that they do.

Ms STITT: Absolutely. Thank you, Premier. In keeping with that question, I just wanted to ask you about overall how we are supporting our health workforce, and in particular if you can make some comments about occupational violence in the health sector, which I know has been an ongoing issue that health workers have been advocating for change around.

Mr ANDREWS: Thank you very much. There are some significant—in the scheme of things it is not a very large amount of money, but it will make a really powerful difference. We have rolled out, in a few different paths, a big agenda over these last four years, whether it be CCTV cameras; getting rid of blind spots in hospital

buildings, areas that can be quite dangerous, where there is not line of sight, where there could be an incident and no-one would know; swipe cards; and all sorts of other physical infrastructure. That has been a real priority for us.

We have to acknowledge that there are some patients and indeed family members who present as a real risk. They present challenging and sometimes violent behaviour. And there are a lot of different drivers for that. So physical spaces have been really important to us, and we have invested in that. It is also about training, giving staff the tools they need to potentially de-escalate what can be a potentially very, very difficult and even tragic circumstance. All of those efforts, we have reengaged with that, if you like, so there is some additional funding that has been provided to deliver that.

Certainly for our emergency workers we have also taken the step to essentially pre-approve any WorkCover claim that they might make, so give them the benefit of doubt rather than have them perhaps delay—weeks and weeks and weeks of delay—while they establish that their claim is real, actually erring in their favour, given the work they do and the fact that we know if you can get to treatment and support really quickly, then that is much better for the person and their family, and you will get back to work quicker.

So we take the issue of occupational violence very seriously. And it is not just one budget and it is not just one hospital or one particular program; it is an integrated approach, and again one that is well-informed by the workforce that it seeks to keep safe. There is further investment in the budget this year, and no doubt there will need to be further investment next year and the year after.

Ms STITT: Thank you, Premier. And on that same theme can I just quickly ask you what the government is doing in this budget to support the mental health of our emergency service workers?

The CHAIR: Premier, without wanting to cut you off again, the time is about to expire so allow me to pass over to Mr Hibbins.

Mr HIBBINS: Thank you, Premier, for appearing before us; thank you, secretary and deputy secretaries. It is just in reference to budget paper 3, page 295, which is the output by departmental objectives. I want to ask about the Forest Industry Taskforce, which you set up 2015. You said it would be ‘a historic step forward for the future of our forests in Victoria’. Now, it provided its statement of intent and interim recommendations to you in 2016. You have not responded. Are you intending to respond to the Forest Industry Taskforce interim recommendations in the next financial year?

Mr ANDREWS: Thank you for your question and your interest in these matters. You and I have had this discussion I think in different forums over a long period of time. I have got no announcements to make about forestry policy today, and I have got no response to provide to that task force today here. What I would say, though, is I think we are all very disappointed that the process got very close to being an agreed consensus between environmental NGOs, unions representing timber workers and of course mill owners and the timber industry. We were very, very close—very close—but we were unable to get that consensus, and our commitment had always been that it needed to be a consensus model. Since then I think there have been a few important developments. We have just released a timber release plan that gives the industry some certainty in the short, perhaps medium—

Mr HIBBINS: In industry certainly, maybe not the environment.

Mr ANDREWS: Well, it is interesting. There were some very positive comments in relation to the way that plan was crafted and some very high-conservation value areas and coupes that are no longer able to be logged, and there had been quite significant support from some who have been over time quite critical of the government, as is their right; they are entitled to have their own view. I think there had been some good commentary and some less than good commentary over that most recent decision. But I have got no announcements to make today. I would just point you to the fact that it is a couple of budgets ago now, but we have made a very strong investment in terms of the plantation timber that we need. That is the most sustainable resource, particularly in relation to our legislated obligations to the pulp mill, to Nippon Paper and to their workers out at Australian Paper. That is a very important part of our framework.

Mr HIBBINS: Sorry to cut you off. Just in terms of consensus, they did reach consensus on the interim recommendations, so the ball is in your court in that regard.

Mr ANDREWS: No. Perhaps you and I are interpreting the task force work and its work product differently. Sadly there was no consensus. We got very close to having an agreed way forward, but ultimately they were not able to.

Mr HIBBINS: So you are telling me the interim recommendations from the statement of intent, that was not reached by consensus?

Mr ANDREWS: That is often the way with interim recommendations. They can be very closely aligned to the final recommendations or they can be a long way away from them, or no final recommendations can be—

Mr HIBBINS: They would be waiting on you to respond to their recommendations.

Mr ANDREWS: No. The task force, it was hoped, would not only come up with an interim report but they would come up with a final report that was based on a consensus position and a way forward.

Mr HIBBINS: They are waiting for you to respond to their interim report, aren't they?

Mr ANDREWS: Well, I have not had any member of the committee put it to me in those terms. There are some who were represented on the committee who would like me to perhaps act in a unilateral way. That was not what that process was set up to do, though. It was based on finding the common ground and having a consensus to move forward.

Mr HIBBINS: Is the task force still active? Has it been disbanded?

Mr ANDREWS: I think it has concluded its work, in that it came—

Mr HIBBINS: So it is finished?

Mr ANDREWS: I think it has come to the conclusion that no consensus could be reached, and given that it was a consensus-based process, then its work is finished. Unless of course there is suddenly greater hope for a consensus or a greater likelihood, my door is always open. That has always been the way I have approached these matters, indeed all matters, but despite their best efforts they could not get to a consensus position.

Mr HIBBINS: So the historic step forward, this process that was supposed to reach consensus to find a way forward, has been disbanded?

Mr ANDREWS: Well, because it could not find a consensus to step forward. I am not pleased about that, but it simply could not.

Mr HIBBINS: But you are still not responding to any of the interim recommendations?

Mr ANDREWS: I do not have a copy of the interim recommendations in front of me, but I would invite you to perhaps have a fuller conversation with the minister for the environment and/or the minister with responsibility for the forestry industry, Minister Symes.

The CHAIR: Premier, apologies for interrupting. Sam, I have given you a little bit of leeway here, but there is no nexus between that and public accounts and estimates. This is purely a policy-related issue as well, and I would draw you back to questions that do relate to financial considerations before us.

Mr HIBBINS: Thank you for the prompt. I did want to touch on one recommendation from the task force that is in relation to finances, and that is in carbon credits—that is, realising gaining revenue or realising the financial benefits of forests for the carbon they store, rather than chopping them down. Is that an area of work or is that something that the government is intending to pursue?

Mr ANDREWS: That is not a piece of work that is being conducted, I think, by the Department of Premier and Cabinet. I am happy, if it is appropriate, to come back to you with some further advice. But I think that is

probably better directed to either Minister D'Ambrosio with responsibility for the environment portfolio and climate change and emissions reduction, which is essentially what you are asking about, and/or Minister Symes, who is responsible for forestry policy.

Mr HIBBINS: I just ask you because it came from the task force. The task force was DPC.

Mr ANDREWS: Yes, and I am conscious that I want to give you the most accurate answer. If you make me answer it yes or no, I will say no, as I am not aware of it. But I am happy to be corrected by other ministers, and I would respectfully direct you to have a chat with them when they are here.

Mr HIBBINS: Thank you, Premier. I just want to move on to the environment more generally, so budget paper 3, page 180. That indicates an actual cut to the Parks Victoria budget. I understand there is around \$407 million in new environmental initiatives in this budget, but the state had a pretty damning report, a state of the environment report, which indicated a number of poor environmental indicators: native species diminishing, invasive species increasing, river health poor, fish numbers decreasing, bushfire impact worsening, food waste generated excessive—I think I have made the point. Are you intending, or is it the aim or the outcome to have any of these indicators actually turning around in the positive with the expenditure that you have made in this year's budget and with the cuts you have made to Parks Victoria?

Mr ANDREWS: Well, first of all, Mr Hibbins, if you look at page 180 of BP3, you will I think see the total output cost for the Parks Victoria group—that group of line items—is 19–20, 181.1, and I will concede that that is less than 188.7, but I do not know if that is in the magnitude of the reduction that you foreshadowed in your question. But be that as it may they are the actual numbers that are there, and in my judgement it is always best to aggregate these things up.

We always looked, with whatever appropriation we made, to have key performance indicators and budget performance measures getting better. Obviously we would always aim to do that. I would direct you to—these are not output funding—some of the investments we have made in terms of capital works around parks, the creation of new parks and camping grounds. There is a very significant investment—I think the best part of \$150-odd million; it could even be a little bit more than that actually—on that great outdoors package that we took to the election last year. This is output funding. It tells one part of the story. I would say to you that there is a broader story to be told here as well.

Mr HIBBINS: And is the aim from that funding to actually start turning around some of these really poor environmental—

Mr ANDREWS: As I said, every dollar that we spend across the board in any area is always about trying to derive better performance, better outcomes, and you would always hope that they are reflected in the key performance indicators and budget measures outlined in the budget each year.

Mr HIBBINS: I want to go to budget paper 3, page 167, and that is the 'whole-of-government climate change policy and programs that contribute to Victoria's 2050 target of net zero greenhouse gas emissions'. How do you square a target of net zero greenhouse gas emissions with a number of programs that are involved in fossil fuels—the gas program, the coal-to-hydrogen program? How are you squaring off a stated aim of getting to net zero carbon emissions with new fossil fuels coming online?

Mr ANDREWS: What is the gas program, as you refer to it?

Mr HIBBINS: The Victorian gas program.

Mr ANDREWS: What do you mean by that?

Mr HIBBINS: That is the exploration for new gas—offshore gas—

Mr ANDREWS: Offshore, right.

Mr HIBBINS: Offshore, onshore—

Mr ANDREWS: Well, I am not—

Mr HIBBINS: Well, it is your program—it is the Victorian gas program. You are aware of it.

Mr ANDREWS: I just wanted to be clear whether you were referring to private industry's applications for an import terminal.

Mr HIBBINS: There is also the AGL import gas terminal.

Mr ANDREWS: Yes. I was not sure whether that was what you were referring to. That is a private company. That is in the middle of an EES process, so we will see how that runs, but that is hardly the government—

Mr HIBBINS: Well, the planning minister called in the application.

Mr ANDREWS: Yes. And now there is an EES being run. So that is a pretty standard process, certainly for our government. In terms of the notion of exploring for gas offshore, and hopefully finding some gas offshore, further reserves, I have always taken the view, Mr Hibbins—and you and I have disagreed on this over a period of time—I do not think that one day we have a certain energy mix and the next day we can simply flick a switch and there is no reliance or need for any involvement for fossil fuels. I do not think that is a particularly achievable thing.

Mr HIBBINS: But we are not talking about flicking the switch now. You are talking about new gas.

Mr ANDREWS: Hang on. We are actually talking about a target in 2050, which is some way off. The notion that we could today call time on natural gas—offshore natural gas—I do not think that is a particularly realistic thing. You may have a different view, and you are entitled to have a different view, but that is not the policy or the logical conclusion that I come to. We have been very clear in relation to fracking, we are very clear in relation to onshore conventional gas—that is the subject of a scientific process—but offshore gas has been a big part of our energy mix for a long time, and I expect it will stay a part of our energy mix for a long time. That will not please everybody, but I have always taken the view to be as straight as you can be with people about this: it is a significant part of our energy mix today and it will continue to be. That does not mean, though, that we cannot have the biggest and most aggressive agenda in terms of renewable energy in the country—we do, and we are very, very proud of that.

Mr HIBBINS: So you are not concerned about blowing the carbon budget, if you will, by 2050? As you said, it is not going to flicking the switch at 2049, going from the status quo to zero carbon emissions.

Mr ANDREWS: Well, the target is net zero, so I think that gives you some sense that it is not a zero emissions complete—it is net.

Mr HIBBINS: Net zero. Yes, let us clarify that.

Mr ANDREWS: Yes, net. I think that probably clarifies it.

Mr HIBBINS: So you are not concerned that with these new fossil fuel projects—like coal-to-hydrogen, like the exploration for gas—you are going to be locking us in to more carbon pollution, more greenhouse gas emissions?

Mr ANDREWS: No, I am not concerned about that, because we are very—

Sorry, of course I am concerned about emissions, I am concerned about acting on climate change and I am concerned about meeting our targets. I would think we all are; I would certainly hope we are. The coal-to-hydrogen project is a demonstration project and a partnership between the Japanese—Kawasaki Heavy Industries, with some Japanese government involvement—the Australian government and our government.

Mr HIBBINS: With the hope that it becomes a more than a demonstration project, though.

Mr ANDREWS: Well, indeed, but as it stands right now I do not think it as a demonstration project will put at risk our attainment of the net zero by 2050. On the issue of looking for gas, whether it be in Australian waters off our coastline or indeed territorial waters that are ours, so closer to shore, I do not think that is going to put it

at risk—just looking for it—either. Let us wait and see what they find. I do think, though—and I acknowledge that you may not agree with this, but I do think, though—even at 2050 we are still going to have a mix of different energy sources. We will be undeterred in our pursuit of more and more renewable energy, because we think that is not just good for the planet, it is good for households; it cuts emissions and it cuts bills too. But that is probably the long way of saying, no, I am not concerned that those decisions and processes—some of them have not made a decision yet; there is simply a process—will put at risk the net zero emissions by 2050.

Mr HIBBINS: I move on to why there is still so much unspent funds in the Sustainability Fund—only \$100 million coming out of it over the next five years whilst there is, from my understanding, half a billion dollars in it—when we have got a waste and recycling crisis.

Mr ANDREWS: I am happy to have a longer discussion with you than 30 seconds on waste and recycling, because not all monies come from the sus fund to deal with that, and it is a very significant issue. Did the Treasurer not go to this matter?

Mr HIBBINS: We ran out of time again. Perhaps you both can take it on notice.

Mr ANDREWS: Well, I cannot speak for the Treasurer, but I am more than happy, if appropriate, to come back to you.

The CHAIR: With that suggestion, Mr Hibbins, we will pass on to Ms Vallence.

Ms VALLENCE: Premier, in reference to budget paper 4, page 76, given the North East Link will put around 100 000 extra vehicles onto the Eastern Freeway and given that this will expressly affect those residents living in the eastern suburbs with congestion, wouldn't it make sense to work with the federal coalition to connect to the Eastern Freeway with CityLink and address, in total, the missing links?

Mr ANDREWS: Thank you for your question. If you are happy for me to return to the unfinished bit from the last time, I did have a very productive meeting with the Prime Minister yesterday. We talked about a whole range of different projects, and I think we will be able to work together on many of them, and our officials—

Ms VALLENCE: Premier, I am happy for you to talk about that if it relates to this express question.

Mr ANDREWS: Yes. I do not agree with the conclusion you have drawn in relation to additional traffic on the Eastern Freeway. Secondly, I would make the point that there is a massive expansion and upgrade and improvement, particularly at a number of key traffic pinch points along the Eastern Freeway, as a direct result of the North East Link. There are additional lanes being put in there. This is about sending tens of thousands of vehicles around the city every day rather than travelling through the centre of it. We are essentially talking about two different bypasses. North East Link, which will be under construction next year, is a bypass around the city. East–west link—of course the vast majority of traffic that wants to turn onto Hoddle Street would not be able to use the east–west link to do that. There would be a very small number of cars that would go straight on, so that the issue that you are concerned about would not be resolved by that project.

Ms VALLENCE: So, Premier, the issue that I was concerned about there was for those residents in the outer east, which is where I am from also—

Mr ANDREWS: North East Link is the key priority.

Ms VALLENCE: and representing, the 100 000 cars coming onto there. That was pointed out by the environmental effects statement.

Mr ANDREWS: Well, North East Link is the key priority. If you want to alleviate, improve, get people where they need to go from the eastern suburbs, the south-eastern suburbs, the peninsula, the northern suburbs, the western suburbs, then logically having a ring-road that has got a gap in it makes it very hard for it to be a true ring-road. That is why that is our priority.

On the issue of east–west—which I think is where you are going—and was that discussed yesterday, the Prime Minister is very clear on my position on that project; I am very clear on his. We did not spend our time

quarrelling over something where we are not going to get, I think, the agreement that you might seek and that he might seek. We thought it better to focus on station car parks, which we can deliver in a partnership; sealing roads out in the Dandenongs; widening Wellington Road; airport rail; fast rail to the regions; and then there are many other projects. We had a very, very good discussion, and we are going to catch up again in about a month's time to continue that.

Ms VALLENCE: On the missing leaks, as you say, you are not going to pursue the east–west link, and you say that your priority is North East Link.

Mr ANDREWS: Well, my priority is always to deliver the projects that Victorians voted for and the projects that I said I would get on and build, and that is why North East Link will be under construction next year. In terms of east–west, we will not be delaying or cancelling projects Victorians voted for in order to build those that they did not.

Ms VALLENCE: So in terms of delaying or cancelling projects and saying that you think that this would perhaps see the need to cancel or delay any other projects that are on your current agenda, did you conduct an RFI to the industry about that?

Mr ANDREWS: Well, it is interesting. We are in constant communication. There is not one process where we seek an update on industry capacity, which I think is what you are alluding to. We are in constant contact with each and every business pretty much that does now or might in the future build road or rail. That is where you get to when you have got a such a very big infrastructure task. What they tell me, what they tell my officials, what they tell the media and others and indeed what they tell their shareholders is that there are real capacity constraints for gravel, for sand, for concrete, for labour. Then of course—this is a bit harder to define; I will grant you that—there are limits to how much disruption you can have as well. I think we are getting pretty close to being at that maximum point for the city to still work and have as much construction as we have got going on. We just had nine train lines and countless roads closed for—

Ms VALLENCE: Thank you, Premier.

Mr ANDREWS: Well, these are directly relevant to—

Ms VALLENCE: It was specifically about an RFI, so thank you. We will move on.

Mr ANDREWS: We are in constant contact with the industry. We do not need to have a separate process to do that.

Ms VALLENCE: Thank you. I will cede the rest of my time to Richard.

Mr ANDREWS: Sure.

Mr RIORDAN: Thank you, Premier. My question is to Secretary Eccles. Secretary, who in the government signed off on the Our Fair Share advertising blitz during the federal election campaign, referring to budget paper 3, page 295?

Mr ECCLES: Thank you for the question, Deputy Chair. The process for signing off the Our Fair Share campaign was consistent with the process that is always adopted for the endorsement of advertising campaigns. It begins with the advertising approval group, which is an executive officer-level peer review group that views all communications activities from a technical perspective—

Mr RIORDAN: In your department?

Mr ECCLES: No, it is chaired by my department but includes representatives from various parts of government. They are activated whenever there is a media buy of \$100 000 or more, so it was line and length routine—

Mr RIORDAN: You may have had to have had two lots of meetings.

Mr ECCLES: I was not present for the meetings, so I do not know whether there were one or two, but it was consistent with normal process. It went through that approvals process. It satisfied all of the criteria, including the criteria provided for under relevant legislation and procedures, and then was advanced in the normal course to the relevant cabinet committee and they endorsed the recommendations of the officials group.

Mr RIORDAN: So just to clarify, that committee is made up of representatives from health, education and other major portfolios?

Mr ECCLES: It is chaired by DPC and comprises two senior communication executives from other departments—that is rotated through all other departments—as well as nominees of the Premier and the Special Minister of State. That is the composition of the committee.

Mr RIORDAN: And the funding for that came from each of those participating departments?

Mr ECCLES: The \$1.2 million?

Mr RIORDAN: Whatever the spend turned out to be, including the creative process and so on?

Mr ECCLES: I am not quite sure precisely where the money was sourced from, but because it was three separate campaigns across health, education and transport it is quite possible it was sourced from those individual departments. That would make sense, but I am more than happy to confirm that.

Mr RIORDAN: So you said before it was \$1.2 million—that was the total campaign, including all costs.

Ms VALLENCE: End to end?

Mr ECCLES: If you can just bear with me a quick second, I might be able to—

Mr RIORDAN: Look, we can take that on notice, but—

Mr ECCLES: I can now add to that. The campaign media buy is scheduled to cost \$1.2 million. The campaign is also expected to cost an additional \$500 000 creative and other campaign expenditure.

Mr RIORDAN: Okay, so an extra \$500 000. So it is close to \$2 million of taxpayers money used during the campaign?

Mr ECCLES: Well, it is \$1.7 million.

Mr RIORDAN: The campaign also featured during AFL games around the LED screens at the MCG. Did the MCG Trust at any point object to having political messages used during game day?

The CHAIR: Secretary, before you answer that. Come on, Deputy Chair. Again, asking questions about whether somebody objects or does not object to a policy is not relevant. The secretary answered your question in relation to the financial objective of the question which you asked. That was fair and relevant. Let us move it back onto estimates, please.

Mr RIORDAN: All right. Well, to clarify, then, while the secretary is there, at any point did you raise any concerns over the legality of the campaign, or did anyone including senior public servants raise issues about the legality of the campaign?

Mr ECCLES: The legality of the campaign was clearly tested through the approval process and survived that test. The campaign is legal.

Mr RIORDAN: Premier, a question for you: prior to the launch of this campaign did you discuss the ability of the state to divert resources from important departments with Bill Shorten or anyone else in the federal opposition that you could assist them at the federal election campaign?

Mr ANDREWS: Sorry, I just missed that. Did I discuss—

Mr RIORDAN: Did you discuss, prior to the launch of the campaign, with Bill Shorten or any senior representatives of Bill Shorten's, the possibility of the state running the Fair Share campaign?

Mr ANDREWS: No. The government makes its own decisions and is accountable for them, and we make no apologies—

Mr RIORDAN: Right. So you are actually wanting us to believe that at no point senior officials from your department spent any time talking to Maribyrnong Bill about the potential for you to throw support behind his campaign?

Mr ANDREWS: I would hope and expect that I have been very, very clear. There is no way that officials of any department in the Victorian government nor myself had any conversations—

Mr RIORDAN: There is not an email or a text message anywhere discussing—

Mr ANDREWS: Public servants do not speak to the alternative government in Canberra. That is not the way that it works. Nor do I. When it comes to your direct question, I have answered it very, very clearly I think. We make our own decisions, and we make no apologies for fighting hard for more money for schools, more money for hospitals and more money for the infrastructure projects that we think are really, really important. We have always done that. We always will, no matter who is in Canberra. We had a good discussion yesterday, the Prime Minister and I, but that does not mean I will not get fighting on behalf of patients and students and jobseekers and farmers and every Victorian for a better deal out of Canberra and a fair share. That is the way that we operate, and that will not change.

Ms VALLENCE: Can we just take it back a second to you, Secretary. You mentioned just before about whether it was raised around the legality of the campaign, and you said that by going through all the processes that you have you felt it was robust and was legal. Can you please clarify, in relation to the Public Administration Act, section 97C, that it satisfied all points within that section?

Mr ECCLES: Yes, it does. And may I add it is the subject of an ongoing investigation, so my confidence in that conclusion will be tested elsewhere.

Mr RIORDAN: As a consequence of the campaign that was run, has the government done any polling or had quantitative or qualitative research commissioned in preparation or in conclusion of the campaign? Did anyone in your government share the results of this polling or research with other agencies?

The CHAIR: Deputy Chair, without again telling you how to ask a question, if your question was related to 'Did the government spend money on polling and then use that information as part of the campaign?', that would be a perfectly acceptable question, but to ask a question about polling itself does not meet the standard.

Mr RIORDAN: To clarify, Chair, it was in relation to this campaign—

Mr ANDREWS: That had been shared, yes? That was your question.

Mr RIORDAN: Sorry?

Mr ANDREWS: Your question was: had it been shared with anyone? Is that what you asked?

Mr RIORDAN: No. The question was: as part of the process and in the \$1.7 million that was for creative and advertising, was there also expenditure on polling and market research as to the effectiveness of that campaign?

Mr ECCLES: Well, the campaign is ongoing. It does not conclude until 25 June.

Mr ANDREWS: I thought you wanted to know if it was shared, and the answer to that would be no.

Mr RIORDAN: No.

Ms VALLENCE: Of the total spend of the campaign, what proportion has been spent so far?

Mr ECCLES: I do not have the answer to that. I can find out.

Ms VALLENCE: Could you please take it on notice?

Mr ECCLES: Yes.

Ms VALLENCE: Thank you.

Mr RIORDAN: Moving on, Premier, again referring to budget paper 3, page 295, both the ‘Public administration advice and support’ and the ‘Public sector integrity’ output measures have been cut in this budget. Perhaps it is more symbolic of the administration rather than of the budget finances. Did you or your office discuss with Tim Pallas or his office claims that he had a conflict of interest with his shareholdings in Transurban?

The CHAIR: I am ruling that question out of order too, Deputy Chair.

Mr RIORDAN: The question refers to—

The CHAIR: No. The question refers to shareholdings that the Treasurer had. The Treasurer was here this morning. You chose not to ask that question of him directly.

Mr RIORDAN: No, the question is—

The CHAIR: I do not see how that question is related or relative to our accounts and estimates committee.

Mr RIORDAN: The question is a question of the Premier, who has repeatedly made much of his high standards and his setting high benchmarks. This was a clear case of something that at least warranted a conversation between the Premier and his Treasurer about standards being set at the highest level.

The CHAIR: I am not challenging the veracity of the question that you asked. I am challenging the veracity of the question that you asked in this forum. I do not believe this is the appropriate forum. I do not believe you can relate this to accounts and estimates before us. If you think you can, I am happy to hear it; otherwise that question will be ruled out of order.

Ms VALLENCE: Codes of conduct are the responsibility of DPC and the Premier.

The CHAIR: With great respect, the code of conduct has nothing to do with accounts and estimates before us. It is a policy question that you are entitled to ask in other fora. That includes question time, that includes MPIs in the lower house, that includes opportunities through government business in the Legislative Council. It is not germane to what we are doing today.

Mr RIORDAN: Chair, sorry, on your ruling—

The CHAIR: You do not need to be sorry; you just need to accept the ruling and move on. You are taking up your time. As it is, we have now passed and we now move to Ms Richards.

Mr RIORDAN: A point of order, Chair.

The CHAIR: Okay, sure.

Ms VALLENCE: Stop the time.

The CHAIR: I am not stopping time. We have now moved into Ms Richards’s time.

Mr RIORDAN: The Deputy Chair is entitled to ask a question. He has given a budget paper reference—page 95, budget paper 3—which specifically highlights that the Department of Premier and Cabinet is responsible for public administration advice and support and public sector integrity. This goes exactly to the department’s and the Premier’s role in the budget process and in the upholding of public sector integrity. On what basis are you ruling this out of order?

The CHAIR: On the basis that I have already made the ruling. But now that we are in—

Mr RIORDAN: That is not a basis, Chair. It is like saying, ‘Because I want to’.

The CHAIR: With great respect, I do not uphold your point of order. We are now in Ms Richards’s time. When we come back to Mr Riordan’s time we can have that argument again.

Ms RICHARDS: Thank you, Premier, secretary and department officials for your time here this afternoon. A little bit like Mr Richardson and Ms Stitt, I have some interesting parochial issues, and of course there is nothing of greater interest to the community of Cranbourne than the way we resource our education system. Premier, budget paper 3, page 31, I refer you to table 1.8. Could you please outline how the government is supporting our growing state through its massive investment in school infrastructure?

Mr ANDREWS: Thank you very much, Ms Richards. It is a great pleasure to be able to inform you that since we have been in government we have invested just under \$11 billion in additional support for our education system. It makes perfect sense given that we are the Education State and we made very detailed commitments about funding schools properly, building new schools and employing more teachers, with a real focus on growing suburbs but also right across the state, and then some more focused efforts, particularly in relation to children with special needs. We know that when you support a child with special needs you are in effect supporting the entire family. We have been very proud to invest in all of those areas.

I spoke before in the presentation about early childhood education and three-year-old kinder. If I can go through just a few of the highlights for you, anything you want to know a bit more about I am more than happy to try and dive into that. But essentially there is \$671 million to plan and build new schools, \$46 million to purchase land for new school sites across our growing suburbs and indeed in regional communities—so buying that land to stay ahead of anticipated and expected growth in student enrolments—and \$402 million for the non-government low-fee Catholic and independent schools sector. Again, that is in full delivery of the commitments that we made, basically \$100 million a year over four years—more than has ever been spent by any state government in our partners providing education to our kids in the Catholic and independent sector. There is \$363 million to upgrade existing schools and begin planning for further upgrades, \$180 million to make our schools asbestos-safe and \$101 million for relocatable buildings—I think the vast majority of which are actually manufactured in country Victoria. So that is a very big agenda. It is funding in the budget all of those commitments that we made back in November, and we are very, very pleased to do that.

I am sure that I can give you some lists, if you like, of some of those individual sites, but they really are across all of the growth corridors for new schools, across the whole state in terms of refurbishments and upgrades. Essentially we had prior to this budget about 1300 projects going on across the state. Some of them are quite small; others are much bigger. But every budget we have delivered has essentially been an education budget, and the Deputy Premier should be very proud that he has yet again been able to secure such a significant investment in challenging times, certainly from the point of view of stamp duty revenue. But these are the promises we made, and we are honouring them.

Ms RICHARDS: We obviously have quite a lot of new schools in Cranbourne.

Mr ANDREWS: Indeed, yes.

Ms RICHARDS: I have got to try and take my focus away from my own neighbourhood. So how many schools are we upgrading at the moment? I think we have got some information highlighted in budget paper 3, page 35. So it is not just about new schools, and I certainly am very conscious of the importance of new schools in our growing suburbs but also the upgrades of current schools that have been operating for a while.

Mr ANDREWS: Absolutely. So obviously we need to—and one of the key points is: what a wonderful problem to have. We have got for the first time ever, or certainly the first time in a very long time, the total share of state school enrolments going up and up. So parents are voting with their feet. They are enrolling their kids in great government schools in their local area. I support choice, but I want that to be a fair fight. I want people to have every confidence that the state offering is as good. It is really important to me that we see those numbers going up. There are some challenges as part of that as we seek to meet the growing demand, but it is a wonderful problem for us to have.

There are 109 schools that will be upgraded as part of the program funded in the budget this year. There is a further 44 that have got funding for planning. Obviously you have got to get that planning done first. There are lots of different options. You have got to speak with the school community and speak with parents and staff. Students are very engaged in this process too these days, which I think is really good. There are 59 government schools across the state that will receive funding for upgrades. This will improve educational outcomes, obviously, through high-quality classrooms, facilities and learning spaces. Anyone who has been to any of the upgraded schools that we have been able to get done these last four years cannot help but be impressed at the skill and the first-class outcome that our tradespeople have been able to deliver.

There are 35 schools that will get new architecturally designed permanent modular buildings as well, and then there are 15 non-government schools that will be funded for construction, expansion and renovation right across the state. That is part of that \$402 million commitment.

So right across the length and breadth of the state there are new schools where there is the growth that requires those new schools. If we are not at that stage, then there is land being purchased to stay ahead of that growth. Then across the whole state in every community there are projects that are being supported to upgrade facilities, to improve them, to make sure they meet the standards that parents expect. Particularly given the way learning has changed—team teaching and much more, if you like, fluid between grouping kids based on their abilities rather than strict age-based grades, all of those things—you need to sometimes have a different physical infrastructure to be able to do that well.

The other point too that I should make is that this is literally thousands and thousands of jobs, and it is so many small and medium-sized businesses in local communities that are benefiting from this. There are some big builders that are getting plenty of this work as well. Some of these schools are tens and tens of millions of dollars, but this is great for jobs and for apprenticeships and skills and trade-based learning as well.

Ms RICHARDS: I know there have been issues with asbestos in some of the schools, and so on page 32 of budget paper 3, I am interested in finding out what the government is doing about asbestos in schools in this current budget.

Mr ANDREWS: Thank you so much; it is a very important question. The school building authority, given the size and scale of our capital program, was established some years ago by the government in its first term. An important part of their work is making schools asbestos safe. The budget provides a further \$180 million to continue that work. That has been ongoing for the last four years, but there is still more that has to be done. There is funding that is relevant to 35 schools, which will receive replacement, architecturally designed permanent modular buildings to replace old portables and old classrooms that cannot be made asbestos safe. We have already invested some \$200 million, which is the largest rollout ever towards this purpose, to this end. That followed a statewide audit where I think 1712 school sites were assessed, and it found that a number of them, some 497, were high-risk asbestos sites. By March 2016 we had provided a treatment, whether it was removed or made safe at those sites. Sometimes covering in is just as effective, in fact safer than actually removing it; that can cause its own risks. Of course this budget continues that work so that other schools that need additional support to make them asbestos safe will get that funding. That is as we had committed to do. In fact I think this might be a little bit over and above the commitment that we made, but the need is there.

This industry—it is a very specialised industry—I think is doing a great job, and we are very grateful to them, and the least we can do is make sure that they have got the pipeline of funding to get this job done.

Ms RICHARDS: In the budget ‘Overview’ document—and you spoke earlier about the importance of having an inclusive environment—I am interested in finding out what we are doing to make education inclusive for all Victorians, and ‘Ensuring every child can be their best’, I think is the element that refers to that.

Mr ANDREWS: Thanks very much for the question. The Deputy Premier runs the portfolio, but from time to time I take interest in it, perhaps more than I should. This is an area that has been very close to my heart over a long period of time. Just behind my electorate office there was for a long time a special development school—Noble Park SDS. The last Labor government was able to move them onto much more appropriate grounds, with much better facilities. From meeting people there—parents, teachers, students—it became pretty clear to me that if we ever had the chance to do more again, then we should absolutely do that. That is where

this comes from. It is \$218 million in this year's budget to make our schools more inclusive. There is \$180 million to support students living with disability. This provides funding for 5400 students with high needs to attend mainstream and indeed specialist government schools, as is their right. That is the appropriate thing for us to do.

The program for students with disabilities, PSD, has been very strongly supported in this budget, as it has been throughout our time in office. There is \$18.4 million for additional support. That is including outside school hours care, equipment for schools, modifications and changes to buildings so they can be more accessible. There is \$10 million for playgrounds, outdoor sensory areas, quiet spaces; \$9.9 million for transport, because we know that that can be a real challenge but obviously important if we want kids to have the educational experience that they have a fundamental right to expect, as do their parents.

This builds on the just under \$170 million that we have invested in previous budgets to expand and upgrade 43 Victorian specialist schools—more new buildings, more improvements in facilities than has ever been the case in our state's history. I am very proud of that, and I am proud of the people who have driven the policy agenda. I am very grateful to them. I am also very grateful and humbled by the parents who I have engaged with to give me a better understanding of these important issues. They are the ones who should be proud of this because they have insisted on nothing but the best for their kids. They all fight for the kids, and we are fighting for them too to give them the best outcomes possible. These are not costs, these are investments in a fairer Victoria, a better Victoria, where every child's fundamental human right to get the best education is respected and valued. We did not make these commitments. This is well over and above what we said we would do, but we will continue to invest in this sector because we know that it is exactly the right thing to do.

Again, it is not for the government to be claiming credit. I give credit to the parents and the teachers and staff. Those school communities are very special places. Anyone who has never been to one of those special development schools, it is a good place to go and visit and see the magic that is that part of our education system.

Ms RICHARDS: Thanks, Premier. Another element of inclusivity of interest to me—and I refer you to budget paper 3, page 25—is that I am interested in having an update, and perhaps the other members of the committee would as well, on the free tampons in schools initiative, and what impact that will have on our community.

Mr ANDREWS: This was one of those interesting policy commitments where—

The CHAIR: Premier, can I just wait? We are about to pass to you, Mr Maas. Are you happy for the Premier to continue his answer?

Mr MAAS: Yes, I am.

Mr D O'Brien interjected.

The CHAIR: Continue on, Premier. Mr O'Brien was trying to crack a joke. Let Hansard reflect that it did not work.

Mr ANDREWS: This was an interesting policy commitment we made during the election, in that to me and to our team it seemed just the commonsense thing to do. It is a significant cost to families. It can be a cause of significant distress if products are not available when young women are at school. It just made sense to us, but there were other people who did not think this was necessarily a very good investment of taxpayers money. We are pleased to have been successful, and we are pleased to provide the \$20.7 million for those sanitary products; for pads and tampons in every government school free of charge. They will be accessible. They will be there for the first time ever, and I think that is a leading position in the country. There are other countries overseas that have worked this out a long time ago, so we are very pleased to do this. I think that there is a lot of support from parents and a lot of support from school communities, particularly schoolteachers who, more often than not, would have to dip into their own pocket to buy products like this for any student who did not have them. This is about dignity and empowerment and everybody being able to participate to their fullest, and it just makes commonsense to me. That is why we committed to it, and that is why we funded it.

Mr MAAS: Thank you, Premier, for your attendance today. I would also like to thank you for your presentation earlier. I would like to refer to that presentation, and in particular to the area around the economy and jobs. Premier, could you outline how the government's initiatives will help create jobs and grow the economy?

Mr ANDREWS: Thanks very much, Mr Maas. I think the numbers that I was able to present in the presentation and the numbers that are borne out in the budget papers show that there is a lot that Victorian business and workers and the community more broadly can be proud of. We have gone from an unemployment rate that was pretty well close to 7 per cent when we came to office and now have an unemployment rate of 4.6 per cent, and 4.6 per cent in regional Victoria—the lowest rate that anybody can find. They have gone looking—believe me, I have sent them off looking to try and find out what is the historical comparison—and they cannot find a lower rate than 4.6 anywhere.

Now, that is not to say things are perfect in regional Victoria from a jobs point of view. We always want to do better, and there are a lot of people doing it tough, particularly given drought and other challenges. But the budget papers indicate that more than 450 000 jobs have been created in the last four years. We congratulate business. We congratulate Victorians who have made decisions that underpin that jobs growth. We also make the point that our infrastructure investment, our investment in basic services—hospitals and schools—also underpinned those really impressive numbers. And to think that 70 per cent of them are full-time jobs, to think that that basically equates to close to 40 per cent of the nation's new jobs, that is Victoria at its best, leading from the front and playing a disproportionate role in the writing of the national accounts. If only we got infrastructure share that was more closely linked to our effort, we would be getting more than our population share of 25, 26 per cent.

Every part of the budget, really if you think about it, basically contributes to additional employment, additional opportunity—everything including more than \$100 billion in terms of infrastructure, trying wherever we can to procure smart and to support jobs. Beyond that, though, we are also looking to train the workforce that we need for the future so that that is not an inhibitor to doing more work and creating more of those employment opportunities into the future—all the way through to payroll tax in regional Victoria now coming down to a quarter of the rate that you pay right here in the centre of Melbourne and further payroll tax relief in terms of the threshold, keeping up the \$700 000, taking the best part of 3500, 4000 businesses out of the payroll tax system. That is fantastic news for them. Every part of the budget is important in terms of employment growth, and that is ultimately about dignity and opportunity and people making the most of the potential that they have. That is what we want for every single Victorian.

The other thing, too, is when you are having an employment discussion, I think, and the health of the economy discussion, you cannot possibly not make the point that in most regional communities the hospital is the biggest employer—certainly the biggest non-rainfall-dependent employer. So if you fund health properly, that has a disproportionate benefit in terms of regional communities. Schools, as well, employ a lot of people. So if you fund basic services properly you get an employment benefit, I think, that is disproportionate in regional areas, and of course you get the benefit of much better services as well. Strong growth and borrowing to build are budget fundamentals that are very strong indeed, AAA-rated by both agencies, and there are not too many sub-sovereign districts in the world that get the AAA rating from both, very few indeed. It is a testament to so many of the different partnerships we have with industry and with workers and ultimately to the partnership that we have with the Victorian community via the plan we put forward and the resounding endorsement we got in November last year.

Mr MAAS: Thank you, Premier. You did touch upon the fact that some in Victoria are doing it tough, and of course we do have jobseekers out there, young and disadvantaged jobseekers trying to find work. Can you tell me how the government is working to ensure that young people and those who are vulnerable are getting a head start as more people are encouraged to get back into the workforce?

Mr ANDREWS: I am sure that Minister Pakula will be keen to go through this in more detail, but if I can just give you a sense of it. There is \$8.8 million to expand the jobs bank, which is something we have created where we tap into the generosity of some of our biggest employers to take on people who need that chance to get an employment history underneath them and then move on from there. JVEN, the Jobs Victoria Employment Network, is also supported and expanded through that \$8.8 million.

To date, Mr Maas, through different Jobs Victoria programs we have supported about 5400 Victorians into secure employment. It is fair to say that many of those, without that structured support and assistance, and without their hard work and endeavour themselves—that partnership is the key—would not be in work today. Clearly that is of benefit to them and to all of us.

The Major Projects Skills Guarantee, which I alluded to before, at 10 per cent of total labour hours on our major projects is really important because it is not just employing local but it is also skills attainment that sets people up for a working life. I have met many of those people, and there are some just fantastic stories of people who have got the break that they had not got perhaps forever and are going to make the most of it because they are working on our crossing removals or they are working on Metro, or whatever it might be, or they are part of a school renovation. They have been taken on, given a start, they get a ticket, they have got a history then—and they can take those skills and that experience and have a really productive life that might well have been denied to them without that chance. Someone sometimes has to give people that chance, and invariably they repay you very, very strongly.

Mr MAAS: Premier, I would like to focus on regional Victoria, and I refer to budget paper 3, page 123.

The CHAIR: Does that include Cranbourne?

Mr MAAS: It includes Cranbourne—not! At table 1.26, can you tell me what the government is going to do to maintain regional employment?

Mr ANDREWS: Mr Maas, that regional payroll tax cut that I referenced a moment ago, at 1.2125 per cent—or 25 per cent of the city rate—is really very important. We have dropped it down. We have gone from parity to 75 per cent, to 50 and now down to a quarter, which we think is a really positive move and a very strong signal to businesses that we want to see them expand in regional Victoria. Again, listening is really important with this as well. They also talk to us about—'Well, there's a bunch of other barriers. This is great that you've made payroll tax much more competitive for us to go to regional Victoria, but if we sell up in Melbourne, we've got to go and secure new premises. We often want to buy so we've got control and certainty. There's a range of other transaction-related taxes'. So there are some significant improvements in relation to duties and the cost of relocating a business via commercial or industrial real estate into regional Victoria. It seems a small thing, but it comes directly from listening to so many in business who are keen to potentially move to regional Victoria.

The other point to make as well—that \$2.6 billion boost that I referred to across a whole range of different portfolio areas and programs in my presentation, that equates to some 4500 jobs as well. So in every way and in every part of the state we are looking to secure employment to grow jobs because we know that that is where prosperity and success come from.

Mr MAAS: I would now like to flick the switch to solar and renewables, so to speak. If I could refer you to budget paper 3, page 39 and table 1.9. Premier, could you please explain how the initiatives outlined are driving investment in renewable energy in this state?

Mr ANDREWS: Thank you so much for your question. We made commitments at the election last year that we would put solar on more than 700 000 rooftops over 10 years, and that would be with no up-front costs. That is about cutting emissions, and it is about cutting bills too, and that creates a lot of jobs along the way also. There is a \$1.36 billion program, and the budget makes very substantial commitments, all the funding required, to deliver against those priorities and that promise, in the budget, and we are very confident that we can deliver. In fact we are ahead of schedule at the moment. The rebate scheme that we put in place as an interim measure while we got to this point—to the first day of the new financial year—has been well and truly oversubscribed, and I think industry large and small right across the state have seen a real boom in terms of the number of people wanting to install solar on their homes. The other point with this is that not only is there a subsidy there and no up-front cost, but even those who would not qualify, and that is a very small number of people—because it is a \$3 million property, \$180 000 a year household income, so it is at the higher end of cut-offs—even those who might not qualify, I think all of the attention that is going on this I think reminds them that it is a very sound investment to invest in solar.

There is a range of other programs: again, they are funded and will be delivered as well—household batteries, some other battery storage measures, solar hot water. It is quite a comprehensive package, and we have delivered all the funding required at this stage to acquit the commitments that we made.

The other point—you asked about renewable energy more broadly. We are on track for our 25 per cent by 2020, 40 by 2025. We have seen massive investment in terms of renewable energy across multiple platforms—some \$9 billion, 11 000 jobs. That is what we are set to deliver across that time frame. We are seeing so many projects that are in planning, others that are actually being developed right now; some have already been delivered. We are talking about 11 000 jobs but we are also talking about almost 5500 megawatts into the grid, into our overall capacity, by 2025. As I said, it is great for cutting emissions, great for cutting bills as well, and there are so many employment opportunities along the way. We, I think, have just quietly gone along and we are delivering against the commitments that we made, and indeed going beyond them.

The renewable energy auction last year was the biggest such auction in the nation's history. We had anticipated getting about 600 megawatts worth of bids, or being able to secure about 600 megawatts worth of power for the allocation that we had made. We finished up getting more than 900 megawatts of power for the same funding. The total bid pool was close to 3000 megawatts of power, so there is interest. Why this industry was ever scuttled by some very silly planning laws is really beyond me, because it is about more power into the grid to cut prices, much better emissions and ultimately jobs and wealth, and non-rainfall dependent income. It makes perfect sense, and that is why we are pursuing it.

Mr MAAS: Thank you, Premier. I think I have got about—

The CHAIR: Twenty seconds.

Mr ANDREWS: You could do another joke.

Mr MAAS: No, I will not do that. I will ask you, though: you did mention job creation in the solar industry. Would you care to take us through some of the types of jobs or some of the jobs that are being created?

Mr ANDREWS: There are a whole range of different job classifications. There are some lower skilled jobs—

The CHAIR: Sorry, Premier. The Deputy Chair has informed me that Ms Vallence will begin his time.

Ms VALLENCE: Thank you. My question first up is to you, Secretary. Budget paper 3, page 295, is the reference, and it is in relation to the PPO budget. Secretary, what is the 2017–18 actual expense for ministerial staff costs?

Mr ECCLES: Total ministerial staff costs for 2018–19 is \$46.2 million.

Ms VALLENCE: And what is the 2018–19 expected outcomes for ministerial staff costs and the 2019–20 budget for ministerial staff costs?

Mr ECCLES: Yes, sure. I think I have answered the first part of the question by referring to the \$46.2 million.

Ms VALLENCE: Okay. Yes, so the actual.

Mr ECCLES: The 19–20 budget for ministerial staff costs is \$49.8 million.

Ms VALLENCE: Secretary, further, for each quarter between July 2017 and December 2018 in the office of the Premier and ministerial offices, how many chiefs of staff, ministerial directors, ministerial staff and casual staff were there?

Mr ECCLES: I do not have that information before me. But just with the prompting of the Premier, that was total ministerial office staff, not the PPO. The PPO does not occupy \$49.8 million worth of budget expense.

Ms VALLENCE: Okay.

Mr ECCLES: I am just correcting myself.

Ms VALLENCE: Good. So the question was about ministerial staff. So did you hear that question that I just asked?

Mr ECCLES: I will take it on notice.

Ms VALLENCE: You will take it on notice, okay, for the period of July 2017 to December 18. Also as of today what are the current numbers of staff—FTE and actual headcount, including casual?

Mr ECCLES: As of today I do not have that figure, but I can find that number for you.

Ms VALLENCE: Thank you.

Mr D O'BRIEN: I am not sure, Ms Vallence, did that include PPO as well, or separately that of the PPO figure?

Mr ECCLES: I can provide both.

Mr D O'BRIEN: That would be great.

Ms VALLENCE: For PPO and ministerial staff, please.

Mr ECCLES: I can provide that information, as of today.

Ms VALLENCE: Thank you. Secretary, I will move on to budget paper 3, page 295. You might also need to take this on notice. For 2017–18 and for 2018–19 thus far, can you please provide the committee with the number of departmental staff that reported incidents of bullying to DPC, and for that same time frame—2017–18 and 18–19 so far—can you please provide the committee with the number of ministerial staff that reported incidents of bullying to DPC?

Mr ECCLES: Happy to do so and to take it on notice.

Ms VALLENCE: Thank you. We will move on now to budget paper 2, page 33. To you, Premier, thank you.

Mr ANDREWS: Sure; no worries.

Ms VALLENCE: Premier, the week of the 2018 election, when launching Labor's economic costings, your Treasurer promised, and I quote:

This document is Labor's financial plan for the next four years. It contains no new taxes, whatsoever. No tax increases, no extra charges, it's all there in black and white.

Why has your government broken that promise not once but six times?

Mr ANDREWS: I would take you back to the document you quote from—*Labor's Financial Statement*—which is essentially all of the election commitments that we made, and they are all acquitted and delivered without any changes to taxes. That is to say all of our commitments were fully funded and are fully funded now without any changes to any taxes. Indeed the Treasurer was criticised for in fact not ruling out making changes to the tax system beyond our promises. I might even have been criticised a little bit about that at the time as well. We have made some tax changes in this budget. There are some increases in some areas and there are some cuts in others.

Ms VALLENCE: So you have broken the promise, then.

Mr ANDREWS: No, what I am doing is directing you back to the document you just quoted from. Each and every commitment in that document is funded without any changes to the tax system, and I have I think in

answer to a number of questions today pointed the committee to literally hundreds and hundreds of millions of dollars—in fact billions of dollars—worth of investment that was not mentioned in *Labor's Financial Statement*. We have gone well and truly above and beyond the commitments that we made, and we reserve the right to make changes which we think are fair and balanced. The logical extension of your argument would be that it would have been wrong, for instance, to cut regional payroll tax to a quarter of the metropolitan rate, because we had not mentioned it in the policy statement. I think you understand the point that I am making. You may not agree, but that is the document you are quoting from. That is what it clearly says.

Ms VALLENCE: Also in reference to budget paper 5, pages 9 and 20, do you take pride in the fact that Victoria is the highest taxing state in this country?

Mr ANDREWS: Well, I will leave interpretation and interstate comparisons to others. What I take pride in is the fact that we are getting more projects built and more investments made than any other state in the country, and I am very proud of that. I am proud of our workers, I am proud of our staff and I am proud of all the people who deliver services every hour of every day. I am proud to support them, and in turn I am proud of the work that they do. The provision of public services does have a cost, but the costs are far outweighed by the benefits, like ambulances that turn up when you call for them; TAFEs that are open rather than having, say, padlocks on the front gate; nurse-to-patient ratios that guarantee safe care; schools that are rebuilt; and infrastructure that has been talked about for decades but is being completed right now. They are the things I am proud of—and they do cost. They do have a cost.

Ms VALLENCE: And cost blowouts.

Mr ANDREWS: No, no—they have costs.

Ms VALLENCE: So, look, I will move on.

Mr ANDREWS: We do not need to. We can stick with this if you want.

Ms VALLENCE: Well, I would like to move on, thank you, Premier.

Mr ANDREWS: Sure, absolutely.

Ms VALLENCE: I think we are asking the questions here. So did you or anyone else in your government consult with any stakeholders regarding your new mining tax, and if so, who and when?

Mr ANDREWS: I certainly did not have any conversations with stakeholders, as you put it. We have made some decisions. They have been criticised by some in that sector. Others have not criticised them. They have in fact said they thought they were actually a fair outcome. That is what they have said. We reserve the right to put that industry on par from a tax point of view—a royalties, levy point of view—with every other goldmining state. We were up until this budget the only state that did not have such a mechanism in place. Those funds go towards supporting all the services I just mentioned.

Ms VALLENCE: So, to confirm, no consultation with stakeholders.

Mr ANDREWS: No, no. Sorry, Ms Vallence. You asked me whether I had spoken and I am indicating to you that I did not. I cannot speak—

Ms VALLENCE: So did anyone in your government consult with stakeholders?

Mr ANDREWS: I would need to direct you to relevant ministers when they appear before the committee. They are probably better placed to be able to speak to you about that.

Ms VALLENCE: Castlemaine Goldfields—the owner and operator of Castlemaine Goldfields, of the Ballarat goldmine—has described the tax as ‘silly’, ‘crazy’ and ‘honestly a real and present threat’ to their viability. That one operator employs currently around 160 direct employees and a further 70 to 80 contractors full-time. Premier, how many companies does this tax apply to, what is the aggregate number of employees in the sector and how many of these have their jobs at risk?

Mr ANDREWS: Well, let me come back to you with some of the detail that you are seeking. Obviously I do not have that to hand, but we are happy to come back to you with the information that you have sought. It would seem that the impact of this new measure on the viability of the industry is by no means settled, because while some have criticised this measure—as they are entitled to do; this is a free state, you can views—others have indicated that their margins can well and truly withstand a levy, a royalty, of this scale and have actually made some disparaging comments to the effect that any business should be able to. That is not me speaking; that is some in the sector. Some have been concerned by these changes; others have seen them as fair and reasonable. Others who have had decades of work not just in gold but in the mining industry and minerals industry more broadly have indicated that this was a logical decision for the government to make, given that we are the only jurisdiction without such a mechanism. In terms of the specifics that you asked for, I am more than happy to provide whatever information I can. Obviously we will provide you what is appropriate.

Ms VALLENCE: All right, Premier, moving on to budget paper 2, page 33, again. It states:

The government will continue to identify new opportunities to build capacity for investment through ... value capture.

Premier, can you please detail what government projects have prospectively been considered for value capture?

Mr ANDREWS: Well, I think the first thing to do is to perhaps just make sure we are all agreed on what that term means, because it can often mean different things for different people.

Ms VALLENCE: It is in your budget paper.

Mr ANDREWS: Yes, yes. I know what it means. It is a question of are we all talking about the same thing. This is as much about creating value as it is imposing additional costs or levies on people. Sometimes when you build a big project there can be things that are made possible because you have made those investments.

Ms VALLENCE: Value capture just means a tax, doesn't it?

Mr ANDREWS: No. That is the point that I am making. That is not what it means at all. I am more than happy to have perhaps the Assistant Treasurer take you through in some detail what it is we mean by that term. There is sometimes some confusion, quite broad, about creating value and therefore wanting the windfall from that or, as you put it, taxes or charges. They are very different things, and maybe Robin can take you through that chapter and verse.

Ms VALLENCE: So to remove the grey and make it black and white, do you have a definition that is available to be reported to us?

Mr ANDREWS: More than happy to correspond with the committee as appropriate, but I think probably the best person to take you through chapter and verse on this matter would be either the Assistant Treasurer—and I dare say that the Minister for Priority Precincts will have something to say about this too.

Ms VALLENCE: Thank you. A definition of value capture in writing on notice would be appreciated.

Mr ANDREWS: Yes, and the context in which—

Ms VALLENCE: I would like to cede my remaining time to my colleague Danny.

Mr D O'BRIEN: Thank you. Just a quick one, Premier. You spoke before about your commitment to specialist schools. Why therefore is there no funding for a new Latrobe Special Developmental School? You provided \$6 million last year for Traralgon College and the SDS. You have now committed and agreed that they will be separate schools, so why is there no funding for that going ahead?

Mr ANDREWS: Is it not referred to in terms of planning? Let me come back to you. Again, with the numbers I quoted earlier on, which I think is some 43 or 48 schools—whichever number I quoted before—that is the work of the last four years. All the election commitments are honoured. At least, the money that is required in this year to deliver the commitment is there. That one is perhaps unique in that it was funded last year. Let me come back to you.

Mr D O'BRIEN: Happy for you to do so. Just on drought support, budget paper 3, page 6, has references to drought support. Premier, you would be aware I have been campaigning on this for some time. We have got some farmers in my electorate that have been in drought for up to three years. It is nearly 12 months since the government actually acknowledged and declared that there was drought in central and East Gippsland, particularly Wellington shire and East Gippsland shire. You have not been past Traralgon in that time, and indeed I believe you have been to Latrobe Valley five times in that time. Now, as disappointed and as angry as I am about that, I do not want to make politics of it, but I point out to you an article from today's *Gippsland Times*. It is an opinion piece by Sarah Luke. The headline you can see: 'Our Premier missing in action'. It is not just me saying it, it is local press, it is local farmers. So without wanting to politicise it—

Mr ANDREWS: Well, perish the thought you might want to politicise something, Mr O'Brien. Rather than politics—

Mr D O'BRIEN: On drought, Premier—this is a very serious issue.

Mr ANDREWS: It is a very important issue.

Mr D O'BRIEN: I am asking you, though, as the leader of the government, will you come and visit the farmers in my electorate and ideally bring with you an assistance package in the form of municipal rate relief? But at the very least as the leader of the government please come and visit our farmers.

Mr ANDREWS: I meet with lots of different people and I make it my practice to get out and about and listen to as many people as possible, and that will not change over the next three years. The issue that you raise is very important to me, that in East Gippsland but also in other areas, depending on these rains this winter, they may well have their second failed season as well and be eligible for a range of drought assistance. In terms of drought support, I think, Mr O'Brien—

Mr D O'BRIEN: I am aware of the drought support.

Mr ANDREWS: No, you have asked a question and if you will allow me to answer the question I want to—

Mr D O'BRIEN: But the question I am asking, and I am not trying to be difficult—

Mr ANDREWS: No, you asked me—

Mr D O'BRIEN: The specific question was: will you come and visit?

Mr ANDREWS: And you wanted to know about support. It was the last—

Mr D O'BRIEN: No, no. I actually did not.

Mr ANDREWS: Yes, you did.

Mr D O'BRIEN: I am pretty sure—

Mr ANDREWS: You said to come with you with a lot of—

Mr D O'BRIEN: Yes, about municipal rate relief.

Mr ANDREWS: Yes, and that is why—

Mr D O'BRIEN: If you want to answer that, I am happy for you to do so.

Mr ANDREWS: Well, I think that the best way for us to advance support for drought-affected farmers, primary producers and communities is best exemplified in the joint letter that I, the leader of your party, the Independent member for Shepparton—this was specifically in relation to the north-east and the Goulburn Valley—and of course the Leader of the Opposition signed together. That is my approach. It is less about the politics and more about providing practical support.

Mr D O'BRIEN: And that is why I am extending that hand—

Mr ANDREWS: And that is why we have provided additional funding and we stand with drought-affected communities, and if there is a need at the end of this winter and spring period, this relevant period in terms of rainfall—

Mr D O'BRIEN: There is a need now, Premier, for more assistance. I am telling you.

Mr ANDREWS: Well, if there is a need for the government to do more than it already has, we stand ready to do that. I would be more than happy to have a conversation with you about those matters. I get around the state. I am not sure where I will be in terms of the specifics of your question and when, but we will provide additional support if it is needed, and we will work with you and the community that you represent to support that community in any way that we can.

Mr D O'BRIEN: Well, can I—

The CHAIR: Thank you, Premier. I have allowed you to go well into my time, Mr O'Brien, because I thought the issue was worthy of the Premier's response. I will start by ceding my time to Ms Richards.

Ms RICHARDS: I asked some questions earlier about education as it related to perhaps our younger Victorians, but I just wanted to take the opportunity to make some inquiries about the TAFE system. I will refer you to page 22, table 1.7, budget paper 3—I should have done that the other way around. I am interested in finding out how the free TAFE for priority courses initiative will benefit the economy of the state.

Mr ANDREWS: Sure. Thanks so much for your question. We are delighted to have not only repaired the shocking damage done to our TAFE system in the four years prior to us coming to government, but that is not our mission. Our mission is not simply to repair the damage done by others, it is to set TAFE up to be better than it has ever been, and that is where we are headed with free TAFE courses in those 30 most in demand areas, together with 20 preapprenticeship courses that are free as well. We see enrolments in those free courses at about 19 000 this year. That is double what it was at the same time last year before the free TAFE announcement was made.

The other thing that is interesting to note is that some in the private for-profit training sector report they have seen enrolments increase in the same courses as well. Because even though they are not free, people have a real sense of confidence that those courses are in demand and that there are good jobs at the end of those courses.

Productivity, profitability, the sorts of options in a person's life and a sense of certainty and prosperity for them, it all comes back to skills, giving people the skills they need for the job they want and particularly investing in the skills that our economy needs now. Whether it be to roll out the NDIS, whether it be ultimately to respond to recommendations of the family violence royal commission or the soon-to-be-presented recommendations of the mental health royal commission or to deliver that infrastructure agenda that we have laid out, we are investing in a strong public provider. We are investing in TAFE facilities and more TAFE courses, and that sits in stark contrast to teachers sacked, campuses closed, courses no longer being offered and a sense of absolute crisis in TAFE. And that is where things were. I can well remember visiting Greensborough—padlocks on the gates. I remember going out to Lilydale. I went out to—

Mr D O'BRIEN: Tell us how many you are actually training now, Premier.

Mr ANDREWS: Well, how is Lilydale going? Have you—

Mr D O'BRIEN: Tell us about the numbers in training now, if you are going to be honest.

The CHAIR: Mr O'Brien.

Mr D O'BRIEN: He can only talk about the past, Chair. If the Premier wants to talk about the past, he should be honest about what is happening right now.

Mr ANDREWS: You could have asked me a question about TAFE.

The CHAIR: Mr O'Brien, I gave you 2 minutes of my time on an issue that I believed was worthy of bipartisanship. Please do not talk over our time, especially when Ms Richards has asked a question. Show some respect to your colleagues the way that they have to you.

Mr D O'BRIEN: Well, how about some consistency, Chair?

The CHAIR: I have been pretty consistent all day.

Mr D O'BRIEN: How about some consistency on the application? He is talking about 2010 to 2014, and you are quite happy with that when they do it.

The CHAIR: I think—

Mr D O'BRIEN: When we do it you say, 'No, it has got to be relevant to the budget'.

The CHAIR: You can provide as much colour and light as you like. The Premier is just providing some context with his answer. Quite frankly I think you are embarrassing yourself, and I would ask you to stop.

Mr ANDREWS: Getting the padlocks off the gates at Lilydale TAFE was very important and a big point of contrast, and it might have only been four and a half years ago but it is still very important today, because that institute is thriving—thriving. And that is of great benefit not only to students but to staff and to all of those in industry who employ those highly skilled, well-trained Victorians at what was shut up and locked up and going to be a housing estate. I think there are now people are learning how to build houses. That is a fair contrast. Uncomfortable for some, but it is the contrast—the same at Greensborough, the same in many different places.

So the budget this year continues our investment. We will not be deterred in that. We will continue to invest in TAFE because we said that we would. And it just makes sense. If you want to make the best of the growth that we have been experiencing, you have got to have skilled people. If you want people to have options in their life, have the opportunity to fulfil the rightful aspirations that they have, then you have to invest in TAFE. And that is why there is additional funding, some \$644 million in the 18–19 budget. Beyond that there are significant additional allocations that we have made for the future, for new buildings, adding courses to that free TAFE list and giving people what they are fundamentally entitled to—the skills they need for the job that they want.

The CHAIR: Premier, on Wednesday former Prime Minister the Honourable Julia Gillard, who now chairs Beyondblue, put out on social media—and I put it on my work Facebook page—an issue about men and suicide across Australia. It is not unique to Victoria, but she said that each day in Australia six men commit suicide, sadly successfully, and that each day 82 ambulances attend men who have attempted or seriously thought about suicide. This brings me to the nature of the Royal Commission into Mental Health, which you have taken a leadership position on. I will have some questions about that and the cost of both the royal commission and whether there are some early indications or expectations about what that might mean for public policy. But in relation specifically to this budget at this point, can I ask you: what investments have you made in the areas of mental health and of course what was it that drew you into looking at this as an area that needed such attention?

Mr ANDREWS: Thanks very much, Chair, for your question and obvious interest in this matter. We made a commitment to a royal commission because I think there comes a time sometimes when we just have to acknowledge that a system is fundamentally broken and that it is failing people. The other way to put it is that this is not really a system; it is a series of services where very passionate, very highly skilled people work really hard, but they are not getting the support that they need structurally in terms of budgets, in terms of a more seamless system that actually wraps around people when they need it, a system that is geared towards keeping people well rather than responding to people when they are in absolute crisis.

You could pretend that you have got all the answers and say, 'Oh well, we'll just throw an amount of money at it'. I do not think that is the way to go. I think, much like family violence, if you are going to go on a reform journey, if you are going to do something in the medium term and do it over a number of years that has a real impact, then you need to be prepared to be criticised, you need to be prepared to have all the failings of your system written up for everybody to see, you have to call time on those things—and that is what we have done. There are so many great people in this sector, and I am privileged, through different roles I have played over

my public life, to know many of them; there is no criticism of them. The problem at the moment is the system works against them, almost. So I think a royal commission is the way to go. It is a modest investment: \$13 million or \$14 million I think is the amount of money that we have allocated. It is going to give us the answers that we need. If they need more money to conduct their inquiry, then they will get it. But the first of their reports is towards the end of this year, and then we will get another one toward the end of next year.

We could not be happier with the choice of royal commissioners. Penny Armytage is well-known to this committee and to many Victorians; she is chairing it. Associate Professor Alex Cockram is a mental health clinician herself and has spent a lifetime in hospital administration and in mental health care—a fine person. Professor Allan Fels, who I think brings an economic, productivity perspective—what is the cost of failure or what is the cost of a bad system—brings that really important perspective to it and brings his own personal perspective as a father to that work; we are indebted to him for agreeing to be part of this. And Bernadette McSherry is a great advocate for clients, for consumers, and someone who has spent a lifetime researching and understanding the nature of the challenge and ideas on how to make it better. Pat McGorry is chairing the expert advisory committee. We all know Pat and we all, I think, respect Pat; he is a very good advocate and runs innovative models that save lives every single day. This is worthy work, Chair. It is very, very important.

In terms of early lessons, I would not want to cut across the work that the commissioners are doing, but I think it is important that from the first day I announced this that I said we would implement the lot; we will implement every one of the recommendations. It is not fair to do it in any other way. But I have said to the royal commissioners—and the terms of reference reflect this—I want practical recommendations. I want things we can do, things we can actually put in place that deal with the best part of 650 suicides every year, that deal with so many people who are not living well. They are surviving from one crisis to the next—carers, loved ones, family, friends. There is such a massive impact on every single one of us. We see it reflected in criminal justice. We see it reflected, sadly, tragically, in some extreme male behaviour. We see it present in lots of different ways. Now is the time to call time on this and say it is broken, we are going to fix it. It will cost a lot of money, but it will be a profound investment. And in anticipation of the product that they are going to produce, I am very grateful to the royal commissioners and the team. It is a big team of people working on it.

The other thing—the final point—I will just make the point that we are also very conscious that this process can be a very distressing process. It can see people need emotional and mental health care. So we have increased some of the funding for the office of the chief psychiatrist. We have increased some other counselling funding for anybody who as a result of this process becomes in need of that care. Family violence taught us that—that there was a need for more counselling. The more we talked about it, the more we engaged on these issues. It can actually drive up demand.

I will not go through the budget numbers any further than that, but there is a big boost this year. That effectively tides us over, if you like. There was about \$700-odd million last year; I think it is about \$170 million this year in mental health care but also drug and alcohol services. But the big investment will come as a consequence of the royal commission, which is mid-cycle—that will be mid-financial year. So at the end of this calendar year we will get the first of the two reports.

The CHAIR: I am conscious that I am going to have to call time on myself in just over 40 seconds. I have a couple more questions that I will provide to the department on notice—one in relation to clinical mental health and funding in relation to that area, and also a question in relation to the medically supervised trial injecting room, although I could probably still direct those questions to the appropriate minister when they come before us.

Mr ANDREWS: Chair, if at the end of that process you have not got what you need from ministers, then by all means, if you let us know, we are happy to furnish you with whatever information we can.

The CHAIR: Premier, I thank you very much. We are at an end of our allocated time. I want to thank you for appearing before the committee today, including the officials. We will follow up with other questions that you have already taken on notice and also that the secretary has taken on notice in writing, and responses will be required within 10 working days of the committee's request.

Witnesses withdrew.