C O R R E C T E D V E R S I O N

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2011–12

Melbourne — 11 May 2011

Members

Mr N. Angus
Mr P. Davis
Ms J. Hennessy
Mr D. Morris
Mr D. O'Brien
Mr M. Pakula
Mr R. Scott

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Witnesses

Mr D. Davis, Minister for Health,

Ms F. Thorn, Secretary,

Mr L. Wallace, Executive Director, Finance and Corporate Services Division,

Professor C. Brook, Executive Director Wellbeing, Integrated Care and Ageing Division, and

Ms F. Diver, Acting Executive Director, Hospital and Health Service Performance, Department of Health.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on the 2011–12 budget estimates for the portfolios of health and ageing. On behalf of the committee I welcome the Honourable David Davis, MLC, Minister for Health; Ms Fran Thorn, Secretary of the Department of Health; Mr Lance Wallace, executive director, finance and corporate services division, Department of Health; Professor Chris Brook, wellbeing, integrated care and ageing division; and Ms Frances Diver, executive director, hospital and health service performance. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat may approach PAEC members. Departmental officers as requested by the minister or his or her chief of staff can approach the table during the hearing to provide information to the minister, by my leave as Chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. May I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited.

I am also pleased to announce that this series of budget estimates hearings are being audiocast live on the Parliament's website. We can certify that that works.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee had determined that there is no need for evidence to be sworn. However, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within 48 hours after the hearing.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of health.

Mr D. DAVIS — Chairman and committee, thank you for the opportunity to do this. It is an important portfolio, as the committee is well aware. It is a portfolio that has a number different issues.

Overheads shown.

Mr D. DAVIS — We will come to the first slide. Chairman, I am aware of your strictures about being swift, so I will skate through a couple of things and may take an opportunity later in the presentation to come back to some matters that might need further fleshing out.

The agenda in health is significant. There are legacy issues. The committee will not be surprised to hear that there were a number of issues confronted by the new government coming into power, not least the issues surrounding unfunded or only partially funded projects, perhaps the most obvious of those two being the Olivia Newton-John Cancer and Wellness Centre —

Ms HENNESSY — Rubbish.

Mr PAKULA — Rubbish. Nonsense. Arrant nonsense.

Mr D. DAVIS — where $45 million had not been provided to complete the project and the 24 million that was needed to ensure that the new Royal Children's Hospital is completed with good quality ICT.

There are also issues around commonwealth-state relations. If we lay those out very quickly too, there are a series of national partnership agreements. With the health and hospitals agreement that was signed initially in April of last year we took the view this needed to be reviewed on coming into government. At the heads of government meeting in February this year we got a better deal for Victoria. But it is true to say that a number of issues remain to be developed as we move towards a final agreement.

There are also, I think, issues that I will come to in terms of the growing number of federal or commonwealth bodies that are to oversee health in some way or another that do not deliver particular services. We will go through the highlights, and then we will talk briefly about the metropolitan health plan.

As I said, the legacy issues and the reliance on non-recurrent funding for recurrent services have been a significant issue. To be fair to the previous government, it is not unique to them, but there was a significant conjunction of lapsing programs and the use of non-recurrent funding for recurrent services that fell due this year. That was a challenge in framing the portfolios' outcomes.

The national reform agreement was in certain respects detrimental to Victoria, and we needed to work through aspects of that. In terms of the expert panel that was agreed to at the heads of government agreement, I am not sure if it is actually announced yet, but it has certainly been formed by the commonwealth minister and the Prime Minister. I am happy to provide the names of the people on that panel, but there are issues around the impact of targets in emergency departments and other matters that will be worked on by that body. I use that as an example of the challenges of ensuring that national agreements do not impact detrimentally on Victoria.

In terms of price pressures, one of the first issues that confronted me coming to the portfolio was the fact that the Christmas holiday funding for staff in the health sector was not funded — 55.2 million was the amount. It was a very significant hit on the portfolio. We would have had to take that out of the activities of the department, the networks and the hospitals. That was not a good option. Equally, one piece of advice said that you could remove the holidays. I was certainly not prepared to do that. Finally, a third option was to go to Treasury for additional money. But no provision had been made at Treasury for three holidays. The three holidays are very predictable things. We know the calendar is predictable; Christmas has been around the same time every year for quite a while. We need better planning on those matters.

Ambulance Victoria faced significant financial pressures, lifting from a hole of about $50 million as laid out in the minutes of Ambulance Victoria going back to 18 months ago. There are significant challenges for Ambulance Victoria, and that financial pressure is still there in part, but I think there has been significant progress in dealing with that issue. There are obviously industrial awards to be renegotiated, and EBAs are forthcoming.

HealthSMART and the implementation issues around that are significant, and as I said there are a number of unfunded or underfunded capital projects, including the children's and the Olivia Newton-John centre.

The next slide is on commonwealth-state relations. I have laid out some of those issues. The grants commission's decision to remove 2.5 billion from the forward estimates — and I know the Treasurer has spoken to you about this matter — is significant, and that cut in GST revenue has a significant impact on the health portfolio in terms of the reduced capacity to grow. The national health reform agreement, as I said, is under development. There are a number of implementation plans with unresolved issues.

I have said the Health and Hospitals Fund bids outcome was unknown. It was unknown last night; it is actually known now, and there were a number of good announcements. People in the upper house will remember me making commentary about the Albury-Wodonga announcement by the commonwealth minister and welcoming that announcement, and we welcome a number of those commonwealth announcements. I think it is true to say that Victoria has not got its fair share of the Health and Hospitals Fund bids, and that is unfortunate because it does leave us short, and this is often the way. Notwithstanding that, I am happy to give credit where it is due where we have been given some additional resources. For example, Kilmore received 10 million to match the 10 million that the state has announced. That will provide a 20 million rebuild of Kilmore, a significant amount of money. The poorly defined promises and allocations from the commonwealth are a more general point, and I am happy to expand on that later.

I am not going to run through this chart in detail, but this is just to give the committee a flavour of what we are going to confront with the new national arrangements between commonwealth and state. New commonwealth

agencies — agencies that have interesting acronyms and have a whole range of activities, some worthy some less worthy, some defined some poorly defined — all share one thing in common: they do not deliver any services for patients. They are all about additional spending, additional bureaucrats in Canberra and additional money that does not deliver for Victorians, does not deliver for Australians and does not provide one extra hospital bed, one extra nurse or one extra doctor, but they do add a lot of intervention and bureaucratic meddling.

Unfortunately I think we are going to have to take a very strong look at some of the points around the National Performance Authority, the pricing authority, the preventive health agency — and thank goodness Rhonda Galbally has a role in that — and the national funding body. I think I might bore the committee if I went through all of these in great detail, but I am happy to return to this, making the point that as a long-term issue this might actually be something for the committee to follow up — whether these commonwealth bodies deliver for Victoria.

The budget highlights, which are on the next slide, lay out the $13 billion expenditure overall. There is an additional 1.3 billion over four years to strengthen hospital services. There is a commitment on 800 beds, and we will begin the process of delivering that this financial year. There are additional resources into ambulance services, and ambulance is a very important service that has faced real challenges, and we have certainly been prepared to put the resources in to ensure that ambulance services improve. But it is not just about the money; it is also about — I am getting the wind-up from the Chair here. There is 107 million over four years for chronic disease prevention, 218 million over four years for aged-care services and 522 million for infrastructure investment.

I will move to the next slide. The beds I have talked about, and there is increased capacity there. There is elective surgery. There is a significant boost to a number of our key health services. I am conscious of the Chairman's desire for me to move forward.

Ambulance is the next slide. We have laid out the membership fee cuts, the additional paramedics and patient transport officers, and the preparedness to put in the additional 10 single responder MICA units. I note that the first of those has opened in Shepparton, and I was very proud to open that.

If we move to rural services, there is an expansion of rural services and country spending. I make one point here: 40 per cent of the capital money has been going to country Victoria. That is a historic turnaround. If you go back and look at the figures released by the VHA, they suggest that over the last 10 years 17 per cent of capital resources in health went to country Victoria, despite country Victoria having 27 per cent of the Victorian population. That is a historic shift and a catch-up in some respects. I am not going to go through each of those; Bendigo hospital is an important one.

On prevention and bowel cancer screening, I am prepared to give credit to the federal minister. After the chamber passed a resolution on bowel cancer screening and a significant public campaign was run, the commonwealth has restored the bowel cancer screening program, and we are very pleased about that.

The Life! program — and I am happy to come back and talk further about that — is a particularly important program that we have put on a long-term and sustainable footing. It was a lapsing program that would have fallen off the perch if we had not restored that program and funded it in an ongoing way.

Further highlights include palliative care, which is an important announcement. The 34.4 million over four years is again a historic lift in palliative care. It is very important. There is some additional money for dental services. There is infrastructure investment. A number of additional infrastructure commitments will be delivered over the next few years. The Olivia Newton-John centre will fill in the black hole left by the previous government. The Northern Hospital ED expansion is important, given that that hospital faces significant pressures on its emergency department.

Maroondah, Frankston and the Monash children's are important commitments. I will say more about those, and I am happy to go through some detail of those with you. There is 67 million for the country hospitals fund. The Monash children's is an important commitment of $250 million — 60 million in this term, and 8.5 million has been brought forward to secure land and enable the building of the best possible hospital. I will come back to that if the committee is interested. At Box Hill, the $40 million expansion for the additional 100 beds will achieve a magnificent result for the people of the eastern suburbs — a real expansion that will set that hospital

up for 30 or 40 years into the future. At Bendigo, there is 102 million to develop the world-class hospital, on top of the previous government's $528 million commitment, bringing it to 630 — a magnificent increase in the size of that hospital, with the integrated cancer centre on the one site.

The metropolitan health priorities framework and plan was released last week — admittedly 153 days into the government's time since taking office. We are very pleased to have released that. This puts, for the first time in many years, a proper framework around the challenges of an ageing population and chronic disease, and this will help provide a significant guide into the future.

Moving forward, we are trying to keep to the Chair's time line.

Mr PAKULA — You are already over.

Mr D. DAVIS — Well, I have not been letting the grass grow.

The CHAIR — Minister, you have made a very comprehensive presentation. If you would like, we can move onto questions. I am sure members of the committee can refer to your presentation, and that will help them raise some further issues for you to embellish on. We have approximately 2 hours and 45 minutes left for questions on the health portfolio. I would like to ask initially, in relation to BP 3, page 187, how have predictions concerning population growth shaped the budget for 2011–12 and the out years for the discharge of your portfolio responsibilities?

Mr D. DAVIS — This is an important question, Chair, and it is one thing that we have certainly begun to strongly turn our mind to. Obviously this is the first budget of a new government facing black holes and challenges in terms of the withdrawal of commonwealth money, but in those contexts we have looked to the future. We have said that the metropolitan component of our health plan — and there will be a rural and regional part of that plan to come — looks at population projections which lay out significant challenges into the future.

The rise of certain chronic diseases, such as obesity, diabetes and so forth, is very important. The ageing of the population is having a significant effect on demand in our hospitals. One of the issues we have seen is growth in demand in emergency departments, and that is in part due to the increase in population but it is also in part due to the ageing of the population and the greater complexity of some cases that are presenting. This is one example of a challenge into the future.

We have sought to provide additional resources in those areas. For example, the Northern Hospital announcement is a direct response to those emergency department pressures. There is a recognition that additional beds will be required as well. In the case of the ageing population particularly, there is a recognition that palliative care is a very important component of providing the right level of care and support for people in the community. The historic lift — that is, the 34 million over four years — will provide additional palliative care services, including to the outer areas of the city, where there is significant need among multicultural communities that have not been able to access some of those services in the past. So there is a focus on population groups and the ageing of the population that delivers for the communities.

In terms of the additional capital that has been put into outer Melbourne, northern Frankston and Maroondah are examples of the response to those population pressures. There is also, I think, that recognition that we have to be looking at planning better into the future, and that is one reason for our health plan.

Mr PAKULA — Minister, I am pleased you have addressed the issue of population growth and its impact on the health budget and health services. If you could turn to page 9 of budget paper 2, the Victorian economic projections there show that population grew by 1.8 per cent in 2009–10 actual, is forecast at 1.7 per cent for 2010–11 and is forecast at 1.5 in the out years. That contrasts with your health plan, which was released on the same day and to which you have alluded, which uses population forecasts of 1.3 per cent but says patient care will grow by 3.3 per cent per year. Can you explain to the committee why the government has used completely different projections when considering population forecasts for the budget on the one hand and the health plan on the other? And which was one is correct?

Mr D. DAVIS — Let me be quite clear, we will use the most up-to-date statistics. I am aware that there will be further statistical data coming forward from the DPCD, or the Department of Planning and Community

Development, which will be available in June. We will provide additional population projections and worked-up population information, which we will very happily incorporate into our plan.

In terms of the growth in demand, some of that relates to the Chairman's question about the ageing of the population and other matters, including the increase in demand that is driven by that ageing.

Mr PAKULA — I would have thought surely, Minister, for any of the detail in your health plan to be reliable you would need to be using reliable population growth projections. It is just extraordinary to the opposition that two documents released on the same day could have completely different projections, so which one do you believe is correct — 1.5 or 1.3 — and what impact will it have on your health plan if it is the budget figures that prove to be correct rather than those in your health plan?

Mr D. DAVIS — Indeed the population projections are not a static thing; they move over time.

Mr PAKULA — We are talking about the same day.

Mr D. DAVIS — One of the criticisms we made of the now opposition, the then government, is that its metropolitan strategy from 2003 used population data from 2002 and had never been updated. That was clearly — —

Ms HENNESSY — Your health plan in the budget — —

Mr PAKULA — You have released two documents on one day.

Ms HENNESSY — On the one day, with two different figures.

The CHAIR — Let the minister complete his answer.

Mr D. DAVIS — Let me be very clear here. Population projections and estimates will vary over time as new data becomes available.

Mr PAKULA — Over hours, it seems.

Mr SCOTT — It is the same day.

Mr D. DAVIS — They will be incorporated into the technical papers behind the plan, and that will provide a useful and important guide for decision making.

Mr MORRIS — I refer you to budget paper 3, and in particular page 191 on the performance measures. Those measures include a number of new quality measures that particularly relate to things like unplanned readmissions, hospital-acquired infections, the hospital early warning system, ambulance patient transfer performance and those types of things. Can you indicate for the committee how those measures relate to transparency, quality and safety?

Mr D. DAVIS — Thank you for that question. There are in fact, as you correctly allude to, a number of new measures that have been incorporated in budget paper 3. This is an important step. We have been prepared for the first time to bring forward a number of these additional quality measures, quality measures that point to performance across the system. It is very important to note that the outcomes for patients are directly related to the quality and safety of our health services, so where a patient acquires an infection in hospital, that is not only a very costly outcome for our system but it is also a very bad clinical outcome for that patient. On every turn we want to lift the safety and lift the quality within our hospitals to ensure that infections are minimised and dealt with in a constructive way.

Equally the readmission rate is a marker for the performance of our health system, and we need to do the work to try to improve the readmission rate. There are a number of targets that are put in here: myocardial separations, readmissions for heart failure, joint replacements; it is important that we lift the performance of the system by reducing these readmissions, because that is not only much better clinically for patients but is also much better on a cost outcome. The government has been very prepared to expand the number of measures to include a greater number of quality and safety measures, because we see that that is a way of improving the performance of the health system across Victoria. We will be talking to health services about what they can do

in that regard to improve their performance, to improve the quality and to improve the safety of our health system.

Equally the health innovation and reform council bill is in the Parliament now. When that council, with the good grace of the Legislative Council, comes into law it will have an important role as a statutory body that will actually have the capacity to help set direction in some of these quality and safety areas.

Mr SCOTT — Minister, I refer you to page 191 of budget paper 3 under 'Acute Health Services', which shows us the government expects growth in major hospitals to halve — from 3.5 per cent in the last full year to only 1.7 per cent next year. My question is: how is the minister planning to reduce demand?

Mr D. DAVIS — One of the ways is immediately above there. 'Palliative care bed days' is a good example. Palliative care is a service that can be provided both in a major hospital and in the community, either in somebody's home or indeed in a smaller facility — page 191 immediately above, I think, where you were looking. You will see a significant lift in the amount of activity in the community.

Mr SCOTT — That is seven thousand.

Mr D. DAVIS — No, I am just giving you one clear example of the sort of steps that we will be taking.

The CHAIR — Minister, through the Chair.

Ms HENNESSY — It is not going to drive down demand that significantly to justify those figures.

Mr O'BRIEN — He is answering your questions, and you do not like it when he gives you helpful information.

Mr D. DAVIS — I am answering and giving helpful information, as you correctly point out.

Mr PAKULA — I think you are acting chair!

Mr D. DAVIS — The point is that we have got a very good result in the health budget, a significant increase, but at the same time there will be increased demand, and we need to think of better ways, more clinically effective ways — ways that lead to better patient outcomes — of delivering services.

Mr SCOTT — I would ask the same question of the minister in regard to smaller rural services, which is on page 207. That shows no growth anticipated at all for small rural health services.

Mr D. DAVIS — I make the point that the key point here is that there is significant capacity for small rural services to bid into other sections of money as well, which will give them the opportunity to do additional services.

Mr SCOTT — But the growth actually shows — —

Mr D. DAVIS — There is certainly additional capital that is provided — —

Mr SCOTT — But the separations do not increase at all.

Mr D. DAVIS — Let me be clear. We have done — —

Ms HENNESSY — Your figures just do not add up.

Mr D. DAVIS — We have done very well in the context of the cuts to the GST. We have done very well in terms of — —

Mr SCOTT — No, but you are contradicting yourself.

Mr PAKULA — But you are assuming no growth in demand — —

The CHAIR — We do not need all these interjections. Minister, would you like to complete your answer?

Mr D. DAVIS — I would. Certainly the key point on small rural services is that country Victoria has done well, with additional capital spending, additional resources to ensure that there will be a greater capacity to deliver services to country Victoria.

Mr SCOTT — But you are predicting no increase.

The CHAIR — Thank you, Minister, for your answer. Mr Angus.

Mr O'BRIEN — You do not like it when we deliver. That is when they make a lot of noise.

The CHAIR — I have moved on. Mr Angus.

Mr ANGUS — Minister, I refer you to budget paper 3, page 187. Could you inform the committee about any investments made by the Victorian health services that are impacting on their financial performance?

Mr D. DAVIS — This is an interesting point that you raise. Some of the investments made by Victorian health services are more wise and some less wise. I note that a number of health services in the recent period, and this was reported on by the Auditor-General, invested in CDOs, collateralised debt obligations, many of which have been in effect written off. These are significant losses to the system — in some cases for some health services tens of millions of dollars — and key health services have not had the resources that they would otherwise have had because of the loss of those investments.

As we know, the auditor reported on this late last year. He made a number of comments. I am aware that the department has tightened the guidelines. Unfortunately what had occurred in that period — I think August was the time the new guidelines came into effect, the *Investment Policy Guidelines for Victorian Public Hospitals*, and I welcome these guidelines because they put things on a firmer footing. I am happy to table a copy if that is helpful to the committee. But a number of people on boards made these decisions, and I know the member for the western side of the city — —

Ms HENNESSY — Was there any loss?

Mr D. DAVIS — You were on that board.

Ms HENNESSY — Was there any loss at Western Health?

Mr D. DAVIS — I believe there was. Yes, there was.

Ms HENNESSY — Do not come here and mislead the committee. I find it incredibly ironic that the Minister for Health would come here and lecture people about good governance and probity. You hypocrite!

Mr D. DAVIS — I would not; I agree.

The CHAIR — Thanks, Ms Hennessy. That is enough!

Mr D. DAVIS — This is the point. We have actually got a response. I have to say you in fact allowed money to be lost.

Ms HENNESSY — You hypocrite.

The CHAIR — Ms Hennessy, that is enough.

Mr D. DAVIS — We have not got all that money back.

Ms HENNESSY — The minister is misleading the committee. Was there one dollar lost at Western Health, Minister?

The CHAIR — A bit of decorum! Order!

Mr PAKULA — Who has got you in their pocket?

The CHAIR — Come on, just quieten down.

Ms HENNESSY — Not one dollar. You come here and mislead the committee.

The CHAIR — Ms Hennessy! That is enough!

Mr D. DAVIS — These were not wise investments.

The CHAIR — That is enough. Thank you, Minister. Have you completed your answer?

Mr PAKULA — Do you want to counsel the minister on his provocative answer?

Mr D. DAVIS — I have.

Mr PAKULA — Righto, the gloves are off.

Ms HENNESSY — You are misleading the committee.

The CHAIR — Ms Hennessy, you have the opportunity now.

Mr PAKULA — You have done it now.

Ms HENNESSY — Minister, I could take you to budget paper 3, page 33, which reads:

> The government will undertake the following initiatives to improve access to elective surgery …

and I ask: how many episodes of elective surgery have been funded in this budget and is the additional number of episodes funded for 2011–12 on an ongoing basis?

Mr D. DAVIS — The number of episodes of elective surgery will be worked through in the usual way, Ms Hennessy, as I think the Chair would understand.

Ms HENNESSY — But you said they were going to increase, Minister.

Mr D. DAVIS — Yes, it will increase, and let me explain. The normal process that occurs here is that in June the funding guidelines come through and negotiations begin with each and every health service in terms of what they will deliver. That will involve their capacity to deliver — obviously their bed capacity and other matters, and their staffing capacity. I think the funding guidelines went up on the website last year on 22 July. So that process will operate through June and into July as negotiations as part of the health services' statements of priorities occur. Additional elective surgery and additional services across the board will be delivered.

Ms HENNESSY — How many? Can I ask a follow-up question?

The CHAIR — A supplementary, or I should say, a follow-up question. We do not have supplementaries here.

Ms HENNESSY — Last year you yet again refused to outline how many additional episodes of elective surgery the coalition would fund. and your defence at that point in time was that we needed to wait until the release of your so-called health plan. Now that so-called health plan has been released, can you detail for the committee how many additional episodes will be funded?

Mr D. DAVIS — We could come back to you with those figures as we go forward with the funding guidelines.

Ms HENNESSY — You are the Minister for Health and you cannot tell us how many additional elective surgeries will be funded?

The CHAIR — I think that is a third question.

Mr D. DAVIS — Chair, as Ms Hennessy — —

Ms HENNESSY — You cannot. That is very illuminating, Minister.

The CHAIR — Minister, just hold on; just pause for a minute. I want to get some decorum back into this. Ms Hennessy, you have asked your question. You have repeated it twice. Minister, would you like to respond?

Mr D. DAVIS — Chair, as I think Ms Hennessy will understand, as a former member of a board of a major health service, the funding guidelines come down in June, or early July in some cases. The negotiations begin between the department and each of the health services. Their statement of priorities is negotiated and agreed. Frankly, the department will be looking to strike good deals with health services to maximise the amount of elective surgery and other services that can be delivered by different health services.

The WIES arrangements will come through, but also will those negotiations as part of the statement of priorities which are public documents, agreed documents, signed between the minister and each health service. We will be looking to get the maximum that we can through those negotiations.

Ms HENNESSY — Another broken promise.

Mr O'BRIEN — Minister, I refer you to budget paper 5, page 90, in particular the liabilities section of the balance sheet. Would you please tell the committee what unfunded liabilities the Department of Health budget has to address?

Mr D. DAVIS — The only significant unfunded liability of the Department of Health is the cost of medical indemnity claims incurred before 1 July 2003 as those claims become payable. The liability is covered by the previous Treasurer's formal endorsement of additional appropriation to meet cash costs, and the undertaking is recognised in the department's annual report as a contingent asset of $160.5 million.

Mr PAKULA — Minister, following the delivery of the budget on 3 May when did the government wake up to the totally unacceptable budget allocation of $8.5 million for the Monash children's hospital, which can be found on page 41 of budget paper 3? When did you realise that you should have found $60 million instead to commence a quarter of the hospital by 2014? What is the line item where the hastily found $51.5 million resides, and where is the final $190 million?

Mr D. DAVIS — With the leave of the Chair, if I could just return to the presentation, we might have a look at Monash children's slide here and just clear up some misinformation that has been put out by the opposition. This is a very important project — —

Mr PAKULA — No kidding.

Mr D. DAVIS — providing for the people in the south-east, Chair — —

Mr O'BRIEN — Again you do not like the answer.

Mr PAKULA — That is why we fully funded it.

Ms HENNESSY — 'Show me the money'.

Mr D. DAVIS — the children across the south-east. The coalition in opposition made a commitment to fund that — —

Mr PAKULA — No, you made a commitment to match our commitment.

The CHAIR — Deputy Chair, you have asked a question. Let the minister answer it.

Mr PAKULA — I am not going to let him lie.

Mr D. DAVIS — Sixty million in the first term and the balance of 190 million in the second term.

Mr PAKULA — That is not what you promised.

Mr D. DAVIS — It is precisely what we promised. It was funded through the health infrastructure fund. I refer the committee to the article in the *Age* on the Friday before the election, and I make the point here that the $60 million will be funded. Indeed what I have done this year, with the support of the department, is to move swiftly to secure three pieces of land that are adjacent to the current Monash public land. Securing those three

pieces of land will enable the best children's hospital to be built. The alternative is a dogleg-shaped hospital that Labor advocated that would have cost precisely the same amount of money, $250 million, and would have turned out a less efficient hospital in the long term for the children of south-east Melbourne.

If we can just move to the next slide, you will see the proposal there. You will see how this is the favoured proposal. I might, with the committee's indulgence, just come and point to it.

Ms HENNESSY — You are very good at indulgence, Minister.

Mr D. DAVIS — You will see one, two, three pieces of land in Dixon Street. These are currently owned by private medical groups, but by securing those pieces of land we will be able to build a much more integrated hospital and it will fit better with the current hospital arrangements. If we move to the next slide you will see the alternative, which would have a dogleg-shaped corridor and would not deliver the optimum outcomes. So the task this year, Chair — —

Mr PAKULA — So your achievement is the shape of the corridor?

Mr D. DAVIS — The task this year, Chair, was to secure those three pieces of land, get the best value for money — —

Mr O'BRIEN — Getting value for money.

Ms HENNESSY — Big guy. Broken promise.

Mr O'BRIEN — No, delivering.

Mr D. DAVIS — Get the best hospital for the people of the south-east and to accelerate that forward. In fact we made the commitment for 60 million in the first term, and we will keep that, but we will begin early by bringing forward the 8.5 million to secure that land.

Mr O'BRIEN — Comprehensive; nice own goal.

The CHAIR — Thank you, Minister. I have no doubt Mr Pakula has a follow-up question.

Mr PAKULA — I do, Chair. Minister, how are you going to ensure that you are aware of any financial benefits that might cause you a conflict of interest that you would need to declare when you are managing a major health infrastructure project like the Monash children's?

Mr MORRIS — On a point of order, Mr Chairman, how on earth does this relate to the estimates?

Mr PAKULA — Because the Monash children's has just been discussed in the budget and in the minister's presentation.

Ms HENNESSY — He has spoken about procurement.

Mr D. DAVIS — Can I perhaps answer this?

The CHAIR — Ms Hennessy! Minister, just let me deal with this. Mr Pakula, you will need to demonstrate there is a link between the budget estimates and your question for me to admit the question.

Mr PAKULA — The budget estimates, Chair, go to the delivery of major infrastructure projects. The minister is responsible for those major infrastructure projects and the probity of those projects is a matter of interest to this committee, the Parliament and the Victorian community more generally.

The CHAIR — Could you reframe your question so that the committee is clear what your question actually is other than making some implied allegation of improbity?

Mr PAKULA — No, I am not making any allegation of improbity, Chair. I am asking the minister how he is going to be able to ensure that he is aware of any financial benefit that he might need to declare which might have an impact on his ability to manage a major health infrastructure project like this.

Mr D. DAVIS — I am happy to answer, Chair.

The CHAIR — You may be happy to answer the question, but I am not happy with the question as relevant to estimates. I have had a point of order on which I am obliged to rule. Unless the member can reframe the question more succinctly — —

Mr PAKULA — I have reframed it twice.

The CHAIR — In that case I am not going to admit the question. Thank you. Moving right along.

Ms HENNESSY — Open and accountable.

The CHAIR — I am interested in Ambulance Victoria. In the minister's presentation earlier today the minister made some commentary on Ambulance Victoria. I would like to invite the minister to outline the government's expenditure on Ambulance Victoria, the membership fee cuts and their effect on the cost of living for Victorians.

Mr D. DAVIS — Chair, I am very happy to do this. Again there was a slide on Ambulance Victoria which might be helpful. Ambulance Victoria is a major priority for the government. We are determined to see the performance of Ambulance Victoria improve, and it is steadily improving. The halving of the membership fees will be a major step in easing the costs of living on families. This is one key step to lift Ambulance Victoria subscription membership but at the same time ease the cost on families. That cut is a significant cut. Ambulance costs are one cost that families face in their day-to-day budgets and we think that this, along with a number of other measures that the government has taken, will be a significant step in easing the costs on everyday families.

Mr SCOTT — Minister, I refer you to page 112 of budget paper 3 and the departmental output statement for the Department of Health, which details additional savings that are to be achieved over the next four years. Can the minister please inform the committee of the precise amount of savings that will be pushed out to agencies, in particular public hospitals?

Mr D. DAVIS — Can I just make the point in indicating these initiatives here that there will be savings initiatives for the department and any cost to health services would be in administration. At the same time we are increasing the spending on acute health services, which will provide additional capacity. I make the point that the previous government did not declare its savings in the budget papers, and that is a significant distinction.

Ms HENNESSY — Talking of declarations, Minister, you are on shaky, shaky ground.

The CHAIR — Ms Hennessy, we do not need these inane interjections constantly.

Mr PAKULA — It was not inane at all.

The CHAIR — Mr Scott asked the question.

Ms HENNESSY — It was not inane. I have never found the truth to be inane, Chair.

The CHAIR — The minister is responding. Allow the minister to respond graciously.

Mr SCOTT — He has not actually responded.

The CHAIR — Thank you. Minister, do you have more to say?

Mr D. DAVIS — No.

Mr SCOTT — The fourth last line of the table — election commitments — shows a total of $74 million in 2011–12 — —

Mr D. DAVIS — Sorry?

Mr SCOTT — Under 'subtotal output initiatives' there is a line item 'election commitments'. For 2011–12 it shows $74 million, but the line item 'election commitment savings' shows a total of $77.4 million. Is it really

the case that the net effect of your election commitments in health is to make the Department of Health $3.4 million worse off in 2011–12?

Mr D. DAVIS — The answer is no, of course the additional spending is significant — —

Mr PAKULA — It looks like it.

Mr D. DAVIS — And I make the point that — —

Mr SCOTT — How is it no?

Mr D. DAVIS — The department's focus — —

Mr SCOTT — So incorrect information has been provided to the public?

The CHAIR — Let the minister answer.

Mr D. DAVIS — The department's focus is on delivering services, as you know, and ensuring that our health services deliver services. If you have a look up above, you will see there are 800 new hospital beds in a major commitment above.

Mr SCOTT — Yes, but — —

Mr D. DAVIS — No, you need to look at that up there, and that is a massive increase in activity. You have left that line out, and you need to count it in. That is a massive increase in activity.

Mr MORRIS — I would like to ask about that line at some stage.

The CHAIR — Minister, it would be helpful to the committee if you address your answers through the Chair, and Mr Scott, I think you have asked three supplementary, or five questions, so far — —

Mr SCOTT — I have not asked three supplementary, because I asked one question.

The CHAIR — You have been interjecting and inviting the minister to respond, and I regard those as five questions. I think we want to keep some order here today, so if you will bear with me. Mr Scott, if you have an apposite follow-up question on this issue, then please ask it. Otherwise I am going to move on.

Mr SCOTT — I am happy with his answer confirming that they cut $3.4 million — —

Mr D. DAVIS — No, not confirming — —-

The CHAIR — Mr Morris.

Mr D. DAVIS — Indeed, the opposite, and a smaller cut than under the previous government of $180 million, which is what was reported in the *Age*.

Mr PAKULA — So it is a cut. Thank you.

Mr MORRIS — Thank you, Chair. Minister, can we change gears a little bit. In budget paper 3, page 96 and again I think on page 101, there are a number of references to the town of Charlton, which of course was particularly badly hit during the recent floods. Can you indicate to the committee how the $3.5 million allocated to the Charlton community through the flood response funding has been utilised and how it will be utilised?

Mr D. DAVIS — Thank you for that question. This is a very important question in fact. As the committee will understand, the floods in northern Victoria have had a devastating impact and nowhere more so than in Charlton. As a department we moved very quickly to try to assist, and I want to put on record my thanks to the department for the speed with which it responded to assist people in Charlton. The location of a field hospital there within several days was an important initiative guaranteeing health services for people in and around Charlton. Equally the follow-up with demountables being put in the town so there was a better ongoing framework for the delivery of many health services.

I make the point that the hospital in the town took a terrible pounding in that flood. Those who have not been through it would be very shocked at the scale of the devastation that occurred with that hospital. One of the things I think that the floods showed up across northern Victoria is that the '60s and the '70s vintage hospitals were often in fact built on lower ground, and Charlton hospital fits into that category. It was hit as the floods came through.

The task now is to settle the insurance claims, and the process is very well advanced there, and to ensure that planning is under way for a new hospital; frankly a hospital that is on higher ground so it will not exposed to these inundations again in the future. Certainly the $1 million in the budget is a very clear example of the government's commitment to move as quickly as possible to get these services back in order.

Ms HENNESSY — Minister, I note that in table 1.1 on page 9 of budget paper 5 — —

The CHAIR — Repeat that reference please.

Ms HENNESSY — Budget paper 5, page 9, table 1.1. The commonwealth is providing grants to a total of $22.517 billion to Victoria this year. Page 26 shows us that is made up of general purpose grants for on-passing and grants for specific purposes.

The CHAIR — What is the question?

Ms HENNESSY — I am just enabling the minister to have a look. Can you please tell the committee what is your department's share of those grants, and where do they show up as income on your books in your department's operating statement? Are they part of the appropriations line or the grants line or some other income transaction?

Mr D. DAVIS — I am advised to direct you to page 161 in the papers. You will see them there. The presentation of these follows normal accounting treatments, Chair, but you will see the split up of all of these COAG health and national health and hospitals reform on page 162 as well.

Ms HENNESSY — Just to clarify, Minister, perhaps you could reassure the committee that all moneys received from the commonwealth for expenditure on health have been allocated to your department.

Mr D. DAVIS — I would certainly advocate for that as well — —

Ms HENNESSY — Is every cent from the commonwealth for health in the health budget?

Mr D. DAVIS — We would certainly like to get more than the amount that is allocated — —

Ms HENNESSY — Is every cent that has been allocated from the commonwealth in the health budget? It is a very simple question.

The CHAIR — Ms Hennessy, you have asked your question. Now give the minister a moment to respond.

Mr D. DAVIS — As the Chair and other members of the committee will understand, it is a longstanding fact that Treasury and the budget process allocates funding to the departments, and indeed Treasury will do that in its own way. We will advocate for significant funding each year, and $13 billion is the amount this year that we will receive from Treasury.

Mr PAKULA — On a point of order, Chair, this is a very important point of clarification, because the minister is talking about what he advocates for. Is the minister telling the committee that commonwealth — —

The CHAIR — No, what is the point of order? Deputy — —

Mr PAKULA — I want to understand where the commonwealth health funds might have gone. They might been pilfered — —

The CHAIR — No, you cannot do that; that is not a point of order. The issue here is that the member, Ms Hennessy, has invited the minister to make some specific comments about the appropriations in relation to his department. The minister is answering within the context of the question, and as I keep saying and as I have

said for the last four days, at the end of the day it is the minister who is answering the question, not the member. You have to accept that the minister will give as much detail as they choose or otherwise.

Minister, you have heard the question and you understand the question, which is about the detail of the appropriation. Do you have more to add?

Mr D. DAVIS — Other than to elucidate by saying that, in line with general accounting practice and long-standing budget tradition, the allocations include commonwealth components but are specific allocations to portfolios.

The CHAIR — Thank you, Minister. What I was going to say, Ms Hennessy, is that this is really a matter of detail to take up with the Treasurer in terms of the way that the — —

Mr PAKULA — On a point of order, I would have thought it was a matter for the Minister for Health.

Mr O'BRIEN — On the point of order, Chair, I would like to say that the question is assuming that there is some money that has not otherwise been allocated specifically from Treasury.

Mr PAKULA — No, it is not assuming; it is just asking.

Ms HENNESSY — In fact it was asking that, and in fact he has confirmed that you have not delivered all of the commonwealth money to the state budget.

Mr O'BRIEN — I have not finished my point of order.

Mr D. DAVIS — It was far more than that.

The CHAIR — Sorry; we do not need the minister to help with the point of order.

Mr O'BRIEN — If it was not the question, it was certainly the interjections that followed it that were assuming that the minister was not forthcoming with an answer. The minister answered that he expects and advocates that all the money that has been allocated from the commonwealth has been attributed. Unless there is anything else that the opposition is aware of — —

The CHAIR — Thank you, Mr O'Brien. The question Ms Hennessy asked was in effect about the acquittal of funding. It is a detailed question in the presentation of the budget papers. The minister has indicated clearly that as far as he is aware the funding that is allocated is appropriate. The question that Ms Hennessy asked is in detail about a matter which is within the gift of the Treasurer to respond to in detail.

Mr PAKULA — We reject that.

The CHAIR — That is fine.

Mr O'BRIEN — You could ask him whether he knows of any funds that have not been acquitted.

Mr ANGUS — No.

Mr D. DAVIS — As I said, Chair, this is in line with standard accounting principles and standard budgetary practice over many decades, and indeed the amount allocated to health is far more than the amount allocated by the commonwealth to health.

Ms HENNESSY — So there is 22 billion from the commonwealth, and you cannot tell us how much is going into health.

The CHAIR — That is not precisely — I am trying to help the member here — the answer to her question, but I do not think the minister is in a position to give the level of detail in his answer that the member is looking for. Given that there is a reluctance to accept that this may be better directed to the Treasurer, Mr Scott has assisted by suggesting that it be put on notice. I am quite happy to accept that for a later date. Moving on, I think we have dealt with Ms Hennessy.

Mr ANGUS — Minister, I want to follow up from Mr Morris's previous question in relation to the flood situation. I refer you to budget paper 3, pages 96 and 99, and I ask: could you identify for the committee any line items in the health budget that relate to the floods in northern Victoria in early 2011 and detail for the committee what these line items will in fact be funding?

Mr D. DAVIS — It is in the section around page 96 onwards. Indeed disease control is referred to on page 96. I direct the committee to that page. There is a series of points there that I think are important to understanding that the government and the department and indeed the whole of government have worked very hard to support people in northern Victoria. In terms of hospitals, there has been significant support for additional ambulatory care services and coordination. Ambulance Victoria was involved in a number of the tasks in moving patients — indeed 255 patients were moved by Ambulance Victoria in often urgent circumstances.

There were additional expenses incurred with the mosquito arbovirus control work: 20 000 was additional; 40 000 for a print media campaign to make sure people were informed about how they could respond to the mosquito threats; supplementary support for councils in their mosquito control activities; and the installation of temporary buildings and facilities.

I have referred to $1 million for the primary care clinic and the portable or demountable buildings. There has also been psychosocial support, and I have no doubt my colleague the Minister for Mental Health will have more to say about that. I think she has done a fine job in assisting the coordination of that important psychosocial response. In fact $2.8 million is the amount spent in these steps.

I wonder whether it might be worth the committee understanding some of the response with mosquitoes, because the department has maintained long-term monitoring along the Murray, and the so-called sentinel chickens have a pretty tough job in being tested and acting as the monitor, as it were, for the presence of Murray Valley encephalitis, an important disease to prevent. The last case of a death due to Murray Valley encephalitis in Victoria was in 1974. I think there has been, if I am correct, one death in South Australia that has been positively attributed to Murray Valley encephalitis in this recent period but none, fortunately, in Victoria. Part of that is because of the preventive activity that has been undertaken by the department, while part of it is as a result of the work of councils and the detection process.

Do you want to say anything, Professor Brook.

Prof. BROOK — The department is very concerned about any flood event in northern Victoria, particularly north-western Victoria, because it is then that the family of viruses, which includes Murray Valley encephalitis, appears. For your information, generally it does not occur in the first flood; generally it occurs in the second flood. In this year January was in fact the second flood event, but that is just perhaps by way of background.

Murray Valley encephalitis exists in parts of Australia; it probably also exists in the Barmah forest area. It is rare for it to come out. But it does require the breeding of a particular kind of mosquito, Culex annulirostris. That breeds exceptionally strongly in floods.

In this year we had an area of 5000 square kilometres up to a metre deep in filthy water — ideal breeding ground for mosquitoes. We keep 10 flocks of sentinel chickens along the Murray and one in western Victoria for comparison purposes. Each flock has about 20 birds. We sample the blood of those birds each week from October through to the end of the mosquito breeding season, this year extended by unseasonal warmth in April but now over.

So we have a very extensive monitoring system. We pick up a virus, and we can then determine whether there is any risk to humans. In this year the virus was first detected in late January. We had already commenced a mosquito vector control program, which we do every year but at smaller scale. That was very rapidly increased, and there was in fact some further additional funding provided as part of the overall 3.2 million in order for that to occur.

There has been human infection, but we cannot tell when human infection may have occurred — was it old exposure or was it new exposure? Certainly there has been no human in Victoria who has developed symptomatic disease. If people get the disease, 20 to 25 per cent of them will die, and 50 per cent of those who remain alive will be disabled. So it is a very serious illness. Just by the by, a much more significant

symptomatic disease, not in terms of human outcome, was Ross River virus, where we have had well over 1500 cases this year, which is a massive increase. It is a huge problem for the community and for other aspects of that community such as tourism and therefore the way in which they need to generate income, particularly in circumstances of major flood.

Briefly speaking, what we do is we spray, through local government. We spray the larvae and we spray the adults. You may not think that would be effective because you are spraying small areas and you have got 5000 square kilometres of water. Mosquitos travel not very far in their life — not more than a kilometre usually, although some obviously do, to breed — and so local control is effective. But the most effective thing is the removal of water and sensible protection of the human against mosquito bites, such as being careful about evenings and being careful about protective clothing and being careful to use one form or another of human insecticide.

That program is now, for all intents and purposes, complete for the year. We will be producing a quite detailed report about that. So that we can plan for the unlikely, hopefully, event of it reappearing this summer, I point out to you that there is a mass of water still there. We have been pumping, with DSE, to get rid of the water, but it has by no means all gone. The water storages in that part of the world are virtually full and the ground is saturated, so a small rain event will cause further flooding. So there will be a very much more detailed plan for the forthcoming year, based on this year's events. When something has not occurred since 1974, you do not generally have one on the shelf. This has been something that we have been prepared for.

Just for your interest, too, for the first time we have actually seen an outbreak of both Murray Valley encephalitis and Ross River in horses. A large number of horses have been affected. Murray Valley encephalitis has a similar effect in horses as in humans. So there is a number of gravely disabled horses in those parts of the community, and of course that is another problem, because some of the horse livestock up there is particularly important for racing purposes.

Mr O'BRIEN — I thank you and congratulate you on your work. A member of my family, my uncle's brother, contracted the disease encephalitis as a child and has lived with that disability all his life, so whatever you can do is certainly appreciated for the long term. It is an interesting and a continuing scenario, and we are all very concerned to make sure, with the best of luck and God's blessing, that we can do the best we can.

Mr PAKULA — Minister, last year the coalition members on this committee, who included the now Treasurer, the now Assistant Treasurer and the now manufacturing minister, asked a total of 26 questions about ambulance performance, and you invited families to come with you to the proceedings. This year the new government's targeted outcomes are exactly the same as the outgoing government's targeted outcomes. Minister, does that fact not bell the cat on the fact that you have just used people without any real intention of improving the service beyond the previous intended objectives of the Labor government?

Mr D. DAVIS — Chair, ambulance services are very important in this state.

Mr PAKULA — No kidding?

Mr D. DAVIS — The member has referred to last year. He will remember that I indeed moved a motion in the Legislative Council requesting the Auditor-General to undertake a significant report on the performance of Ambulance Victoria. The auditor did that report, and indeed my views on that are very much on the public record. I welcomed that report, and that has been a significant step in improving the performance of Ambulance Victoria.

We faced a real challenge with Ambulance Victoria. The then opposition led the steps with supporting the increase in performance of Ambulance Victoria.

Mr PAKULA — You have dropped the ball now.

Mr D. DAVIS — I have to say that the decline in the performance of Ambulance Victoria was a long time coming. The last government was in power for 4061 days. They had a long time to get good ambulance results, and frankly it is not going to be easily turned around in a day, a week or a month. It is going to take a long time to turn around.

Mr PAKULA — Your objectives are the same.

The CHAIR — There is no point interjecting.

Mr D. DAVIS — The point I am making here is that the objectives that are in the budget were not achieved last year. We will seek to achieve them and go as close to those as — —

Mr PAKULA — You will seek to achieve them.

Mr D. DAVIS — Indeed we will.

Mr O'BRIEN — What do you want, another royal commission?

Mr D. DAVIS — The previous government did not achieve those. The auditor's report made it clear that there was a serious and steady decline in ambulance performance. I make the point also that the budget at Ambulance Victoria was a shambles. It was $50 million down the tube, according to the minutes of Ambulance Victoria that I have seen. We have begun the process of turning that around. I do not in any way pretend that this is an easy or straightforward task; turning around 4061 days of damage will take a long time.

Ms HENNESSY — So you have strived for the status quo in your own output measures?

Mr SCOTT — So no improvement.

Ms HENNESSY — No improvement.

Mr D. DAVIS — That is 4061 days of damage to Ambulance Victoria by the last government and its predecessors, and it is going to be very difficult to turn around. We have set reasonable targets.

Mr PAKULA — The same targets.

Mr D. DAVIS — They are targets that are important to try to achieve.

The CHAIR — Let the minister answer the question.

Mr MORRIS — They are targets that you did not meet.

Ms HENNESSY — Go on, Minister, reach for the stars!

The CHAIR — Minister, could you pause for a moment? It is difficult enough for members to follow the response, but it is impossible for Hansard if people are talking over the top of each other. We will have one at a time. The question has been asked. The minister is responding. The minister, to conclude his answer.

Mr D. DAVIS — Let us just take a trip down memory lane for the purposes of explaining the current context we find ourselves in. In 1999 Labor promised 10-minute response times. When they got to government they watered that down. What were then 13 and 14-minute response times went out to 15 minutes. They never, ever achieved it. In those 4061 long, dark days they never achieved their response time targets. We will work to achieve those response time targets. We will work to achieve those reasonable targets, and we will do much better than the previous government did.

I make the point that this will not be an easy task. That is why in opposition we announced a major package of $151 million: 340 ambulance officers comprised of 310 paramedics and 30 patient transport officers. Two hundred and ten of the paramedics and the 30 transport officers are in country Victoria, and there are 100 additional paramedics in the city. That is a very significant lift in the capacity of Ambulance Victoria. We also made the point that single responders would be put out — 10 single responder units in key regional locations — which will improve the outcomes and performance of Ambulance Victoria in those areas.

I am not here to pretend that this is an easy task; I am not here to pretend that at all. Turning around 4061 days of damage is not an easy task.

Ms HENNESSY — Come on, Chair!

Mr D. DAVIS — Turning around a $50 million black hole is also not an easy task.

Mr PAKULA — Give it a spell!

Mr SCOTT — No-one believes that.

Ms HENNESSY — You have not increased the target to improve ambulance services.

Mr MORRIS — Targets that you failed to meet.

Mr D. DAVIS — We are very prepared to bring that much closer to the mark this year.

Ms HENNESSY — It does not matter what tosh you share with us here today; the facts are in the budget paper.

Mr D. DAVIS — What I would say about the period last year is that in opposition we led with a series of important packages that looked at how we can improve ambulance services over time. We are very aware that those packages were rolled out over four years. We are very aware that it will take time to get people in place. In terms of the single responders, for example, I was proud to launch the first of the new single responder units at Shepparton recently. They are being rolled out step by step. The additional officers are coming on board, and that is going to take time. I make no bones about that. The targets are things that we certainly aspire to and will work to achieve. I make the point that the previous government never, ever, ever achieved its targets with ambulances.

The CHAIR — Deputy, do you have a follow-up?

Mr PAKULA — I do, Chair. Minister, I have quite a simple follow-up. You talked about response times. The purpose of ambulance response times being better is to save lives. How many lives do you envisage will be saved and how will response times be improved by the decision to cut ambulance premiums in half at a cost of $242 million? And do you agree with Mr Sassella and his comments in the *Age* of 28 April where he said that that decision is in fact going to lead to a significant increase in demand for ambulance services?

Mr D. DAVIS — The point I will make is this: the cut in membership is designed to lower the pressure and ease the pressure on families.

Mr PAKULA — Yes, but what will it do to response times and demand?

Mr D. DAVIS — Let me answer the question.

The CHAIR — I think, Mr Pakula, you have made the point.

Mr D. DAVIS — I am happy to answer it in a methodical and careful way so that you understand. The point is that we will ease the pressure on families by cutting ambulance measures. I make the point that Mr Sassella's comments were not accurately reported at that point, and I invite you to talk to him about that if you would seek to do so. We are confident that the promises can be delivered. We are confident that the response times will incrementally, steadily improve. We are confident that we will bring the ambulance budget much closer to the line than it was in previous times.

Mr O'BRIEN — I would like to return to a table that we have touched on before in budget paper 3, page 112, the output initiatives, and specifically the item that Mr Scott did not take you to when invited to, which relates to the 800 new beds. You touched on this in your presentation. I certainly support the delivery of health services to patients rather than necessarily in bureaucratic, non-acute or health service delivery areas. I ask the minister: could you advise the committee where the first of the 100 beds promised will be located?

Mr D. DAVIS — Let me be very clear. I thank you for that question. The 800 beds was a very important promise in the campaign, and it is a promise we are determined to keep. The first steps in that are being put in place in this budget. We have made the commitment that there will be 100 new beds as part of this budget and an escalating number as we go forward. There will be, I think, more than 100 new beds. The beds will be allocated according to clinical need. On the points I mentioned before, there will be more than 21 new palliative care beds, more than 51 new subacute beds, 46 mental health beds. That is 108 that you can take out of those

outputs. That is before the WIES allocations have even begun. The additional WIES funding will provide additional capacity to provide those beds.

As the funding guidelines come forward we will negotiate individually with health services to get the best possible outcome. We are going to do a tough deal, frankly. We want as many beds as possible. We want those beds coming on as quickly as possible, but we will be allocating those beds in a way that is based on need, based on the capacity of health services to deliver additional services and based on those additional outputs which will provide even more beds.

I make the point that the additional capacity into future years is also important. We have begun the process in this budget of putting in place new capacity in future budgets or in terms of physical infrastructure so that future budgets can meet the need in each of these important areas of the state. For the Olivia Newton-John centre we will actually build the internals and put hospital beds in there; we will not leave a shell. We are actually going to finish it and deliver new beds at that service.

Mr PAKULA — If it had been up to you, you would never have built it in the first place.

Mr O'BRIEN — There is not much point if it does not have beds.

Mr D. DAVIS — Chair, I have got to say that Maroondah Hospital will have additional capacity built as a direct result of this budget; Frankston will have additional capacity built as a direct result of this budget; the Northern Hospital will have additional capacity built as a result of this budget. We are not just getting more beds this year — more subacute beds, more palliative care beds and more acute health beds — but we are building capacity into the future. That is a very important point. In terms of the longer term future for places like Ballarat and Bendigo which are having brand-new hospitals built we will have the additional capacity to meet the need that is required into the longer future.

Obviously those huge projects, the 630 million in the case of Bendigo and 447 million in total in the case of Box Hill, will require longer to complete. They will come on stream later. But those other projects are designed to enable us to start delivering services earlier.

Mr SCOTT — I am in fact happy to follow up on the previous question.

Mr D. DAVIS — No, you have got a new question, I think.

Mr SCOTT — I do have a new question — are you always such a ridiculous witness? Can I deal with budget paper 3, page 29, the 800 new hospital beds and also the previous statements.

Mr PAKULA — The answer is yes, by the way.

Mr O'BRIEN — If they are ridiculous questions, yes.

Mr SCOTT — I note there is no specific dollar figure associated either in that line item or where it is covered under a more general heading of hospital operational growth funding. I ask the minister to specify how much in the budget specifically has been allocated for the recurrent cost of staffing new beds in each year of the forward estimates?

Mr D. DAVIS — Have a look at page 112.

Mr SCOTT — No, specifically just for the 800, not as a more general funding item.

The CHAIR — I think the minister is going to answer your question.

Mr D. DAVIS — Do you have page 112?

Mr SCOTT — I have got it.

Mr D. DAVIS — Yes good; that is the one. That gives you your answer. It is laid out.

Mr SCOTT — No, that includes it, but it is also growth funding for other areas of the hospital network.

Mr D. DAVIS — Including the 800 new hospital beds election commitment.

Mr SCOTT — I said specifically for those 800 beds, not including any other funding or any other area of activity.

Mr D. DAVIS — That is what it says.

Mr SCOTT — But that is not what it says. It says 'including'. That is not specific. Do you understand the concept of something that is a whole and something that is included in a whole?

Mr D. DAVIS — Yes, I do.

The CHAIR — Mr Scott, this is not a dialogue. There are other members of the committee who have some issues they wish to raise.

Mr SCOTT — I will have to ask to follow up.

The CHAIR — So I want the minister to respond. If you want to be specific in your follow-up, you may be so. Minister, would you like to comment?

Mr D. DAVIS — It is 112 million, but there is additional capacity there, as you can see.

Mr SCOTT — Do your funding projections have a nominal figure for new nurses, doctors, other health professional services and support staff?

Mr D. DAVIS — I think, as I explained before, and I think Ms Hennessy will understand, having been on the board, and I expect most members will understand, in Victoria we have health services that actually do the direct employment. We are not like New South Wales — —

Mr SCOTT — I understand that.

Mr D. DAVIS — We are not like New South Wales where everyone is a staff member of the department down to whatever level in the hospital. Here we have hospitals that run themselves — —

Mr SCOTT — That is why I said 'nominal'.

Mr D. DAVIS — Let me explain it to you. The money is brought through in the budget — I will step you through this point by point. Funding guidelines are developed each year which put the targets and objectives out clearly. Those funding guidelines are used to negotiate with each individual hospital or health service to get the outcomes. We will be negotiating in the normal way. I think the funding guidelines went up on the web last year on 22 July. Ours will probably be up a little earlier than that. But we will be working through with each health service, and we will be trying to do a good deal. We will be trying to get each health service to deliver the maximum possible as part of the negotiations over its statement of priorities.

Mr MORRIS — Minister, if we can go to page 33 of budget paper 3 under the heading 'Strengthening palliative care', can you give an indication to the committee of the funds allocated in 2011–12 for palliative care and, more particularly, the reason such a considerable investment is required?

Mr D. DAVIS — This, I have to say, is an initiative of which I am particularly proud and I know the government as a whole is particularly proud. I know Palliative Care Victoria has very much welcomed this initiative. It sees this as a historic lift. The Chair's initial question of looking at population changes and indeed ageing is an important factor here. Palliative care is not only required for older Victorians or senior Victorians near the end of their life but for younger Victorians as well, and groups like Very Special Kids provide that support.

We are very aware of the need to lift the contribution to palliative care. We have made the point that demand is growing at about 4.5 per cent per annum as a result of the ageing population, the increase in chronic conditions and the overall population growth. Around 50 per cent of the deaths that occur in Victoria each year have a diagnosis that suggests they would benefit from palliative care. That includes a range of cancers, motor neurone disease, end-stage renal failure, Huntington's and Parkinson's, to name a few.

Most palliative care occurs in hospitals — around 55 per cent — but indeed around 25 per cent occurs in homes as well. In fact when you talk to people near the end of life a majority of them — about 56 per cent — would prefer to die at home with sufficient support. This initiative is to enable us to lift the percentage of those who can exercise choice in that important option. In fact 90 per cent of people in the terminal stage of their illness spend the majority of their time at home, and it is often right near the end that they need to go into hospital, but as I said in many cases even that could be successfully avoided if they had the supports that are required at home.

There are 39 community palliative care services in Victoria and 264 specialist palliative care beds in the 31 larger services across the state. This will provide 8.6 million per year — as I said, 34.4 million over four years — and there are some areas of the state that are not well served by palliative care services. Around the edges of metropolitan Melbourne it is not well served, and some country areas are not well served with palliative care services, and we have to do a lot better.

We hope this will also fund a full-time Aboriginal health worker to provide leadership in that area, and I have met with a number of Aboriginal services that are interested in undertaking that work. There are obviously cultural differences that need to be very much taken account of. There are cultural differences with migrant communities and CALD communities, and the provision of palliative care to those communities is something that we need to do much better at. I am saying that almost as a non-party-political point, because I think this is actually recognised more broadly, but we have taken I think the steps here to put in place the resources to enable those steps to occur — the resources to enable better palliative care, greater choices for communities and greater choices for people. Of course sometimes it is in fact cheaper to deliver services at home as well as giving people the option to exercise that choice. That is very important as well.

Ms HENNESSY — I would like to refer to page 29 of budget paper 3 and the output funding allocated to Ballarat hospital, and I also cross-reference the coalition's comments of last July when a media release said, 'the coalition has recognised the urgent need for a hospital-based helipad' and 'will allocate up to $2 million to build a helipad at Ballarat base hospital'. I would like to ask the minister: do you still believe that a helipad at Ballarat is urgently needed, given that was your previous statement?

Mr D. DAVIS — I do.

Ms HENNESSY — Have you sought and received any advice on the need and cost of building a helipad at Ballarat, and what did the advice say?

Mr D. DAVIS — We certainly believe the need for a helipad is very significant at Ballarat.

Ms HENNESSY — Is it still urgent?

Mr D. DAVIS — Indeed. You will notice that the need and the commitment are tagged in the budget. There is actually a line item in the budget.

Ms HENNESSY — That is not correct, Minister.

Mr D. DAVIS — It is. There is not an allocation of money, but it will be delivered in future budgets.

Mr PAKULA — There is no money for it, but there is a statement!

Ms HENNESSY — Do you still believe it is urgent? There is no money in the budget for it. Do you still believe it is urgent or not?

The CHAIR — Through the Chair, Ms Hennessy. The minister is responding to your question.

Ms HENNESSY — Have you sought any advice about it?

Mr D. DAVIS — Let me start at the beginning and indicate that health services in Ballarat have done extremely well.

Ms HENNESSY — Do you still believe the helipad is urgent?

Mr D. DAVIS — There is a massive commitment —

Ms HENNESSY — Just no helipad.

Mr D. DAVIS — as part of the government's $88 million commitment to Ballarat that is being delivered successively, as has been outlined in these budget papers. There is also $2 million for the Ballan hospital, which is a commitment that your government — —

Ms HENNESSY — Sorry, Chair, this is not my question.

Mr ANGUS — Let him answer the question.

Ms HENNESSY — On a point of order, I asked: is the helipad still urgent?

Mr D. DAVIS — You asked about Ballarat Health Services, and I am going to step through this.

The CHAIR — Can you just pause, please, Minister?

Ms HENNESSY — I asked about the helipad. We are modern women; we do not dig the patronising tone, Minister. Is the helipad still urgent?

Mr O'BRIEN — What about the 10 years you took to deliver the south-west coast helicopter service?

The CHAIR — When you have finished, Ms Hennessy, I will call on the minister to answer the question which you asked.

Mr D. DAVIS — Let me step through the services in Ballarat in general, and I will come to the helipad quite specifically at the end of that process. The $88 million commitment is outlined very clearly in this budget paper —

Ms HENNESSY — Not true.

Mr D. DAVIS — and the money is beginning to flow. The second point is that the $2 million for the Ballan hospital is allocated in this budget. There is also $1.8 million for Ballarat District Nursing and Healthcare. I make the point that I was in Ballarat on Saturday night at the 100-year celebration for Ballarat District Nursing and Healthcare, and the previous government refused point blank to fund the construction of their new — —

Ms HENNESSY — Where is their helipad, Minister? Where is their helipad?

Mr D. DAVIS — Just let us wait.

The CHAIR — Through me.

Mr D. DAVIS — Let me continue here and go through all of the services that have been delivered in Ballarat. I make the point that the helipad implementation committee is meeting today in Ballarat.

Mr SCOTT — Without money.

Mr O'BRIEN — What about the over 10 years and two election campaigns to deliver the south-west coast helicopter?

Mr PAKULA — What are they going to do without any money?

Mr D. DAVIS — It is meeting indeed as we speak to ensure — —

Mr PAKULA — To organise a fundraiser?

Mr O'BRIEN — What about the south-west coast helicopter? How many election campaigns did that take?

The CHAIR — The minister without assistance!

Ms HENNESSY — There is not one dollar in this budget to support the Ballarat helipad. Why don't you just come out and admit it?

Mr D. DAVIS — Let me be very clear, Chair. You were in the chamber in 2004 when David Koch moved a motion to push for a helipad in Ballarat. The Labor Party at that time voted down that — —

Ms HENNESSY — It does not deliver $2 million in this budget, Minister.

Mr ANGUS — Let him answer.

Mr D. DAVIS — David Koch has advocated for that all the way through, and we have made the commitment and will deliver on that commitment. The implementation committee, which comprises representatives of Ambulance Victoria, representatives from the hospital and representatives from local community groups, and which indeed is chaired by David Koch, a member for Western Victoria Region — the long-term advocate for the helipad at Ballarat — is meeting today, this morning, as we are discussing these matters.

Ms HENNESSY — What are they going to build it with — Monopoly money?

Mr D. DAVIS — It will be delivered.

The CHAIR — Thank you very much, Minister. It is 11 o'clock. It is my intention to adjourn the proceedings for a short break. We will resume in about 5 minutes.

Hearing suspended.

The CHAIR — Before we proceed I remind all members and witnesses that they should direct their comments through the Chair.

Mr ANGUS — Minister, I refer you to budget paper 3, page 35. Returning to the issue of ambulance services, could you please explain how many paramedics and patient transport officers will be allocated to each health region as a result of the funding announcement in the 2011–12 budget?

Mr D. DAVIS — Thank you for that question. Obviously, alluding to the earlier question, ambulance is a very significant service, and it has got a task to get people to hospital as quickly as it can. It also undertakes some non-emergency transport as well. In crafting the $151 million package last year we were very aware of the need to make sure that there was a proper spread of ambulance officers. We laid out for 100 new paramedics for metropolitan Melbourne; 44 paramedics and 6 patient transport officers, a total of 50 ambulance officers, in Barwon-South Western region; and 43 paramedics and 6 patient transport officers, 49 officers in total, in the Grampians region.

The Hume Region would have 40 paramedics and 6 patient transport officers, a total of 46.

The Loddon Mallee region would have 43 paramedics and 6 patient transport officers, a total of 49. Gippsland would have 40 paramedics with 6 patient transport officers, a total of 46. That is a total of 240 officers, including 210 paramedics and 30 patient transport officers, in country Victoria, but adding to a total of 340 across the state.

As I said, the announcement of MICA single responder units in key regional locations is an important step. I was at Shepparton the other day, and the example there of the MICA paramedic single responder is a good one perhaps to explain to the committee how this works. In this case this is a territory with a single ambulance officer, a MICA paramedic who has the training to inject lifesaving items to provide urgent care. It will not just be for, as it were, metropolitan Shepparton in this case, and I am using this as an example, but also the broader area — in fact the area up to 50-minutes drive outside Shepparton will be covered by the single responder units.

These will make a significant difference to the capacity to save lives. Indeed in Shepparton the other day, as we made the announcement, it was clear the service had come on the night before and a single responder MICA had driven to Nagambie. They had been able to administer some key support for the patient, and then the patient had been airlifted quickly in this case to Melbourne. So that sequence is an important sequence to get a better response and a high-level response. You obviously need the advanced life support paramedics with their range

of skills and ability to move patients who are in distress, but you also need the balance of MICA. Traditionally MICA has only been in metropolitan Melbourne, Traralgon, Ballarat, Bendigo and Geelong until these single responders came forward.

I am happy to concede that this became a bipartisan policy. The then government matched the announcement that we had made about MICA single responders in the campaign period. I think that is probably as it ought to be. There ought to be that spread of support for the single responders who provide that additional level of support.

Mr PAKULA — When we talk about the single responders, I am looking at the health output initiatives on page 29 of budget paper 3, which is under the heading 'Chapter 1 — Election commitments'. Minister, I do not see anywhere on that page any funding for your election commitment to provide protective services officers for hospital emergency departments. Can you explain for the benefit of the committee where the funding is if it is not there, and if it is nowhere, why is it nowhere?

Mr D. DAVIS — I am very happy to explain that the government has a strong commitment to safety and security in hospitals and hospital emergency departments. Our commitments were all made over four years.

Mr PAKULA — Right.

Mr D. DAVIS — The commitments will be delivered over four years. In the case of emergency departments, what we have said is that this is something that is going to need deeper consultation and wider consultation and that will be done via a parliamentary committee. As I understand it, the reference was moved last week in the lower house, and some of the lower house members here may be able to confirm that.

Ms HENNESSY — I do not think it was.

Mr D. DAVIS — That is my understanding.

Mr MORRIS — It was, yes.

Mr D. DAVIS — Certainly it is imminent then in the next sitting week, because there is a draft terms of reference that I have looked at closely with the Minister for Police and Emergency Services.

Mr PAKULA — Looked at, as in written?

Mr D. DAVIS — No, worked through.

Mr SCOTT — Worked through?

Ms HENNESSY — That is a bit of a problem.

Mr D. DAVIS — Can I just say here, Chair, I am trying to answer what is a very serious matter about safety in public hospitals and in particular emergency departments. The government's view is that the $20 million — I might be a tiny amount out on that, but my recollection is that around $20 million was what was in the budget.

Mr PAKULA — In the budget? You mean in the election commitments.

Mr D. DAVIS — Sorry, in the costing document.

Mr PAKULA — The rigorous Yates document, yes.

Mr D. DAVIS — The point I am making here is that we are very determined to have safer emergency departments and safer hospitals. I think one of the failings of the last government was to recognise that community violence was increasing. Violence was both on the streets and on our railway stations and transport system, but increasingly we had seen violence start to spill over into our emergency departments. Frankly, hospitals and emergency departments should be zones of safety and security for patients and for staff.

Ms HENNESSY — Should they be for PSOs?

Mr D. DAVIS — Again as I said, a number of our comments on this have been directed to ensuring that we get the best outcome. We are genuinely very committed to getting the best possible outcomes in our emergency departments. We hope that the Drugs and Crime Prevention Committee can come back with some useful bipartisan suggestions on how safety and security in our emergency departments and hospitals can be improved. The number of codes that are called in hospitals is a very clear indication that the safety and security of staff and patients is not what it should be. This obviously has to be done in a way that gets the best clinical outcomes and the best possible results for the community.

I know the police minister is very aware of this as well. I am determined that we will get good results in our emergency departments. I invite all parts of the Parliament, through you, Chair, to contribute constructively to that process. I said in the chamber in response to a question — and those members from the upper house will remember — that I believe there is some goodwill in the Parliament towards achieving these sorts of objectives. I do not think Labor people or other smaller parties have a different objective here than having safe and secure hospitals. The situation is that recently the violence that has been increasingly part of our community has unfortunately perhaps spilled over into our emergency departments, and we need to do something about that. We need to get the best possible outcome, and I am hopeful that the Drugs and Crime Prevention Committee can do that.

Mr PAKULA — Minister, that was a very long way of saying you forgot you made the commitment, because let me take you to page 45 of budget paper 3. You made the point at the start of your answer that your commitments are over four years, not one year. Under the heading 'Election commitments to be funded in future years' it says, 'The government is committed to the delivery of all its election commitments. Funding for the following asset projects will be made available in future budgets to ensure that the government's commitments are met'. The PSOs are not mentioned there or anywhere else that I am aware of. They are not mentioned in this year's funding so they are nowhere in the budget papers, either as things that you are going to do this year or things that you are going to do in subsequent years. Did you simply forget that you made the promise or did you ditch the promise and just hope that no-one would notice?

The CHAIR — Before I call the minister I will advise that we have just established that the *Votes and Proceedings* of the Legislative Assembly do in fact show that that reference was adopted by the Legislative Assembly last week. That is just for the information of the committee.

Mr D. DAVIS — I have tried to be quite up front and sincere about this. The government, as we now understand, has formally moved the reference for the Drugs and Crime Prevention Committee. It is my understanding that the committees are now established or very close to being established, and I look forward to that committee getting on with its job. This is a significant challenge — —

Mr PAKULA — But why is the commitment not in the budget anywhere?

Mr D. DAVIS — We have to make sure that the way things are implemented is most effective in terms of outcomes. We have a problem in terms of violence in some of our public hospitals, and I do not think I am Robinson Crusoe in making that point. But we are determined to do something about it, and we are determined to get it right.

Mr PAKULA — But didn't you know that before the election?

The CHAIR — Allow the minister to complete his answer.

Ms HENNESSY — You just tried to fudge, Minister.

The CHAIR — Allow the minister to complete his answer.

Mr O'BRIEN — He has not tried to fudge it; he has explained it very well.

Members interjecting.

The CHAIR — Mr Pakula, that is enough. The minister, to conclude.

Mr D. DAVIS — Chair, I am determined not to be diverted on this. The best possible outcomes are ones in this case that I think will have broad community support. We need to talk to the various professions that have a

specific interest in this — that is, the doctors, nurses, technicians, orderlies and so forth in our hospitals — and we also need to make sure that the result for the community is right. This is about making hospitals zones of safety and security for our patients and our staff. The implementation — —

Mr PAKULA — If you have ditched it, just say you have ditched it.

Mr ANGUS — No, it has been engaged in the parliamentary committees.

Mr O'BRIEN — Let him answer the question. Let the minister answer.

Mr MORRIS — It was referred to a committee. It has gone to a committee.

Mr O'BRIEN — He has referred it to a parliamentary committee.

The CHAIR — Mr Pakula, you have asked a supplementary question, and I think we will now just move on.

Mr PAKULA — I just think the minister should come clean and say he has ditched it.

Mr MORRIS — It has gone to a committee.

Mr O'BRIEN — He has not ditched it; it has gone to a parliamentary committee. How hard is that to understand?

Ms HENNESSY — The point is he pulled from the budget paper. Once it was an election commitment, and then it disappeared.

Mr D. DAVIS — Chair, I understand that the opposition supported this reference, and I welcome that support.

Mr PAKULA — Two different issues.

Mr D. DAVIS — I think this is something that can be looked at in a bipartisan way, and we are determined to get the best possible outcome. We are not going to jump too quickly. We are going to get it just right.

Mr PAKULA — Like you did before the election when you made the commitment.

Mr O'BRIEN — The commitment will be delivered.

Mr D. DAVIS — We are going to get this just right. We are going to make sure this is the best possible outcome to guarantee staff and patients have the best security. Hospitals should be a place of security and safety for patients and staff.

Mr PAKULA — Right. So it has goneski.

Ms HENNESSY — It has just gone; liquid papered over.

Mr O'BRIEN — Thank you, Minister, and thank you for that answer. The question I would like to ask is in relation to budget paper 3, page 205, under the heading 'Primary, community and dental health'. Could you outline for the committee the details of the government's commitment to dental health in the 2011–12 budget and the reasons that this investment is required.

Mr D. DAVIS — I just want to make sure I have the exact number here.

Mr PAKULA — The right Dorothy answer. You have to make sure you have the right Dorothy answer!

Ms HENNESSY — He cannot even find it. You cannot even find your own Dorothy. Make sure the pages are not stuck together with liquid paper.

Mr D. DAVIS — No, no. Let us be sensible about this, Chair. Dental health is important.

Ms HENNESSY — It is very important.

Mr D. DAVIS — I know that the community is concerned about better dental health outcomes. There is 167.1 million, as I understand, as part of that output group, that will be delivered in total in 2011–12. I understand that there is a need to make sure that we have better dental services, that the voucher system with private dentists works effectively and also that there is access to dental care through better workforce and infrastructure initiatives. I know there is a significant challenge to get these right for the community.

Public dental health, as we know, is available to children and disadvantaged adults. Public dental services provide routine and urgent care. There were 329 850 clients receiving treatment in 2009–10. There will be 331 000 clients expected to receive treatment in 2010–11. This will grow to 332 150 in 2011–12. We will work to enhance these things through a number of initiatives across this term. We need to make sure there are more mobile dental units, and there is a commitment of capital for that across the four years — or there will be a commitment across the four years. There is also a need for an early intervention oral hygiene and health program.

Dental care impacts very directly on some of the most vulnerable people in our community, and I know Mr O'Brien's region, Western Victoria Region, has some of the longest dental waits.

Mr O'BRIEN — Yes.

Mr D. DAVIS — The department and the government are very aware of the challenge of providing better care for those communities.

Mr SCOTT — Minister, I refer you to budget paper 3, page 112, and the line item there 'Neonatal hearing screening' and the funding to continue infant hearing screening in public hospitals. Does this funding support the continuation of this program in private hospitals too so that every newborn continues to receive infant hearing screening?

Mr D. DAVIS — I think the simple answer is yes. It is an important program, and we are very committed to it.

Mr SCOTT — A yes answer makes it easier.

The CHAIR — Minister, in your presentation and in an earlier response to a question we were talking about patient transport officers and paramedics. In relation to budget paper 3, page 35, could you please explain the allocation from the budget for MICA paramedics?

Mr D. DAVIS — Chair, ambulance, as we have said in answer to a number of the questions previously, is a significant challenge for the community and the government. The need to get better paramedic services is a key task, and I am happy to provide the committee with the list of all of the regional centres. The first tranche of these, as I said Shepparton, is in fact operational. I understand that Warrnambool, Horsham and Mildura, if not operational, are very close to being operational and will be able to deliver single responder MICA services in the forthcoming period. There are another six locations to go, and they will be scheduled as the staffing comes forward, as the capital is put in place and as the rosters can be arranged. I know that is a significant challenge, but it is an important one that the government, and I know Ambulance Victoria, is very determined to meet.

Ms HENNESSY — Minister, earlier you told the committee that 112 million was the total for your new hospital beds, but you could not allocate staff resources for this. Does your department not have an estimate of the on-costs associated with bed openings, and if you do not know, perhaps we could ask the secretary of the department?

Mr D. DAVIS — I think the point here, Chair, is — and I am surprised Ms Hennessy perhaps does not fully understand this given her background on a hospital board at Western Health — the process each year is a stepwise one. The budget allocations are made, the funding guidelines — the program guidelines — are put out and the negotiations begin. Obviously the individual costs at each health service vary. The costs at Northern Health are different from the costs at Western Health, they are different from the costs at Peninsula or indeed at the Alfred, to pick some examples.

What we will seek to do is to negotiate with each health service as part of their signing of the statement of priorities to get the best possible outcome. I am sure there is no single figure. I do not know whether the

secretary wants to make a brief comment on that, but essentially I think there is not one single figure; they do vary, and we do take advantage of that to get the best outcomes.

Ms THORN — I would just add that the funding mechanism is via WIES, weighted inlier equivalent separations. A different number of WIES apply for different sorts of procedures, and then there are different types of beds. What beds are open will impact on the number of staff who are required. There will be a higher ratio of nursing staff for an intensive care bed as compared to a subacute bed. That is in fact what drives staff.

Ms HENNESSY — It is true to say then, Minister, that contingent on the type of bed or the type of ward that a bed is in, that you are capable of estimating an associated on-cost around a bed.

Mr D. DAVIS — We can estimate things, and indeed the department has done that in the response to the committee's questionnaire, but they are estimates. If you are asking for a precise result — —

Ms HENNESSY — My question is — —

Mr D. DAVIS — We might do better than those estimates.

Ms HENNESSY — My question was that you could in fact estimate the on-costs.

Mr D. DAVIS — In effect, Chair, I am making the point that estimates are not as good as the final outcome.

Mr MORRIS — Minister, moving to page 211 of BP 3, can you indicate to the committee what the government is doing to support the prevention and treatment of diabetes in Victoria?

Mr D. DAVIS — I can. I think the committee and the community increasingly understand that chronic disease is a very significant challenge for our community, not just with ageing but with the growth in certain chronic diseases — obesity — but diabetes in particular. I am very happy to advise the committee that the Life! program, an important preventive program, has been funded by the government. Unfortunately it was a lapsing program, and we risked seeing the Life! program fall off. It did not have ongoing funding; it will now have ongoing funding. This is an important contribution. I pay tribute to the work of Diabetes Australia — Victoria for the work it does in coordinating the Life! program through a range of clinics through the suburbs of Melbourne and country Victoria.

This program has been shown to work. It has been shown to help people manage their diabetes, and it has been shown to get good outcomes. I was very determined to advocate strongly in the light of this being a lapsed program, a program that finished on 30 June, to make sure that the Life! program would be renewed and would be funded not just in a short-term way, year to year, but in an ongoing way. I think this is an important point.

To go back to the initial slides about the budget, we face a real challenge with a whole series of programs that were funded for a year or two years or three years, and I see departmental people nodding. They understand the challenge that is faced when a program is about to fall off. But this program, the Life! program, as I said, coordinated by Diabetes Australia — Victoria is a very important program and will, I think, return a significant dividend to the community.

We have to look at ways of managing chronic disease at a community level. What we do not want to see are things like diabetes end up as acute incidents in our major hospitals. That is a very bad outcome for patients who have diabetes. It is a very expensive outcome as well. It is cheaper, smarter and clinically better to manage these challenges for patients at a community level.

Mr PAKULA — Minister, I just want to go back to page 112 of budget paper 3 and the savings targets there. Between election commitment savings and measures to offset the GST reduction there is — doing quick maths — about $115 million savings. Are any of those savings being borne in your ministerial office, either in terms of works that might be done to the office or staff members or anything of that nature?

Mr D. DAVIS — I am happy to answer to that and to make the point that the government's approach here has been to focus on government advertising, to cut government advertising, to cut the number of consultants, to cut marketing positions and to cut ministerial staff. To pick up your point, we have cut the ministerial staff numbers down from — —

Mr PAKULA — Have you borne part of that?

Mr D. DAVIS — I have indeed. A whole series of savings initiatives have been put in place in my office. If I could take the Chair and the committee there now and walk through, what we would see is that the expensive paintings on the walls have been taken down — —

Mr PAKULA — The ones that were on loan from — —

Mr D. DAVIS — No, they were actually discontinued because we believe that this was an expensive cost that ought not be borne by the taxpayer in this way.

Ms HENNESSY — I think we call it returned.

Mr D. DAVIS — I make the point that we have actually taken significant steps in ministerial offices. I have less staff than the previous health minister, Daniel Andrews, and I have no doubt that it is the case that across government there are less staff as well.

Mr PAKULA — Minister, thank you for the offer to have a wander through your office. We might actually take you up on that, if you were serious. In doing so we might be able to confirm, or you might be able to confirm for the committee now, Minister, whether the story that is running like wildfire through your department is true: that on becoming health minister you ordered a structural strength assessment of your office suite to determine if the floor was strong enough to support the weight of a large man-sized safe to be installed.

Mr D. DAVIS — I have never heard of that, so I am sorry — —

Mr PAKULA — So you are saying it is not true?

Mr D. DAVIS — I have never heard that. My understanding is it is not — —

Mr PAKULA — It your office! Is it not true?

Ms HENNESSY — Perhaps you might talk to your adviser. We would not want you to mislead the committee.

Mr D. DAVIS — I am happy to come back with information to check that.

Mr PAKULA — How could you not know if it is true? It is your office!

Mr O'BRIEN — On a point of order, just because a question is asked does not mean there is an answer that the minister — —

Mr PAKULA — How could he not know if it is true?

Ms HENNESSY — Come on, Mr Cost Savings. It is not pint-sized; it is man-sized. You can't miss it.

Mr O'BRIEN — He is checking if it is. He does not want to mislead the committee. He does not know what has happened specifically.

The CHAIR — I am in some difficulty because anecdotal, second-hand gossip is usually not the basis of questions at estimates.

Members interjecting.

Mr O'BRIEN — He denied there were little green men in there too!

The CHAIR — It is difficult for a minister to answer a question about a rumour in any quarter.

Mr O'BRIEN — But he will check it.

The CHAIR — It is an unusual question is what I would say.

Mr O'BRIEN — On a point of order, is it another matter for notice if necessary, a written reply if anything comes up?

The CHAIR — If the member wants to put it on notice, I will accept the request.

Mr PAKULA — Indeed, we would be happy with that too, Chair.

Ms HENNESSY — We are happy to inspect the office too.

Mr ANGUS — Minister, just in relation to budget paper 3 on page 42 and the Box Hill Hospital expansion and so on, which as an eastern member I have been very pleased to hear about it both today and previously, I am wondering if you could detail what any of the government investment there relates to and whether there has been any expenditure there for promotional material and other things.

Mr D. DAVIS — Indeed there has been. I am well informed that the $40 million redevelopment on top of the previous 407 million, making a total of 447 million, will lead to a very good outcome. I see there is a slide up there that gives you some appreciation. Arnold Street is the closest parallel street, as it were, there. You will get a very good understanding of the size of the new Box Hill Hospital. More than that, I am aware that there is promotional material produced by the previous government to the tune of $22 000. There are huge banners; six, I think, is the number, but I stand to be corrected on that. It is a massive number of banners, and these are almost as long as this room. They are of a gigantic scale — —

Ms HENNESSY — About is as big as your safe.

Mr D. DAVIS — I have to say, Chair, the huge banners are a waste of money. The decision that I made is that these banners, which were designed purely for promotional purposes, would not be put in place. We do not need that kind of promotion, and frankly, the tens of thousands spent on these banners would have been much better spent on patient treatment.

Ms HENNESSY — On a structural assessment of your office.

Mr SCOTT — I look forward to taking up your offer to visit your office, by the way. I just want to ask you in reference to budget paper 3, page 45, which lists a range of capital projects that you committed to at the election but failed to deliver in the budget, including 20 million for the Kilmore hospital. Given the federal government has committed 10 million towards a redevelopment, will you match this commitment and provide funding for this redevelopment this financial year from contingency funding?

Mr D. DAVIS — Chair, as I think all members know, the commitments were made over four years. In the case of Kilmore hospital we advocated $10 million and sought matching funding from the commonwealth government. Further, I have to say, in the Health and Hospitals Fund submission that we put in place with the commonwealth we sought that matching funding from the commonwealth.

In fact there is a very handy table that laid out our requests to the commonwealth to match that funding. Given that the commonwealth has literally just in recent days — since our budget was framed — come down with its announcement, we will be having discussions. I know my office has already had discussions with the commonwealth minister's office on this matter, and her office was good enough to advise us of the Kilmore announcement. We welcome that. We think this is a collaborative step, and we will be talking to the commonwealth about the scheduling of that money and ensuring that the preparatory work is completed to enable it to go forward.

We are very committed to it. It was part of our submission to the commonwealth. We requested the matching 10 million to match our election commitment of 10 million. Frankly, you could not put the 10 million as an allocation in the budget until you had got that matching commitment from the commonwealth. It is only in recent days that that has come.

Mr SCOTT — I have a follow-up. Could I examine that submission to the federal government when we visit your office to check for the safe?

The CHAIR — I do not think that is really a suitable follow-up question, Mr Scott. I am going to move on and direct a question to the minister in relation to the expanded Bendigo redevelopment project. Could the minister provide some further detail?

Mr D. DAVIS — I wonder if the slide could come up — of Bendigo. Again, Bendigo is an important regional centre. This $630 million project will be the largest project in the history of country Victorian health care. Make no mistake about the importance of this project and the importance of the need to ensure that this project is delivered.

The previous government had a series of tranches of money that came through finally in the budget last year to the tune of 528 million. We made a commitment of 102 million in additional funding, and that 102 million in additional funding brings it to a total of $630 million. That, as I say, is a very important project. We will get additional beds and indeed we might get more beds than we imagined in our initial calculations when we were in opposition. We will get an integrated cancer centre on the one site, a specialist mother-baby unit and expanded facilities for ICT and training on the site. The additional beds will ensure that Bendigo has capacity into the future, given that it is a significant centre of growth. Importantly, it services not just Bendigo and the immediate vicinity but right into northern Victoria and indeed a significant number of patients from southern New South Wales as well.

The cancer service that we seek to establish there will be on the acute health site. We think this is quite an important project. We are determined to get the best result. The scoping work is well under way, and work on ensuring that this is delivered in a way that fits exactly with the previous process is also well under way. We are determined that the outcome at Bendigo Health will be a world-class hospital. I have spent considerable time talking to the CEO and senior board members about Bendigo, trying to understand the best way to deliver for them and their community, and there is no question that this hospital is a significant improvement on the option that was on the table before.

I would certainly also add the point that it would be good to make this a matter of bipartisan support. We look to see the broadest possible support for the expansion of this project from the Labor Party and other groups. The expansion will deliver more for the Bendigo community and surrounds.

Mr PAKULA — I am looking at you funnily because I am trying to remember when you were bipartisan in opposition. I do not recall any instances of it.

Mr D. DAVIS — On many things indeed I was.

Mr PAKULA — Were you really?

Mr D. DAVIS — Yes, and I make the point that — —

Mr PAKULA — Name three.

Mr D. DAVIS — I make the point that this is a very important project. It is important for central Victoria and it is important for northern Victoria; it is important for those communities. It is the biggest project in country Victoria's history in terms of health care. We look forward to delivering this expanded vision.

Ms HENNESSY — Minister, I refer you to budget paper 3, page 384. I would be interested to know what initiatives the minister has championed to increase the number of injecting drug user programs.

Mr D. DAVIS — I think the Minister for Mental Health is the one who is specifically responsible for those programs, and it is probably correct to address that question to her.

The CHAIR — Thank you for your response, Minister.

Mr PAKULA — I think the member has a follow-up.

The CHAIR — You have a follow-up?

Ms HENNESSY — I do have a follow-up.

The CHAIR — Is it related?

Ms HENNESSY — Yes, it is.

Mr D. DAVIS — It is my understanding that that output group is related to Mary Wooldridge's portfolio.

Ms THORN — Yes.

Ms HENNESSY — That is all I wanted to confirm; thank you.

Mr MORRIS — Minister, I move on to budget paper 4, page 9, the general government capital program. Can you indicate to the committee what the government is doing to address ageing infrastructure across the Victorian health system?

Mr D. DAVIS — If you look at the note on page 9 on health, you will see the existing projects schedule across the new projects schedule, so indeed there is a significant scheduling of money and spread of projects. If you come to page 29, you will see the spread of program spending across a number of particular projects. I think it is important to look at the specifics of these. We are investing very significantly in health infrastructure, some from the health infrastructure fund, some from the country hospital fund and some from general base. The medical equipment replacement program of $35 million is a significant program. The statewide infrastructure renewal program of $20 million is also important. The rural capital support program of $56 million across the term of government is also important.

Let me perhaps explain some of these points. The rural capital support program in particular offers that opportunity for smaller country health services to access amounts of money that may not be major redevelopments but may make a significant difference to their ability to deliver their services. For those smaller capital projects that would otherwise perhaps not be funded, this rural capital support fund is specifically designed to help. It might be a $300 000 project; it might be a $1 million project. It is quite small in some cases. It might even be less than that in some cases.

That fund enables the focus to be delivered on those smaller country health services that need minor capital support but are nonetheless quite important. In terms of increasing the capacity of the system, I have referred to some of these already but it is worth putting on the record the amounts of money allocated for increasing capacity. The Northern Hospital emergency department expansion — $24.5 million. As I have said, Northern is a particularly important project because it is in an area of very rapid population growth at the north of the city. That population growth is a challenge. There is a huge increase in demand in that emergency department. It needs additional capacity there. This $24.5 million will do that.

I have referred already to the Olivia Newton-John Cancer and Wellness Centre and the $32 million health component of that, which delivers the fit-out and the finalisation of the bed capacity at Olivia Newton-John in conjunction with the fundraising that Olivia and the groups involved with her have been so effective in achieving. As a government we are very determined to support that process.

I make the point — and you might want to talk to the relevant minister about this — but the $13 million matching contribution from DBI enables the research capacity to be built in as the project continues. It was those two capacities that were missing.

Mr PAKULA — Which minister are you referring to? Is it Minister Asher?

Mr D. DAVIS — Minister Asher, yes — innovation. But I make the point that the two go hand in hand because we do want the high level of research capacity to be linked with the clinical activity as well.

As I have already alluded to, Maroondah is a $22 million expansion. That is a significant expansion at Maroondah Hospital. Again, significant growth in demand through that region. Frankston Hospital — the inpatient expansion — $36 million will get 64 beds plus 4 critical care beds, and 2 cots are included in that. That is a significant expansion given the growing needs on the peninsula. I was very happy to make the announcement down there with the Premier just recently about that Frankston Hospital expansion.

Also in this budget there is increased capacity for intensive care and the critical care capacity that is listed as $1.8 million. Again this goes back to some of those issues about what actually can be delivered. You do need to

make sure that as you expand acute bed numbers the intensive care support that goes with that is also available. That expansion of Frankston is part of that, but increasing critical care capacity across the system is also important. So the additional resources have been announced there.

The health infrastructure fund will fund the expansion of the new Bendigo hospital, the Box Hill redevelopment and the additional beds there. This process is going extremely well at Box Hill where we will get a much larger number of beds likely than we had imagined for the $40 million of additional commitment. Casey Hospital planning and development — the $1 million that was allocated in the budget will start that important process of planning for growth. Casey is a new hospital in fact. It is not seven years old yet.

Ms THORN — 2003.

Mr D. DAVIS — But already that hospital is at capacity, and this is one of those things that points to the need to make sure that planning into the future actually takes account of proper growth and planning capacity. The $1 million for Casey will begin that process of making sure that we get the best outcomes there.

I have referred to the Monash children's and the bringing forward of the process of building the Monash children's through the land acquisition to build a better hospital. Maryborough district will get $600 000 for medical imaging. There is additional mental health capacity, and I will leave my colleague to talk about that at a future point. I have talked about the mobile intensive care ambulance single-responder units and the commitment there. There will also be a motorcycle paramedic unit, which will allow more efficient response in the inner city. This is a challenge with congestion — the ability to move quickly and get a MICA paramedic to a scene quickly makes the motorcycle unit quite important.

Ms HENNESSY — Chair, he is at 7 minutes.

The CHAIR — It is a very extensive answer.

Mr D. DAVIS — We have also come through with the commitment on the bush nursing hospital support of $2.2 million, which will be spread over four years. Bush nursing hospitals actually celebrated 100 years recently.

Mr PAKULA — Not 300 years, as Mr Mulder would have us believe.

Mr O'BRIEN — It is certainly worth celebrating 11 years.

Mr D. DAVIS — I have to say that 100 years of bush nursing is a significant achievement.

Ms HENNESSY — Hear, hear!

Mr D. DAVIS — But there is a need to give that additional support to bush nursing hospitals. Again the $2.2 million will enable those smaller capital items that are needed from time to time through bush nursing hospitals to be provided, with support.

I make the point that there was also a very specific support for Ballan in the form of $2 million for additional support for Ballan. That in that district there will make a significant difference, because the soldiers memorial hospital, which was built in the middle 1960s, had really reached the end of its life. We needed to make sure there was proper support. I make the point that a bush nursing hospital like Ballan is neither a public hospital, as in owned by the state of Victoria, nor a private for-profit hospital or non-denominational-type hospital, but it is a hospital that delivers services through community subscription and community ownership. It has served its community very well.

The commonwealth, and we were talking about the commonwealth before, has funded a primary care centre. This will work very well with that primary care centre. The design that has been put in place by Ballan has been a good design that will enable a capacity to retain doctors in the area to work with the community and to refurbish. I am nearly done, do you want me to — —

The CHAIR — It is a very comprehensive answer, Minister.

Mr D. DAVIS — These are quite important things. I am passionate about some of these. Warragul emergency department upgrade was a $2 million commitment. It will make a very big difference to that town with the expansion in the number — —

The CHAIR — Indeed.

Mr D. DAVIS — I understand the Chair will understand that. He is very pleased with that particular commitment. To be fair, Warragul has faced additional pressure because people sometimes go in that direction rather than towards the city. There is that increasing demand.

Mildura is a significant $5 million expansion. There is significant population growth in Mildura. Again, there is a need to refurbish that emergency department and get a more modern layout. That $5 million is a significant contribution. At a different point I might talk about the retention of public land for aged care.

The Geelong hospital enabling works are important. There is $8.3 million that will enable the $165 million commitment to be delivered in Geelong. We look forward to doing that. I note the commonwealth has made an announcement there, picking up a point made by a number of people earlier. We are prepared to work with the commonwealth to get the best outcome for the Geelong and region community.

The medical equipment replacement program is an important one; there is $35 million that is allocated for that, and there is securing our statewide hospital infrastructure renewal program. I want to make one other final point — —

Ms HENNESSY — You could be really, really useful at a sleep apnoea clinic at this point in time, Minister.

The CHAIR — Demtel International. It is your final one.

Mr D. DAVIS — The Royal Children's Hospital ICT investment of $23.9 million is critical given we have got a $1 billion hospital opening. It would have been a tremendous shame to have not made that commitment. It is a pity the commitment was not made earlier. I am disappointed the previous government did not do this in a way that saw an integrated project and got the best possible outcome. Disappointment aside, we have taken steps to remedy that problem as best we can at this point.

The CHAIR — Thank you very much, Minister.

Mr PAKULA — I almost need medical attention myself after that answer. The minister nearly put me right out. I think his new nickname is Chloroform.

Mr O'BRIEN — The opposition is obviously more interested in rubbishing him. It was a good delivery on the portfolio. Congratulations, Minister, on all that work.

Mr PAKULA — Mr O'Brien, could you be more obsequious?

The CHAIR — This is the 32nd formal question and probably about the 100th in total. We have been going for some time, so let us not get too tired.

Mr PAKULA — Not too tatty at the end. Minister, budget paper 3, page 41, under the heading 'Country hospital fund' under asset initiatives shows 64.9. It seems fully equipped. You have got $64.9 million allocated to the country hospital fund for the next four years, fully committed to Echuca, Mildura, Kerang and Warragul. Now if you move to page 45, it says the funding will also be used for, the Castlemaine health upgrade, radiotherapy facilities for south-west Victoria, the Kilmore and District Hospital redevelopment and the Seymour District Memorial Hospital chemotherapy chairs. Given the country hospital fund seems to be fully acquitted over the next four years, where is funding going to be found for those other initiatives, when will they be started and when will they be delivered?

Mr D. DAVIS — My understanding is they will be funded in future years and that that is the normal way.

Mr PAKULA — Right. So will the money for that come out of unallocated capital?

Mr D. DAVIS — My understanding is that not all of the projects have come out of that fund, but there is no doubt there is sufficient capital.

Mr PAKULA — They are the ones that are listed as coming out of that fund. There are the ones that are listed on page 45 as coming out of that fund.

Mr D. DAVIS — There is sufficient capital to deal with these future commitments, and we will.

Mr PAKULA — In unallocated?

Mr D. DAVIS — As I understand it, that fund and future commitments will deal with all of those commitments.

Mr PAKULA — The money has got to be somewhere. Is it in unallocated?

Mr D. DAVIS — These will be in future budgets, and it will be announced as they have been laid out there.

Mr ANGUS — I return again to the whole issue of ambulance services. In particular, I refer to pages 35 and 41 of budget paper 3. I just ask the minister if he would outline for the committee the details of the government's investment in ambulance officers and stations as allocated in the 2011–12 budget.

Mr D. DAVIS — Thank you for that question. There is obviously again a need to ensure that ambulance services are available locally and that people are able to get ambulances as and when they are required. One part of the response with more ambulance officers is to ensure that there are a number of stations that are upgraded. The upgraded stations will include Belgrave, Emerald, Yarra Junction, Castlemaine and Maryborough. New ambulance stations will be built at Beaufort, Wallan and Grantville.

That is a significant investment and a significant response. One area where response times were not particularly up to scratch was around the edge of the city — that interface area. There were not sufficient resources, and a number of these locations are important responses to that, as are the responses in terms of Castlemaine and Maryborough, where there was a significant need to ensure that better upgraded stations were available.

Mr SCOTT — At a briefing provided on the budget for members of Parliament and electorate officers, a view was expressed by a very senior official within the government that the ageing of the population — and I note your earlier presentation and reference to the ageing of the population — would not in fact have a significant impact on health costs, as is commonly held, because health costs are incurred largely in the last three years of life. I would simply like to know whether that is your view or whether you agree with that view?

Mr D. DAVIS — I think the balance of information is that the increased number of patients with chronic disease is very closely correlated with the ageing of the population, and increases in the number of chronic diseases see a large number of people needing higher level tertiary care. The example of the Life! program that I gave earlier was an example of a different way to manage something like diabetes, which affects an increasing proportion of the population. An increasing number of people have those issues, and by providing that sort of support you actually — the secretary points out to me that 80 per cent of people older than 65 have two or more chronic diseases, so there is a close correlation with the rise of more people with chronic diseases, and that will generate additional health costs.

How we manage those challenges is actually the task — the thing we need to think about and the thing we need to respond to — and partially my singling out of the Life! program was directly focused on that point. If we can get a better outcome at a primary care level in terms of management close to the community and where people live, that is going to be both better for patients and also arguably cheaper. How we respond is in part a point.

Mr SCOTT — If I could follow up, essentially you are disagreeing with the proposition that the ageing of the population has a lesser impact than is commonly held, as was stated by Grant Hehir at that briefing.

Mr D. DAVIS — I think I have made my point clear: increased chronic disease does generate additional costs.

Mr SCOTT — So you are confirming that you disagree with him. That is fine.

Mr D. DAVIS — I am confirming what I have said, not what you have said I have said.

Ms HENNESSY — Why did you cut HACC services in regional areas, Minister?

Mr D. DAVIS — I just want to make one point. I am very cautious about a point being made about what someone else has said. Obviously I was not in the room. It is a little hard to respond to the detail of something when you were not actually present and no documents have been proffered.

Mr SCOTT — But you can respond to the cutting of HACC services and explain why you did that.

Mr ANGUS — Is this another question?

The CHAIR — I am not quite sure where we are up to here.

Mr ANGUS — I think the minister has answered the question.

The CHAIR — You have asked three or four questions; I think we will move on. Minister, I refer to page 116 of BP 3. Will you outline for the committee the budget allocation for the Olivia Newton-John Cancer and Wellness Centre and the reason such an investment was required of the Baillieu government?

Mr PAKULA — Really? We are going there again, are we?

The CHAIR — We are.

Mr O'BRIEN — 'Tell me more, tell me more'. Tell us more.

Ms HENNESSY — This is *Groundhog Day*, Chair. See the movie; you will understand.

Mr D. DAVIS — We have all seen the movies and listened to the music, but I am very happy to — —

Ms HENNESSY — On a point of order, Chair, *Groundhog Day* is not a musical. The minister is misleading the committee again!

Mr D. DAVIS — I thought, Chair, that the member was talking about Olivia Newton-John and her remarkable contribution.

Mr O'BRIEN — And I had said, 'Tell me more'.

Mr SCOTT — She was not in *Groundhog Day*. It was Bill Murray, actually.

The CHAIR — Thank you, Minister. To elucidate for the minister's benefit, there was during the tea break a discussion about how the challenge of estimates, day after day, is that it does turn into another great movie, *Groundhog Day*. Minister, you have the call.

Ms HENNESSY — Chair, it is actually certain ministers' answers that turn it into *Groundhog Day*.

Mr D. DAVIS — I can in the spirit in which that was proffered indicate, being a former member of the Public Accounts and Estimates Committee, my understanding of the long sitting schedules that you all face.

Mr O'BRIEN — And as a great fan of Olivia Newton-John I would like the minister to tell us more, tell us more.

Mr D. DAVIS — I am keen to tell you more about Olivia Newton-John's contribution to Austin Health and to the wellness centre and about what she and the private fundraising that is in place are seeking to achieve. There is obviously significant state government funding in that project — there is obviously some federal money in it as well — but I do think there are some lessons for government in scoping out projects. I do not think that it is a wise course to leave projects partially funded, unfunded or underfunded — —

Ms HENNESSY — Except if they are yours.

Mr O'BRIEN — No; if they are yours.

Mr D. DAVIS — I have to say that the commencement of a project with an incomplete stream of funding is a risky course, and in this case it was forced upon the new government to deal with the problems and the black holes that had been left by the previous government.

Mr PAKULA — So you will never have a lapsing program? Everything will be funded in perpetuity?

Mr MORRIS — He is talking about your mess — the mess of the previous government.

The CHAIR — The minister to continue without assistance.

Ms HENNESSY — Thank you for the new benchmark.

Mr D. DAVIS — I have to say, to make the point, that the funding for the Olivia Newton-John Cancer and Wellness Centre was not a lapsing program. In fact it was a program that did not have full funding in the first place —

Mr ANGUS — Typical. It was half baked.

Mr PAKULA — Neither do most of yours.

Mr D. DAVIS — and that is a very difficult point.

Mr SCOTT — Are you applying that standard to your own programs, seriously?

Mr D. DAVIS — As I said earlier 32 million has been allocated, and let me explain the detail.

Mr PAKULA — You part funded a whole bunch of things.

The CHAIR — The minister without assistance, thank you.

Mr PAKULA — Is Monash children's fully funded?

Mr ANGUS — Let the minister finish.

Mr D. DAVIS — As I said earlier, 32 million has been allocated, which will enable the fit-out of the multidisciplinary outpatient clinics, two acute inpatient wards, a palliative care unit and administrative areas for cancer services and clinical trials. That will be also matched with an additional 22 consulting rooms; 25 additional acute beds — an increase from 39 to 64; 8 additional palliative-care beds — that is a total of 28; and acute and palliative-care accommodation that is fit for purpose.

As I outlined earlier, there is a $12.9 million funding contribution from the Department of Business and Innovation which will fit out the research component of that project. The contribution is 44.9 million. The additional fundraising commitment from Austin Health and the foundation that Olivia Newton-John heads up is 25 million. I know the community is aware of their absolute determination to raise that money, and the government is supporting them every step of the way in that. I was proud to be at the MCG yesterday with the AFL, with Jim Stynes and Olivia, and of course the Premier, to work with Austin Health in part of that fundraising component.

I know the role of government is sometimes to get in and encourage benefaction and encourage the private provision in that way, and the generous spirit that is in the community will be fully harnessed on, I think, 27 May at a major football match between the Demons and Carlton. Chair, you are a Demons fan, I think, and I imagine you will be an early ticket-holder for that match. I would encourage the community and members to strongly support Olivia Newton-John, the AFL, Carlton and the generous support of the Melbourne Football Club through Jim Stynes in that funding process as they make good the commitment that they have made.

Ms HENNESSY — Minister, according to page 75 of budget paper 5 the project management timetable for the Victorian Comprehensive Cancer Centre is expected to be completed by 2015. Can you outline what the real impact on the state budget is of commonwealth deferred payments and confirm when the commonwealth contribution will be made? It just says 'construction completed by 2015'; it is not a material assertion there. It is really about the impact on state budget of commonwealth deferred payments.

Mr D. DAVIS — I am a little cautious in how I speak about this major project. It is a very important project and the subject of live tender as we speak.

Ms HENNESSY — Probity is important, Minister.

Mr D. DAVIS — Probity is very important, and I am quite happy to let one of my officials make those comments on this in particular. I do want to perhaps put some broader context to the VCCC, though, and indicate the strong support — I think this is probably one of those areas where there is strong bipartisan support for the cancer plan, and I have freely indicated on a number of occasions my commitment to work in a bipartisan way on the cancer action plan — —

Ms HENNESSY — Minister, it is the cancer centre, not the plan, that my question relates to.

Mr D. DAVIS — Yes, but I think it is important to understand the context of what we are talking about. The VCCC fits within that framework. I think you need to understand the way that cancer services are being organised in Victoria, and again I make the point that that is being done in a way that is quite bipartisan. The VCCC project, as I say, is a very important project, bringing together a number of services — I think it is seven groups — to build this project as part of a team. They include obviously Peter MacCallum, Melbourne Health, the children's, the Ludwig, the WEHI and the women's — I am trying to make sure I do not forget anyone in that important cluster. You may well know this, and I suspect you do, but not everyone does, so I am trying to make people familiar with this: the site of course is the old dental hospital site. The dental hospital has been removed and the plan is to construct on that site a comprehensive cancer centre which would have an integrated approach to cancer treatment across the state and be developed carefully between all of those services. Protocols have — —

Ms HENNESSY — What is the impact of the deferred payment, and when will the commonwealth contribution be made? That is all my question is.

The CHAIR — I think the minister is getting there.

Mr D. DAVIS — I am getting there. I am actually being comprehensive in my response there. We were pleased to see the commonwealth contribution to this project. As I say, the tender process is a Partnerships Victoria approach and it is live at the moment. It comprises 426.1 million from the commonwealth Health and Hospitals Fund and 428.5 million from the Victorian government. There are also non-government sources that are contributing and, as I say, seven partners in developing that. The total expected investment is 1,073 million. It is a very large project. I am going to hand to Lance, who I think is the best one to answer about the phasing.

Ms HENNESSY — Mr Wallace, just to clarify, my question goes to the real impact on the state budget of the commonwealth deferred payment, and if you could confirm to the best of your knowledge when the commonwealth contribution will be made.

Mr WALLACE — The commonwealth contribution is not made in one payment. There is a bit of negotiation between the state and the commonwealth on the phasing of payments over the life of the project. The commonwealth is funding the project as if it was a traditional build, so there is a phased payment over multiple years to the state for the total amount of money. I do not have with me at the moment the exact amounts and timing of those payments, but there is not one single lump sum being provided to the state; it is phased over a number of years.

Ms HENNESSY — Could you take that on notice?

The CHAIR — Thank you, Mr Wallace.

Ms HENNESSY — And just simply as a supplementary, Chair — —

The CHAIR — No, no. You have had a couple of supplementaries.

Ms HENNESSY — But this is the estimates committee, and we want to know what the impact is on the state budget. It is a pretty simple question.

The CHAIR — Ms Hennessy has asked for the question to be taken on notice, and it will be taken on notice. I am moving on.

Mr O'BRIEN — Minister, I refer you to budget paper 3, page 189. I was wondering if you could please outline for the committee the funds that have been allocated in the 2011–12 budget for country Victoria and the reasons that such an allocation is required?

Mr D. DAVIS — Indeed I have covered some of this terrain, but there are a number of allocations that have been made that I think are very important: Kerang aged care, $17.85 million, which will see the construction of new facilities to accommodate kitchen services, engineering plant, workshop and engineers office; construction of a new, purpose-built ambulance station; demolition of the existing kitchen services building, engineering plant and workshop; construction and commissioning of a new purpose-built, 30-bed high-care residential facility; and construction of associated car parking, landscaped areas and site infrastructure.

Echuca is a $40 million commitment which will see an expanded emergency department, new inpatient accommodation and front of entry to Echuca hospital. I make the point — picking up some comments earlier about commonwealth contributions — the commonwealth announced last night that $12.1 million would go into the Echuca site as an additional contribution to that. That was money that we had sought in our bid to the Health and Hospitals Fund. We are very prepared to work with the commonwealth — a $40 million state contribution and an expanded project with $12.1 million of commonwealth money.

For the West Gippsland Healthcare Group there is $2 million for their emergency department. I have made some comments about the importance of that. As the Chair well understands, the population growth and demand is significant there. This will also relieve some pressure from the hospitals closer to the city.

The bush nursing capital development funding will help strengthen and sustain those existing rural health services, minor capital and infrastructure upgrades for facilities and equipment. There are 23 — I think that is the number — of bush nursing hospitals that are active still in Victoria, and they provide important services to their communities.

Maryborough District Health Service has funding of $0.6 million to purchase a CT scanner. We have talked about the rural capital support. I have made some significant contribution on Ballan already, but I might just put on the record the increase in acute medical inpatient beds from 7 to 10, 4 transitional care beds and improved 24-hour emergency stabilisation, with new imaging facilities and a new palliative care suite.

We have also talked about the emergency room developments in Mildura, the additional treatment areas. This is important to sustain that contribution given the growth in population in that area. I make the point that there are also two other levels of support for country Victoria there: the medical equipment replacement fund, the $35 million; and the statewide infrastructure renewal of $20 million.

Mr O'BRIEN — If I could just have a further question in relation to any allocations in the 2011–12 budget for the Geelong Hospital. Can the minister explain what those funds will be used for? I could direct you to the asset initiatives on page 41 of budget paper 3, which has specific commitments — 'Geelong Hospital upgrade — enabling and decanting works'.

Mr PAKULA — That was a totally different question. The call should come to the opposition.

The CHAIR — Yes. I understand your point.

Mr D. DAVIS — Geelong is — —

The CHAIR — Minister, could you be very brief on this, because we are just about on time.

Mr D. DAVIS — There is a commitment of $165 million to the region in Geelong — $80 million for the expansion of the Geelong Hospital site and $85 million for a community hospital which, as the government has indicated, will be built on or adjacent to Deakin University to strengthen that precinct as a medical research and training precinct. We certainly see the opportunity to get a much better result there. The enabling works that are in the budget are part of that sequencing that has got to occur at Geelong Hospital to make sure that the development of points is achieved in the right way. I also make the point that we will be working very hard with Deakin to get the best outcome for health care but also for research and training.

Mr PAKULA — Minister, I want to take you to pages 29 and 30 of budget paper 4. That is the page that goes to capital projects. I do not want to talk about all of them; let us just pick out a few: Bendigo hospital redevelopment, a TEI of $575 million, $552 million yet to funded; Box Hill Hospital redevelopment, $447.5 million, $370 million yet to be funded; Coleraine hospital, $16.4 million out of $25.8 million yet to be funded; comprehensive cancer centre, $885 million out of over a billion yet to be funded. Minister, according to the standards that you have applied to Labor's scheduling of budget commitments, don't all of those instances of capital projects yet to be funded represent black holes, by your own standards?

Mr D. DAVIS — I think I need to give you a little lesson in — —

Mr PAKULA — I do not need a lesson from you, Minister; I need you to answer the question.

Ms HENNESSY — In how to not be patronising?

Mr D. DAVIS — I would not push the patronising thing.

The CHAIR — Minister, through the Chair! It is the last question, and let's finish on a good note.

Mr D. DAVIS — I will endeavour to direct things through the Chair.

Mr PAKULA — You would call all of that black holes?

Mr D. DAVIS — Let me be very clear here. These projects see expenditure as the project progresses. In the case of a Bendigo or a Box Hill, for example, the project begins slow and phases up and the spending goes through. All of those projects will be completed on time and budget. What is required — —

Mr PAKULA — Yes, but they are not funded.

Mr D. DAVIS — They are all funded.

Mr PAKULA — No, they are only partly funded.

Mr D. DAVIS — What will be required I think from Labor now is a preparedness to recognise that they were wrong. They need to step back and say in cases like Box Hill and Bendigo that they funded smaller and inadequate facilities.

Mr PAKULA — They are all black holes by your own standards.

Mr D. DAVIS — They need to make it clear that they are going to get with the program, that they are going to go for the bigger hospital as opposed to the smaller hospital.

Mr PAKULA — That is not the point.

Ms HENNESSY — They are confusing two issues.

Mr PAKULA — They are two different issues.

Mr D. DAVIS — Chair, it is very important for the community now that Labor gets over the fact it lost the election, gets over the fact that it advocated for a smaller and inadequate program.

Mr PAKULA — That is why we are asking you questions, and it would be good if you answered them.

Mr D. DAVIS — Chair, it is very important that they admit that they were wrong and that they underfunded what was required, that the coalition has put the funding in and that — —

Ms HENNESSY — News flash! You are the minister. Where is the funding? It is not there.

The CHAIR — Order! We can only have one person speaking at a time. It is difficult for Hansard at best, and it is difficult for the members of the committee who are actually interested in the minister's response. Let us have one speaker at a time. The Deputy Chair has asked a question. The minister has to be given the courtesy of having an opportunity to respond.

Mr D. DAVIS — So that all the committees members understand this, these are projects that have been expanded by the coalition and will deliver bigger and better projects. What is required now is for Labor members in the eastern suburbs to back off, admit they were wrong and say, 'No, we're going to support the coalition's bigger hospital'.

Mr PAKULA — You are confirming the question.

Mr D. DAVIS — In the case of Bendigo, what is required is for the members in Bendigo to stop advocating for a smaller hospital in their city.

Mr PAKULA — Black hole, black hole, black hole — by your own standards.

Ms HENNESSY — Black hole; no funding.

Mr D. DAVIS — They have to advocate for a bigger hospital. They have to go for the bigger hospital. The bigger hospital will deliver a better hospital.

Ms HENNESSY — Why are you lying to the people of Bendigo?

Mr D. DAVIS — The better hospital is what Labor members should be advocating for.

Ms HENNESSY — Who are you looking at?

Mr D. DAVIS — They have to stop advocating for a smaller hospital for their town. They have to advocate for a better hospital.

Mr SCOTT — Who are you looking at?

Ms HENNESSY — The camera; what a surprise.

Mr MORRIS — On a point of order, Chair, I am certainly interested in the answer, even if the members on my right are not. I would appreciate being able to hear the minister's response.

The CHAIR — Thank you, Mr Morris. I agree with that. Minister, if you have anything more to say, can you direct it through the Chair and we might not have as many interjections.

Ms HENNESSY — And not to the camera perhaps.

Mr D. DAVIS — Chair, I accept your guidance. The key point here is that all the coalition's promises will be delivered. Those promises and commitments will be delivered, but what is needed now is for Labor MPs to stop advocating for smaller hospitals.

Ms HENNESSY — He cannot help himself, Chair.

Mr D. DAVIS — Those in the eastern suburbs have to stop advocating for a half-baked hospital and go for the big one. Those in the country — in Bendigo and surrounds — have to stop advocating for a smaller hospital for their town. They have to admit they were wrong.

Ms HENNESSY — Just show us the funding, because it is not in this budget, is it, Minister?

Mr D. DAVIS — They have to stop it, and they have to get with the program. It is time now for them to go for the $630 million hospital and not the $528 million hospital.

The CHAIR — Thank you, Minister. That brings to a conclusion the hearing on the health portfolio. We will take a short break before we resume. I thank Ms Diver for her attendance.

Witnesses withdrew.