

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2011–12

Melbourne — 13 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

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr E. Baillieu, Premier,

Ms H. Silver, Secretary,

Mr P. Philip, Deputy Secretary, Policy and Cabinet Group,

Mr T. Cook, Deputy Secretary, Government and Corporate Group, and

Mr M. Duckworth, Executive Director, Citizenship and Resilience, Department of Premier and Cabinet.

The CHAIR — Premier and committee members, I wish to make a statement before proceeding. Before I commence my statement, I advise all media who have been filming or otherwise recording prior to my opening remarks that that recording is not available for use in any form. The proceedings in this committee room are constrained to the formal proceedings, and any footage you have of the committee room that does not relate to the hearing is not permitted to be used. I am going to read a statement headed ‘Media coverage of the committee’s public proceedings’ so that everybody is aware of what the rules are. I advise members of the media of the following rules and practices in relation to filming or any other form of recording or broadcasting of committee proceedings.

The rules that apply to proceedings in both houses are a clear guide to the conduct of filming and any other recording of committees’ public proceedings. For instance, in relation to proceedings in the Council, Legislative Council standing order 20.02 states as follows:

Visual and/or sound recordings and excerpts of visual and/or sound recordings must not commence until the conclusion of the prayer and must conclude on the adjournment of the Council.

Similarly, in the Assembly, Legislative Assembly standing order 232 (3) states as follows:

A media organisation or individual may, subject to paragraph (4), broadcast, or record for broadcast, proceedings of the house, except anything occurring in the chamber prior to the time fixed for the meeting of the house or after the adjournment of the house.

These rules are consistent with the broad provisions of the current broadcasting guidelines for committee proceedings, which state that:

Filming, broadcasting or photography during any part of a parliamentary committee’s public hearing is permitted, but only in a manner that is not intrusive or disruptive to the hearing.

To avoid any confusion and to apply exactly the same practices which apply in both houses, the following applies.

Media may film or photograph members of the committee or witnesses in the following circumstances:

During a public hearing. Media are not permitted to film or photograph a member or witness before or after public proceedings, being not before the Chair introduces the witness and not after the Chair formally closes the public hearing.

During a public hearing an individual member or witness should only be filmed or photographed when they are making public comments.

Furthermore, and in line with the practices of both houses, filming or photography of the public gallery is not permitted under any circumstances.

General filming is not permitted in parliamentary corridors, including entrances to and exits from committee room proceedings. Filming of witnesses, members and the public entering or exiting committee rooms is prohibited.

Further, there was an incident yesterday where a television news outlet filmed and recorded then subsequently broadcast a private conversation between witnesses in the committee room following the conclusion of the estimates hearing on the police and emergency services portfolio. This was an invasion of privacy of the witnesses to the committee and is regarded most seriously, as all witnesses are entitled to be accorded dignity and respect as they are invited by the committee to assist in deliberations.

Not only does this incident reflect on the journalist involved as a breach of the rules and guidelines but it may lead to a review of accreditation rights. I advise that I will be formally writing to the President of Legislative Council requesting advice or action in relation to matters of privilege and contempt of Parliament in respect to this issue.

I formally declare open the Public Accounts and Estimates Committee hearing on the 2011–12 budget estimates for the portfolios of Premier and the Arts. On behalf of the committee I welcome the Honourable Ted Baillieu, MP, Premier of Victoria and Minister for the Arts; Ms Helen Silver, Secretary, Department of Premier and Cabinet; Mr Pradeep Philip, Deputy Secretary, Policy and Cabinet Group, Department of Premier and Cabinet; Mr Tony Cook, Deputy Secretary, Government and Corporate Group, Department of Premier and Cabinet; and Mr Mark Duckworth, Executive Director, Citizenship and Resilience, Department of Premier and Cabinet; as

well as Mr Eddie Gibbons, Manager, Corporate Development, Department of Premier and Cabinet, who will be operating the presentation only. 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 are to approach PAEC members. Departmental officers, as requested by the Premier or his/her chief of staff, can approach the table during the hearing to provide information to the Premier, by my leave as Chair. 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 is being audiocast live on the Parliament's website.

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 has 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 Premier, 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 now switched off or at least switched to silent.

I now have pleasure in calling on the Premier 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 Premier.

Mr BAILLIEU — Thank you, Chair. Before commencing this presentation I thank you and the committee for the committee's indulgence; I know this hearing was scheduled for Monday afternoon. As you know, the events of Monday did delay the conduct of cabinet and other events, and I do appreciate the indulgence of the committee in allowing a rescheduling of this hearing, so formally we thank you.

Overheads shown.

Mr BAILLIEU — Chair, I refer to the presentation on the screen. Obviously this budget has been prepared in very challenging times. This government inherited cost pressures on a number of significant infrastructure projects of around \$2 billion unknown to the coalition prior to the election. Over recent months GST revenues have been reduced across the forward estimates by more than \$4 billion due to a cut in Victoria's share of the GST and, in addition to that, a slowing of the national economy.

We have seen also significant postponement and delays in the commonwealth's contribution to infrastructure projects, including some \$500 million to the RRL. Indeed we have also endured an extraordinary run of natural disasters in this state which have required significant expenditures.

We took the view that we needed to take a new approach to this budget. Over the past decade spending growth in the Victorian government sector has outstripped revenue growth, and we are very conscious of that; indeed we raised that issue in advance. The operating surplus in Victoria has relied on one-off grants from the commonwealth in stimulus payments, public debt has arisen substantially and there has been a need to increase infrastructure spending in line with population growth. We have in many ways inherited some structural budget issues and the fiscal issues involved as well.

We have taken an approach to this budget which we believe is responsible and caring in very challenging times. We have achieved a surplus of \$140 million, we have curtailed the growth in expenditure, we have achieved significant savings, we have maintained a AAA rating, we have met our commitments, and we have sought to stabilise debt. Indeed we set out in the election campaign to maintain a responsible financial approach to this budget, including having a minimum \$100 million surplus and including stabilising debt and dealing with the budget pressures. We have obviously stabilised debt at just under 6 per cent of GSP between 12–13 and 13–14. We have made significant cost savings, including a second round of cost savings as a consequence of the GST reduction, and we have restrained that expenditure growth to just over 3 per cent across the forward estimates, whereas it has been around 8 per cent over the past decade. There are no new taxes, but there are some significant savings for first home buyers, pensioners and farmers.

The themes of this budget I have mentioned already — being responsible, taking a prudent financial approach to this. We set out before the election to have a focus on community safety. We set out before the election to have a focus on public transport, on cost-of-living issues, improving the health system and on regional and rural Victoria, and we sought to deliver new educational opportunities to help households and indeed to restore confidence in government.

The budget is a responsible one. The net result across the forward estimates average around a surplus of \$160 million. The net debt to GSP is stabilised under 6 per cent and maintaining the AAA rating — the ratio is maintained well under the rating agencies requirements for AAA rating. Indeed Victoria is one of the few states at the end of this estimates period to have a declining ratio, which is to the credit of this budget.

If we go to the revenues and expenses, you can see that this slide shows the breakdown of expenses: significant expenditure in health, \$13 billion; some \$14 billion plus in education; on the transport and communications side, some \$5 billion; community safety, and in particular the justice portfolio, over \$5 billion. On the revenue side are the grants that are substantially from the commonwealth, \$22.5 billion; and taxation revenue, around \$15.4 billion in 2011–12.

The next slide shows the debt scenario over the forward estimates. Debt has been on an upward swing in the last few years. This budget seeks to stabilise debt, even in the face of the shocks that have occurred to our budget, those shocks being the withdrawal of GST funding, the items I have mentioned before: the blow-outs and black holes in a number of projects, the money required for the floods and the delay in provision of funds for the RRL in particular from the commonwealth. However, we recognise that debt remains on the increase. We are seeking to stabilise that debt, and that is what we have done in this budget; as I say, at 5.1 per cent stabilised.

Across the outlook — and these are spelt out in the budget papers — growth is anticipated in the longer term of 2.75 per cent, employment growth about 1.75 per cent and population growth stabilising at 1.5 per cent, which is less than recent years but reflective of the change. Economic growth in the short term is forecast at 3 per cent; however, it is anticipated it will be weaker over the forward estimates.

The unemployment rate had fallen by 0.5 per cent to 4.5 per cent. Labour market conditions are expected to remain favourable, with forecast employment growth at 1.75 per cent.

Despite these positive indicators, Victoria's short-term economy is subject to a number of risks, including capacity constraints emerging in the national economy, some subdued business investment and issues around productivity, and productivity is one of the key features of this budget and indeed a focus of the government.

If I could just focus on a couple of particular points, obviously we had, as I said, a focus on community safety coming into the election, and this budget seeks to address just that with additional funding for front-line police, additional funding for protective services officers to be deployed on the transport system and addressing the issues of sentencing, corrections and crime prevention as well, including a public infrastructure safety fund, a community safety fund and \$9.5 billion over four years to support graffiti prevention.

Chair, I might just pause briefly to mention the additional funding for the 'Step Back. Think' program, which was embraced, and I acknowledge that, by the previous government. We share that view of the importance of having young people involved in managing these issues and being involved in these issues to help turn around what has been a cultural issue across this state.

In terms of transport infrastructure, we have committed to the regional rail link in Melbourne's west in spite of the withdrawal or the delay of funds from the commonwealth and in spite of the fact that substantial components of that project were uncosted and unfunded prior to the election. That has only become apparent to us in the last few months.

We have sought to invest more than \$220 million in seven new trains and \$100 million in the rail network fund for ongoing maintenance. We have sought to commence planning for the Avalon Airport rail link, the Doncaster and Rowville rail feasibility studies and the rail link to Melbourne Airport. We are spending additional money on level crossings and on better roads, including \$160 million over four years for maintenance of roads through local councils in rural and regional areas in particular; and, as you would be aware, a significant step in regard to improving the performance of the taxi industry.

Across the health portfolio, there is significant additional funding for the delivery of the first stage of the government's commitment of 800 new beds, \$56 million to establish the rural capital support fund, additional funds for hospitals, additional funds for construction, additional funds for ambulances and particularly for those supporting those with mental illness. Over \$500 million has been provided over four years for health infrastructure, and I again point out that we have supported palliative care for families in need in particular.

I am conscious that we are approaching the 10-minute point, and I do not wish in any way to intrude upon your indulgence, so I might pause there, although we can refer, perhaps, to slides when the need arises.

The CHAIR — Premier, in all of the efforts to bring the budget together it has been clear that population growth is a significant factor, and I ask you to advise the committee how the predictions concerning population growth shape the budget for 2011–12 and the out-years for the government.

Mr BAILLIEU — Can I say it is fitting that you would ask a question like that in this room, in this building. I am always reminded when I come into this building of its origins and the fact that this building was conceived and designed when the population of Melbourne was humble indeed, when the streets were mud and when the resources here were particularly limited. A fine building, and indeed a fine legacy, was left by a relatively small population. That legacy survives and we all enjoy it today.

Population growth has been good for the state, and we support the state growing its population. The important thing is to ensure that population growth is accommodated with the infrastructure and the services necessary. Over the last 10 years more than 600 000 people have been added to Melbourne alone. I am very mindful of the estimates that were made in 2002 before the production of Melbourne 2030 was actually formalised, and the anticipation there was that there would be considerable population growth at that time. There were suggestions at the time that what became Melbourne 2030 would be in fact called Melbourne 2020, but it would seem that the population growth that was anticipated at the time scared some and that caused 2020 to become 2030.

Population growth remains an issue, and it is an issue that reflects on the fact that over the last few years — and you can see this in the outlook papers on page 14 of budget paper 2, which indicates that there has been some significant population growth, in substantial part due to increased migration levels in the last half-a-dozen years. What has occurred in the last few years is that the Victorian economy has become dependent on population growth, and indeed many would say and many have actually commented that the Victorian economy became too dependent on population growth. The fact is that migration levels are likely to stabilise and reduce, and it is likely that the rate of growth will reduce as a consequence.

It is important that we address these issues and make sure that as we plan for the future we provide infrastructure and we provide services to accommodate population growth. To do that we are going to have to have a focus on productivity. It is not enough to simply rely on population growth in the future to keep economic growth figures up. We need to ensure that we get the best value for effort in this state and that in the process we provide the facility to provide, and indeed the funds to provide, for the infrastructure services.

As I say, in recent years, population growth has largely been the basis of economic growth in this state, and productivity has fallen. We have fallen behind in the provision of infrastructure, and we have fallen behind in the provision of services. There is some catching up to do, and we recognise that challenge. This will be a process of turning around productivity over the longer term. That is what this budget seeks to do, and that is what our focus will be.

Mr PAKULA — Premier, I ask you to turn to page 26 of budget paper 2, which has an analysis of the operating statement. I am just having passed to you, Premier, an extract from the budget update from December for the point of comparison. Premier, if you compare the amounts for employee expenses from the two documents, the budget update estimate for 2010–11 was 16.173 billion, and the budget figure is 16.0895 — or a difference of \$83.7 million.

Mr BAILLIEU — Sorry, Martin, it was 16 point — —

Mr PAKULA — It is 16.173.

Mr BAILLIEU — You are comparing two tables?

Mr PAKULA — Yes. There is a table on page 26 and there is a table that I have handed you.

Mr BAILLIEU — I see.

Mr O'BRIEN — Have you got a copy of the document you have handed over, just for the convenience of the committee?

Mr PAKULA — I will provide it afterwards. It is 16.173 versus 16.089, or a difference of 83.7; for 2011-12 the budget update was 17.101 and the budget says 16.649, or a difference of 452 million; for 2012-13 the budget update estimated 17.955 and the budget says 17.385, or a difference of just under 570 million; and for 2013-14 it is 18.830 versus a budget figure of 18.277, or a difference of \$552 million.

I am wondering, Premier, what has changed between December and May so that in the out years in particular the estimate of money to be spent on employee expenses by the public sector is some half a billion dollars per annum different. And do you concede that that represents something like 5000 fewer public servants forecast in the budget being employed versus what was forecast in December?

Mr BAILLIEU — Mr Pakula, you are comparing the budget update figures from the previous government with the budget figures under this government. I am more than happy to take on notice your question, but if I can anticipate your question, this budget seeks to increase the number of public sector workers over the forward estimates by some 4000.

The CHAIR — Thank you, Premier. Do you need any clarification? It would be for clarification, not another question.

Mr PAKULA — No, I certainly would not seek to ask another question, Chair. Premier, in terms of providing your response on notice — and I understand, for the point of clarification, the update was released in December — it would be interesting to me if that clarification could explain how it is possible that you could have 4000 additional public servants where the estimates in the two documents show that in fact it is half a billion dollars a year less being spent in the budget versus what was anticipated to be spent some five months earlier.

Mr BAILLIEU — Chair, as I say, I am prepared to take the question and the comparison of the figures on notice and look at the comparison of the figures. But I would make the point that the revised estimate on the employee expenses is 16.089 and we are proposing in this budget to increase that expenditure to 16.649. Indeed expenditure growth is estimated to increase by, in the first instance, some 4.7 per cent and indeed stabilise across the estimates at 3.2 per cent as expenditure growth.

Mr MORRIS — Premier, referring to the output initiatives for DPC, they indicate that your department is funding the independent judicial review of child protection services, and there are of course various outputs relating to child protection further on in the budget papers as well. Can you expand on this review for the committee, and are there any other initiatives the government is undertaking to better protect vulnerable children in Victoria?

Mr BAILLIEU — I am sure you and the committee would be aware that the issue of child protection has been one which has drawn significant attention in recent years. We have been very conscious of that. Before the election we committed to have a full and comprehensive review of the child protection system, and that review is being undertaken and that review has been established. It is being undertaken by Justice Philip Cummins,

Dorothy Scott and Bill Scales. We look forward to that review comprehensively analysing issues and shortcomings with the child protection system. I am sure that it would be the wish of everybody on this committee, and indeed the wish of everybody in Victoria, that we do more and do better when it comes to child protection and looking after the interests of those who are most vulnerable in our community. And we have seen those figures increase.

In waiting for the results of that review, the Cummins review, we are not going to sit on our hands, and this budget seeks to take some initial steps: one of the largest ever increases in front-line child protection workforce; new child protection workers and new career paths; establishing an independent children and young persons commissioner; investing in early intervention and support for young people in residential care; and across the board there is a \$98-million commitment by the government to help transform the child protection work force.

Chair, one of the issues with the child protection work force is to ensure that we reduce the churn and retain those who are in the work force now, and there have been very high levels of turnover amongst child protection workers. It is important that we do whatever we can to give those child protection workers the support necessary to ensure that they can do their jobs.

We will increase the front-line child protection work force by at least 160 staff, or some 20 per cent — as I said, one of the largest ever increases in front-line child protection workers. We have also committed more than \$19 million to immediately begin recruiting 47 new full-time child protection staff with a focus on ensuring long-term retention of those workers. There was more than \$3.5 million allocated for a recruitment and retention campaign earlier this year, and we are looking to attract and retain workers.

The fact is that one in four child protection workers is leaving the system on an annual basis. That is something we really do have to focus on. In addition to the funding announced in the budget we will examine options through reform of the child protection workforce arrangements to increase the number of front-line staff and improve staff retention. I think there is probably no more important issue than ensuring that needy children are looked after and the staff who do such a sensitive job in looking after them have the support necessary to do their job.

Mr SCOTT — I will also ask about a review. Given the review into police command announced by you on Monday, can you inform the committee how much this review will cost, including from which department or agency the funding will come and whether that funding is included in the current budget?

Mr BAILLIEU — I am more than happy to take the question. The review will be undertaken by Jack Rush, QC. We are focused on getting the right outcomes here, and this will be undertaken between DPC and the State Services Authority. We are working through that and looking at a reprioritisation to do that work.

Mr SCOTT — Can I just seek clarification on a point? As an output from the expenditure of this fund in terms of when the actual report will be released, could I have it confirmed that it will be released some 30 sitting days after it is received by you, which can be up to six to eight months in layman's terms?

Mr BAILLIEU — That is the provision which exists under the Public Administration Act now, and that is simply a reflection of the clause in the act associated with such reviews. That is not to say that that is when it will be released; that is the provision in the act.

Mr PAKULA — Can we have a question on the actual cost taken on notice by the Premier, if the Premier is prepared to do that?

The CHAIR — Premier, are you prepared to take the question on notice?

Mr BAILLIEU — I am sorry, I just missed that.

The CHAIR — Of the actual cost of the review.

Mr BAILLIEU — Clearly when the costs have been determined that information will come forward.

Mr ANGUS — Premier, I refer you to budget paper 3, page 66, and note that funding is provided by a reallocation within the department to set up pilot regional offices of the Department of Premier and Cabinet.

Can you please explain to the committee the reasons for these regional offices and how this will improve service delivery for Victorians living outside Melbourne?

Mr BAILLIEU — I thank Mr Angus for his question. I am sure there is much interest in this proposition. Speaker, before the election we committed to take the Department of Premier and Cabinet to rural and regional Victoria. As I mentioned before, we want to focus on the interests of rural and regional Victoria, and we have suggested that there are a number of protection locations for this to occur. We commenced one on a pilot basis one with a co-occupation in Bendigo and one in Ballarat on a stand-alone basis. I think that is the right way round. We will be doing this over a number of months, and some staff will be engaged there on a voluntary basis. Indeed, Speaker, I am looking forward — Chair; I keep elevating you.

The CHAIR — No, I am not moving to the lower house, Premier!

Mr BAILLIEU — I look forward to being able to take staff from DPC direct to rural and regional Victoria and ensuring that we are getting direct and immediate contact with issues and working with local government and working with the departments that are operating in those areas to ensure we get results.

Ms HENNESSY — Premier, I refer you to budget paper 3 at page 278, specifically the ‘Strategic policy advice and support’ item within the Department of Premier and Cabinet output summary. I was particularly interested in the course of your presentation around your commitment to improving transparency and public sector integrity. I would like to ask about the appointment of Mr Tony Nutt, the former State Director of the Victorian Liberal Party, to the position of Director-General of the Victorian Cabinet Office.

Premier, given the extraordinary nature of appointing your own campaign director to such a senior position within the cabinet office — a position that was not advertised publicly — can you inform the committee: is Mr Nutt employed pursuant to the terms of the Public Administration Act, and is he responsible to you or your chief of staff or to the Secretary of the Department of Premier and Cabinet?

The CHAIR — Before I call the Premier I indicate to the member that I will admit that question, but I just want to flag that I would be concerned about any follow-up question that goes beyond any matter relating to the estimates process.

Mr BAILLIEU — With the greatest respect to Ms Hennessy, I suspect she has not been made aware that Mr Nutt’s appointment to my private office, the Premier’s private office, has already been the subject of some commentary in the media about the fact that he is a member of my private office.

Ms HENNESSY — Your private staff. Thank you.

Mr O’BRIEN — Premier, I would like to refer you to budget paper 3 on page 351, which refers to the importance of managing major projects efficiently, and in the context of major projects like the desalination plant and road projects which have been allowed to get out of control in Victoria over the past decade, which has had dire consequences for all Victorian taxpayers, I ask you, Premier: how do you see ways of government better managing and delivering better value for money for Victorian taxpayers?

Mr BAILLIEU — Indeed it could not be a more important issue when it comes to the delivery of infrastructure than we get it right and that we spend the money wisely. As I indicated in the presentation, as I am sure you are aware from other matters, a \$2 billion blow-out in some of these significant major projects in this state is coming home to roost. Some of those other projects are offline. I mentioned two, neither of which was a commitment at the previous election in 2006 but which those who pay their water bills are now coping with. You mentioned the desal plant. For the next 30 years Victorians will be forking out nearly \$2 million every day for the desal plant — every day for 30 years. That is a significant hit on people’s water bills, and likewise with the north-south pipeline which, even in the time it was available, delivered barely a fraction of what was promised and we would argue was flawed in the first instance in its conception.

There are classic examples of projects that needed to be subject to greater scrutiny, and we will be putting in place greater scrutiny through a high-risk, high-value unit combining Treasury and DPC to ensure that these projects get the attention they need. I am not prepared to go on a whim with any major projects. We will work through them on a considered and responsible basis, and we intend to make sure that Victorians get the value for money they expect and that when it comes to infrastructure we actually deliver.

One of the ongoing issues for all Victorians, and indeed arguably across Australia but in particular in Victoria, is the escalating cost of the construction of many of these projects. I can think of a project which I know Mr Morris would be interested in, the Peninsula Link project, which started off costed by VicRoads at around \$250 million just before the 2006 election and has moved progressively to \$750 million to \$850 million to over \$1 billion and is now looking like \$1.15 billion. The escalating cost of construction, coupled with processes which allow this sort of uncertainty, is unacceptable, and the unit that will be put in place with all these projects will be doing its job.

Mr PAKULA — Premier, I just want to refer to your presentation, particularly page 10 under ‘Making the community safer’. If you add up the figures there, under ‘Strengthening police and emergency personnel’ you have \$814 million of expenditure there over the forward estimates, then under ‘Appropriate sentences and an expanded corrections system’, you have another 66, which takes you to 880, and that is only for the first 108 out of the 500 beds. So once you add the extra 392 beds you are well over a billion.

Then there is potentially the cost of an extra prison, although I know you have not committed to that at this stage, and there is money in the justice budget for more community corrections officers, which I think is another 25 million this year alone. So we are getting up towards 1.2 billion, 1.3 billion, maybe 1.5 billion. Obviously there is an opportunity cost in that — the money that you spend on that you cannot spend on schools or hospitals.

I suppose my question, Premier, is: what is the dividend that the community can expect from having over \$1 billion that could have been spent on other things being spent on this tough-on-crime approach, and specifically what reduction in the crime rate do you estimate will occur as a result of this \$1 billion to \$2 billion of spending?

Mr BAILLIEU — Mr Pakula, I do not want to make assumptions that you are suggesting that we should not be spending money on community safety.

Mr PAKULA — I am not suggesting that.

Mr BAILLIEU — I am conscious that your shadow Treasurer in his response to the budget did not criticise any of these projects.

Mr PAKULA — I am not criticising them either, Premier. I am just asking — —

Mr BAILLIEU — Indeed, and I am conscious that the moves that we have introduced on a legislative basis for additional PSOs were not opposed in the Parliament. Indeed I am also conscious that when we announced the commitment to 1700 additional police early last year, the then Attorney-General was highly critical, only to turn around somewhat sheepishly and with some embarrassment and commit to match that just a few weeks later. I take it that you are supportive of initiatives to enhance community safety, and indeed that was an approach we took to the election. I refer to the PSOs on train stations in particular. You asked about what community benefit will flow.

Mr PAKULA — No, I actually asked what reduction in the crime rate you are anticipating.

Mr BAILLIEU — You asked indeed in regard to both, and I have made the point many times — —

Mr PAKULA — No, I did not.

Mr BAILLIEU — You asked about the benefits to the community.

Mr O’BRIEN — You do not think there is a community benefit from reducing the crime rate?

Mr PAKULA — No, I am just saying my question was what reduction in the crime rate the Premier anticipated as a result of these measures.

Mr ANGUS — That is a question for the police minister.

Mr O’BRIEN — You have asked it now. Let the Premier answer.

The CHAIR — The Premier, to continue, without assistance.

Mr BAILLIEU — I have made the point many times that when it comes to the rail network we want to turn stations into places of safety not places of fear, and we want to encourage people to use public transport after dark. At the moment many people, and in particular women, do not like to use public transport after dark. We want to turn that around. That in itself is a community benefit. When it comes to the broader issue of community safety I think it has already been evident — I think there has been some conjecture about this, but I think it was the previous government that claimed that additional police numbers in the CBD would lead to a falling crime rate, Mr Pakula.

Mr PAKULA — I have a point of clarification.

The CHAIR — I think you have had it — in fact, several. According to my account you interjected twice, and you actually asked for a point of clarification.

Mr PAKULA — I think I was — —

The CHAIR — Premier, I refer you to BP 3 in chapter 1 which consolidates election commitments the coalition — —

Ms HENNESSY — What, \$1.5 billion and you cannot guarantee a reduction in crime? You cannot commit to what it will deliver, to an accountability committee?

Mr ANGUS — He has answered the question.

Mr O'BRIEN — You will get your chance, Ms Hennessy.

The CHAIR — I will start again. I refer you to BP3, chapter 1, which consolidates the election commitments the coalition made in last year's campaign. Can you, Premier, outline education initiatives, especially those relating to new schools?

Mr BAILLIEU — I am very pleased with the initiatives that we have addressed in this budget. We have provided some \$208 million for school capital projects, and as I said earlier there is a lot to catch up on. We are mindful of the circumstances in which this budget has been cast, but there is a \$208 million commitment to capital projects, there is a \$100 million commitment to increase investment in school maintenance and there will be an audit undertaken of school maintenance. When the coalition was last in office, we had a very heavy focus on school maintenance. School maintenance had been allowed to drift in recent years, and that audit will be the first for several years. That audit will inform the prioritisation of expenditure in the years ahead.

The budget includes more than \$95 million for the purchasing of sites for new schools in growth areas and to support construction of four new schools at Torquay, Officer, Point Cook and Tarneit; \$58 million for seven major regeneration projects; and more than \$50 million for 17 priority school modernisation and refurbishment projects. There is a list of those projects in budget paper 3. The capital funding includes the first segment of the coalition government's \$250 million-plus election commitment for new and modernised schools, under which there is \$104 million in this budget going to priority capital works listed in our plan.

There will be additional commitments over future budgets, and there is a further \$180 million worth of projects which will be met in future years. Funding is provided for 246 additional kindergarten inclusion support packages, and we are funding grants for small rural kindergartens of up to \$20 000 to help with operational costs. So there are a number of initiatives, and I am very pleased to be undertaking them.

Mr SCOTT — Premier, I draw your attention to the absence of funding for JobWatch in the budget papers and a recent decision to cut JobWatch's funding from 30 June 2011, and I ask: on what basis, as this government asserts, are the objectives of the Department of Business and Innovation no longer aligned with JobWatch's objectives?

Mr BAILLIEU — We have extended the funding of JobWatch until 30 June this year because it was set to expire. You asked on what — —

Mr PAKULA — That's not true.

Ms HENNESSY — It's not true.

Mr BAILLIEU — Indeed it is true.

Ms HENNESSY — No, it's not.

Mr PAKULA — It's not true. It is recurrent expenditure under the DIIRD appropriation.

The CHAIR — Thank you for your assistance, Mr Pakula.

Mr BAILLIEU — The minister has extended funding to 30 June this year, and he has ensured that that be the case. You asked about the basis. It is an interesting question, because a review of JobWatch, its efficacy and its funding arrangements was undertaken by the previous government as part of the Campbell review. That Campbell review made recommendations about the positioning of JobWatch and invited JobWatch to address those recommendations. I know the minister is working through that with JobWatch, and we hope there are outcomes associated with that.

Ms HENNESSY — No money in this budget — you've killed it.

Mr SCOTT — How does the removal of funding from JobWatch and the failure to provide increased funding for legal aid align with your stated objectives of improving access to justice?

Mr ANGUS — Chair, that is another question — on a point of order.

The CHAIR — Yes. I am sorry, Mr Scott, but this is stretching the boundaries a little. You asked a question about JobWatch. If you are going to clarification, restrict it to JobWatch.

Mr SCOTT — I will restrict it to JobWatch.

The CHAIR — Would you like to rephrase your follow-up question?

Mr SCOTT — How is the government's removal of funding for JobWatch aligned with your stated objectives of improving access to justice?

Mr BAILLIEU — Again, Mr Scott, we extended funding for JobWatch, and we are looking to JobWatch to do what was recommended under the previous government.

Mr PAKULA — We funded it for 11 years; you are funding it for 3 months.

Ms HENNESSY — It survived Kennett, but not you.

Mr PAKULA — Eleven years; three months.

Mr MORRIS — Premier, referring to BP3, page 27, and the section headed 'Special and autistic school capital investment', which obviously relates to funding for special schools and for schools for children with degrees of autism, this was an election commitment. Can you tell the committee exactly what will be delivered?

Mr BAILLIEU — Can I say up-front, I indicated in my presentation that we wanted to take a responsible but caring approach to this budget, and this particular issue is right up there as an issue of importance. In my previous life as an architect I had the opportunity, and indeed the privilege, to work on some special schools — albeit that it was some years ago, when facilities and the understanding of the needs were a little different. I have had opportunities of working with schools which I know Mr Morris would be interested in. This budget seeks to expand the commitment the government is making to special schools, and schools that deal with autism in particular, and there is a budget commitment of more than \$78 million, with \$60 million of new funding to be delivered in the 2012–13 budget.

Students with special needs or autism, and indeed their families, will benefit from a new special school in Officer, the construction of the new eastern autistic school, the extension of the Western Autistic School and the continued redevelopment of the Northern School for Autism, the Broadmeadows Special Developmental School, the Hume Valley School and Rosamond Special School in the west. Parents with autistic children in Melbourne's east have waited a long time for funding for the eastern autistic school.

The budget provides the additional \$8 million needed for construction of the P–12 eastern autistic school in Ferntree Gully as a single project, planning for the Belvoir Wodonga Special Developmental School, expansion of facilities at the Western Autistic School to cater for secondary education and necessary works to be done at Nepean Special School and Yarrabah School.

We are also funding a parenting strategy to deliver a range of measures to help deal with developmental challenges and behavioural challenges. The budget includes funding for equipment to assist with the establishment of the Insight Education Centre for the Blind and Vision Impaired.

If I might just take a moment, Chair, last week I had the opportunity to visit the Rosamond school in the inner western suburbs and to meet with the principal there, who has been on the job there for some 10 or 11 years and came to the school with the promise of getting a new school. They have waited, and they have waited, and they have waited. It was an honour to be there but a privilege to be able to say to the staff, to the parents and to the children in particular at Rosamond that we will get on with it. We will do that job, we will rebuild that school and we will provide the facilities to match the extraordinary provision of services that are undertaken there by the principal, Kate Christensen, and the staff. To meet some of the students and staff — I am sure all members of the committee have been in special schools, and they will all appreciate their special needs. The commitment we are making in this budget, I think, is a really important signal to those families who do not always have it easy. Their love and their passion needs to be supported.

Ms HENNESSY — Premier, I refer you to page 29 of budget paper 3, which references the same-sex-attracted and gender-questioning youth suicide prevention initiative at \$4 million over four years. I suppose at the outset I want to compliment you on the initiative, but I also want to ask how you reconcile that initiative with the comments from the member for Frankston, where he compared a gay man's desire to love to a dangerous driver wanting to speed or a child molester wanting to molest — —

The CHAIR — Ms Hennessy, you know this is inappropriate.

Mr PAKULA — How is it inappropriate?

Ms HENNESSY — How is that just an interpretation — —

The CHAIR — Ms Hennessey, you know this is inappropriate.

Mr PAKULA — On a point of order — —

Ms HENNESSY — On a point of order, Chair — —

The CHAIR — I will hear a point of order. One at a time.

Ms HENNESSY — My question goes to budget paper 3, page 29, the initiative, and the fact that there is a yawning chasm between the initiatives canvassed on page 29 of BP3 and the Premier's failure to show any leadership in condemning Mr Shaw's disgraceful action. The accountability issue here is why his rhetoric is not matched with action — —

The CHAIR — No. Ms Hennessy, you know better than this.

Ms HENNESSY — around a harmful, disgraceful activity by Mr Shaw.

The CHAIR — This is totally out of order, Ms Hennessy. Unless you rephrase your question, I am going to move to the next member.

Mr PAKULA — On the point of order, Chair.

The CHAIR — There was no point of order. It was a speech.

Mr PAKULA — On a point of order — —

The CHAIR — This is a point of order?

Mr PAKULA — This is a point of order. I suspect this matter could have been very easily disposed of by the Premier without your pre-emptive ruling. This was a question that was completely related to the budget papers, and before it was even finished being asked you were raising your voice and ruling it out. We did not need to go down this road.

Mr O'BRIEN — On the point of order, Chair, this question does not relate to the budget papers or to matters for this Public Accounts and Estimates Committee. It may be a matter for general question time or for commentary in the media, but it is not an appropriate matter for this important committee that has important work to do and should not be distracted by the grandstanding events of the Labor opposition.

The CHAIR — I have heard the two members, and I am going to pay Ms Hennessy the courtesy of one last attempt to rephrase the question so that it fits strictly within the purview of this committee relating to estimates. I will not hear any matter relating to commentary that is running in the media in relation to a particular member's comments. Ms Hennessy, in relation to estimates, thank you.

Ms HENNESSY — Premier, I refer you to page 29 of budget paper 3 and commend you on your initiative in which same-sex-attracted and gender-questioning young people are supported with \$4 million over four years in respect of youth suicide issues. Why will you not stand up for gay Victorians by holding Geoff Shaw to account?

The CHAIR — Ms Hennessy.

Mr ANGUS — How many chances does she get, Chair?

Mr BAILLIEU — Chair, can I — —

The CHAIR — Premier, if you will.

Mr BAILLIEU — I am happy to take the question. I appreciate the warmth of the initial part of your question.

Ms HENNESSY — The second part is probably more important, Premier.

The CHAIR — Ms Hennessy, allow the Premier to continue. Premier, through the Chair, without engaging the member.

Mr BAILLIEU — I appreciate the warmth of the questions generally from all members. I have long been, and I will continue to be, a supporter of the gay community. I know in regard to the issue that you raise colourfully that Mr Shaw has apologised. He never intended to offend, and he has apologised for that.

I think one of the things you have to do in regard to this, and to this initiative in particular, is be mindful that language and commentary can have an impact, and people do sometimes get it wrong. We have to be sensitive in the way we deal with it. We can inflame it and make it worse, or we can deal with it, get on with and express our support for a diverse community. That is what I am doing. Mr Shaw has done what he needed to do, and I think we should get on with it and accept that this initiative is a positive initiative to deal with issues amongst those who have needs around bullying and mental health. I think it is reflective of the government's approach.

Ms HENNESSY — Tell Mr Shaw that.

Mr ANGUS — Premier, following on from that comment in relation to bullying, I refer you to budget paper 3, page 23, which refers to the government putting more funding into combating bullying. Can you expand for the committee — —

Mr PAKULA — Except JobWatch.

Mr ANGUS — what that initiative might include?

Mr BAILLIEU — Following on from Ms Hennessy's question, as I said, the issue of bullying is one we need to take very seriously. It applies in all activities, whether it is in schools, in families or indeed in the Parliament — —

Mr ANGUS — And in the PAEC room.

Mr BAILLIEU — Indeed in every aspect of parliamentary — —

Ms HENNESSY — Come on! You are not suggesting a power differential here, are you, Premier?

Mr BAILLIEU — No. That is why I welcomed the warmth of your previous question. I make the point that the Auditor-General tabled a report only recently that highlighted that school principals believe that bullying, including cyberbullying, is a growing issue. I would be very surprised if members of the committee had not shared the experience of those, either with their own children or with friends or family with young children, who have found themselves cyberbullied either by Facebook, text message or any of the other opportunities available.

This government seeks to provide funding to better monitor, assess and expand programs aimed at preventing bullying in schools. That is a commitment we made in opposition, and I am pretty sure it would be a commitment welcomed by all sides of the Parliament. Schools need to be better equipped. Principals need to have support to track and report the number of bullying incidents that occur in schools and the nature of the bullying. There is the time-old bullying of physical bullying, there is the bullying of exclusion, there is cyberbullying and there is the bullying associated with abuse and name-calling, but you have to take a holistic approach to this. The budget seeks to provide \$1 million over the next three years to pilot some programs in this regard to assist some alternative models and to send a strong message to the community that this issue cannot simply be left to rest on its own.

We need to see how we can better support disengaged students. We need to see how we can better provide for teachers in particular. I again would be very surprised if members of this committee had not had the experience themselves with teachers who are struggling to deal with the issue of how to cope with students who come to them on an equal basis but find themselves unbalanced in their approach to each other in one way or another. I think this is an important issue, and again I am very proud to pick it up.

Research conducted for the department has identified a lack of dedicated funding for these students when they move to alternative settings, and to make sure young Victorians get the support they need the government will allow student resource package funding to follow students moving to alternative schools settings in this regard. That is an important step in itself. We will put that \$1 million into the pilot programs to overhaul some governance arrangements for alternative settings. We are also increasing support for school chaplaincy, and we think that process has been effective in assisting with values education and helping in a campaign against bullying more broadly.

Mr PAKULA — Premier, I do not think we actually got to this page, but it is in front of me. On page 17 of the presentation, on restoring confidence in government, one of the dot points is about the establishment of an independent office of the FOI commissioner. Initially I ask you: can you tell the committee when the legislation for that initiative will be introduced and when that office will be up and running?

Mr BAILLIEU — I am pleased to take the question, and I make the point that we are proposing to change FOI arrangements in this state and to have an independent FOI commissioner in place. Our experience in recent years has certainly confirmed that that would be a step in the right direction.

Ms HENNESSY — So is ours.

Mr PAKULA — As is my experience in the last five months, Premier.

Mr O'BRIEN — Welcome to opposition.

The CHAIR — It is a bipartisan position. That is excellent.

Ms HENNESSY — You have no purity on this topic.

Mr BAILLIEU — Indeed we will be introducing legislation to establish an independent commissioner, and when that legislation is ready it will be introduced to the Parliament. We look forward to that occurring in due course, and I am sure it will be welcomed by the member.

Mr PAKULA — I note, Premier, that your answer in terms of time lines was ‘in due course’, and I would be appreciative if you could be somewhat more specific. In any case, I ask you whether, once that FOI commissioner’s office is established, the practice that you have instituted of having your office’s FOI matters handled by a member of your private staff will cease.

Mr BAILLIEU — Let me take that in two respects. When the legislation is introduced the provisions of the legislation will be apparent to the member, and he can at that stage make his assessments —

Mr PAKULA — How utterly Orwellian.

Mr BAILLIEU — of what changes are indeed going to be made. I will address the issue in the second part of his question, where the member suggested that we had introduced a practice. Under the current legislation, which is the same legislation that Mr Pakula operated under, including when he was an esteemed minister of the previous government, every agency including my office is required to appoint an FOI officer.

Mr PAKULA — Yes, but it was never the practice.

Mr BAILLIEU — Never the practice, Mr Pakula?

Mr PAKULA — It was not the practice, Premier.

Mr BAILLIEU — Mr Pakula, even your own chief of staff — —

Mr PAKULA — Yes, I am aware of the correspondence where it was referred off to the appropriate office — —

Mr BAILLIEU — Even your own chief of staff — —

Mr PAKULA — Referred off to the appropriate office — —

Mr O’BRIEN — Let the Premier answer, Mr Pakula.

Mr SCOTT — The Premier is engaging.

Mr PAKULA — I have seen the letter.

Mr BAILLIEU — Even the former Treasurer’s chief of staff and even the former Minister for Finance’s chief of staff were operating as FOI officers.

Mr PAKULA — No, that is not true.

Mr ANGUS — He has answered the question.

The CHAIR — Mr Pakula, the Chair has been extremely lenient.

Ms HENNESSY — We do not want him to mislead the committee.

Mr ANGUS — Leave it out!

The CHAIR — Mr Pakula may respond in another way, but he has asked a question and should now allow the Premier to complete an answer. I will ask the Premier to address his responses through the Chair, which might reduce the amount of exchange across the table.

Mr BAILLIEU — Indeed, in Mr Pakula’s own office his chief of staff managed and decided FOI applications to his ministerial office.

Mr PAKULA — Did not, Premier.

The CHAIR — Premier — —

Mr BAILLIEU — Forgive me. The arrangements currently, Mr Pakula, are the same arrangements that applied under your government, and FOIs are being handled in my office by the appointed, authorised FOI

officer. He is an FOI officer of long standing and has worked across a number of governments, including Labor governments.

Ms HENNESSY — He is a member of the Liberal Party. He has handed an FOI in to himself — let's not forget that.

Mr O'BRIEN — I refer to budget paper 3, page 227, and an important issue of concern to a lot of Victorians in the community and one that has been the subject of discussions in Parliament — that is, the cost of heating for concession card holders. I ask the Premier: does the budget deliver on helping people who struggle with the rising costs of energy bills?

Mr BAILLIEU — Again, I said up-front that we sought in challenging times to make this budget both responsible and caring, and we have, in this regard, delivered on a very significant package addressing cost-of-living issues. We are mindful of the needs of those paying electricity bills, and we have extended the 17.5 per cent concession which applied across 6 months so that it applies across 12 months. That in itself is over \$400 million over the next four years to boost electricity benefits to those most in need, concession card holders, and indeed to extend those benefits of water and sewerage concession availability to low-income households. We estimate that this will benefit some 850 000 concession card holders and households and more than 1 million Victorians.

The initiatives can also be added to, with the natural gas fund that we will be rolling out, particularly in regional and rural Victoria, where those who do not have access to natural gas find themselves paying even for their basic heating needs and for electricity at the going rate. Obviously that is expensive in its own right. A 17.5 per cent concession across 12 months was warmly embraced by the community at the last election. I committed to it. An additional 38 000 households will receive the concession for the first time, and many, many households have been helped by the significant increases in the water and sewerage concessions. We recognise that it is important to do whatever we can to ensure that electricity prices are contained and that price rises are contained. This is a measure of some significance and also of some cost in this budget, and we trust that it will go to assist those families most in need.

Mr SCOTT — Premier, I would like to remind you of statements made on 26 October 2010, 9 November 2010 and 16 November 2010, when a commitment was given by the coalition to help keep supermarket prices down. Could you advise the committee what measures are being put in place to reduce grocery prices?

Mr BAILLIEU — I wonder if you might provide the information associated with that.

Mr SCOTT — I am happy to, on notice.

Mr PAKULA — You are not suggesting you did not say that?

Ms HENNESSY — It was in your own Liberal Party candidate material that was circulated.

Mr SCOTT — I have seen the material. I am happy to provide it.

Ms HENNESSY — You have made the assertion — —

Mr SCOTT — I am happy to provide the material to the committee. I am not fussed about that at all.

Mr BAILLIEU — I just wonder whether the material you are referring to is correctly described in the way you did.

Mr SCOTT — I have seen campaign advertising leaflets.

Ms HENNESSY — You are not suggesting, Premier, that you did not say it?

The CHAIR — Mr Scott, the committee does not actually have the material in front of them and nor does the Premier, and you have asked a question and you do not have the material, so pay the Premier the courtesy of — —

Mr SCOTT — Do you want me to rephrase the question?

The CHAIR — I am relaxed about how you phrase it.

Mr SCOTT — I am happy to ask: what measures in the budget are being put in place to reduce grocery prices?

Mr BAILLIEU — I think Mr Scott betrays in his approach to the question and in his approach to my inquiry that he was a little unwilling to provide the detailed information — —

Mr SCOTT — No, I actually volunteered to provide it to the committee. That is a misrepresentation.

Mr O'BRIEN — If someone asks a question with specific dates, it is a common courtesy to bring the material to him.

The CHAIR — Order! We have heard enough.

Ms HENNESSY — Thank you, Captain Manners!

The CHAIR — Premier, would you please respond to the question if you are able to?

Mr BAILLIEU — I can, because there is actually nothing new in the question. This matter has been raised before, and I think you will find that the commentary that was made prior to the election in this regard was in support of a strong economy. A strong economy was the leading component of it. We are committed to a strong economy, and that goes to the issues which I addressed before about productivity and ensuring that we have a strong economy with high rates of productivity and good levels of employment and that in the process we are able to provide the infrastructure and services necessary to ensure that business operates in an environment where costs can be contained.

The CHAIR — Thank you, Premier. Do you wish to clarify anything in relation to that question?

Mr SCOTT — If I am to be clear, Premier, is your contention that a strong economy and increasing productivity will reduce grocery prices? Is that the contention that you are making?

Mr BAILLIEU — The contention I am making is that we support a strong economy, Mr Scott.

The CHAIR — Premier, I direct you to budget paper 3, page 80. There has been significant local discussion about a few level crossings where there have been some near misses. Can you inform the committee about measures in this budget to improve that situation for road users? It is especially important for regional areas, where visiting motorists might be less familiar with where the road crosses the railway lines.

Mr BAILLIEU — Thank you, Chair. I know of your keen interest in level crossing safety, particularly in country Victoria. There are obviously a lot of level crossings in this state. I do not think anyone would argue about that — even the Deputy Chair would be very conscious of the number of level crossings in Victoria.

Mr PAKULA — I am indeed, Premier.

Mr BAILLIEU — This budget seeks to address this issue by providing \$47 million to improve the safety at country level crossings alone, including funding for boom barriers and flashing lights. There will be a road underpass constructed at the Warragul station precinct. I am very familiar with that, and indeed I am sure you are, Chair; you have looked at that issue closely over many years. I am very much looking forward to being able to cross from one side of Warragul to the other at that particular crossing in a much easier and safer way.

The budget includes a range of other initiatives to improve our regional rail system, including funding to plan for the Avalon Airport rail link and \$2 million over two years to plan for the return of rail between Geelong, Ballarat and Bendigo and some additional stations. There is funding in this budget for metropolitan level crossings as well.

I had the opportunity recently, since the budget, to visit Mitcham Road in Mitcham and Rooks Road and to indicate our commitment to the grade separation there on the Lilydale line. That separation will add to the separation which has occurred, and I acknowledge separations that have occurred under the previous

government along that line. It is important that we grade separate significant level crossings to as large an extent as we possibly can. A number have been identified, and we will be working through them.

One of our key commitments to families was a \$379 million blitz on metropolitan rail crossings, and the two at Mitcham and Nunawading in particular will be among the first to go. I know that will be very much welcomed by those communities. When you stand there at any of those crossings, you see how many trains pass through them and you see that every time the boom gates go down there is obviously a delay for traffic. At peak hour there are significant delays. Every opportunity we get to grade separate and remove a level crossing will be a good day for Melbourne and a good day for Victoria. On country roads in particular the safer those crossings can be made, the better.

I look forward to these and other crossings being advanced in the years ahead. I am aware of the keen interest in the level crossings, particularly that of Mr Angus, who knows these level crossings very well. The level crossing on Springvale Road, Springvale, will also be removed under this government. We provided funding for accelerated design and the start of the preconstruction works at the Mitcham and Springvale sites over the next 12 months, with both projects anticipated to be completed in 2014.

Ms HENNESSY — Premier, it certainly was a good day for Brighton here on Tuesday, when the Minister for Public Transport confirmed that the government is now considering a multimillion-dollar grade separation for New Street, Brighton, despite an alternative crossing existing just 300 metres down the road. In relation to budget paper 4, page 106, and the allocation of \$2 million for that, that is more funding than you have provided in this budget for 7 of the 10 most dangerous level crossings in metropolitan Melbourne. What do you say to those people who are waiting for level crossings identified by VicRoads as in need of upgrading, particularly in Melbourne's western suburbs, and who are now waiting for you to first fix the member for Brighton's political problems?

Mr BAILLIEU — I thank Ms Hennessy for her question, but I just point out that there are two aspects to this. We made a commitment to this prior to the election, and we will honour our commitments.

Mr PAKULA — Not to grade separate.

Ms HENNESSY — Not to grade separate.

Mr BAILLIEU — No, before the election we made a commitment to the up to \$2 million to address this issue. What I have to point out to you is that this crossing is no longer a crossing; it is closed. It is not a crossing. This is an access issue. This is an issue about restoring some access to a community that has had long-term access removed. It was not as if the decision to close the crossing altogether was warmly embraced. There is no crossing at the moment; in fact I am sure the former minister will be very familiar with this issue.

Mr PAKULA — I am, because I opened an alternative crossing 300 metres down the road. That is why I am familiar with it.

Mr BAILLIEU — This is an access issue, and the expenditure will be in relation to looking at access arrangements. To that extent, it is a planning exercise at this stage.

Ms HENNESSY — Just to clarify, Premier, could you give an undertaking that the assessment criteria which are used to devise the New Street crossing will also be applied to all other level crossing assessments throughout metropolitan Melbourne?

The CHAIR — I am not sure that that is exactly a clarification of this question.

Mr BAILLIEU — Again, I make the point that this is no longer a level crossing.

Ms HENNESSY — No, it is a grade separation to build a new crossing as we pave the streets of Brighton with gold while the rest of Melbourne waits, Premier.

Mr BAILLIEU — The point I am making is that this crossing has been closed. Hence it is very much an access issue, and it requires some considered thinking as to how to address that issue.

Mr MORRIS — Premier, pages 3 and 4 of budget paper 3 identify a range of initiatives under the broad heading of ‘Community safety’. It goes to areas of both public transport and youth justice. Can you outline some of those initiatives for the committee?

Mr BAILLIEU — I think we have touched on some of these subjects already. The budget does provide a boost for additional policing — 1700 officers. I was recalling the origins of this commitment, which was eventually matched in part by the previous government, and we have sought to proceed. What we have done additionally is to bring forward some of that commitment, and we are very much looking forward to having additional police officers on the street and 100 additional transit safety police. We are looking forward to providing protective services officers on our railway stations.

There is also a need for public infrastructure and community safety to be addressed directly. There will be a public infrastructure safety fund, and we will provide grants of up to \$250 000 to local government to aid in major security infrastructure. The community safety fund will provide grants of up to \$10 000 to community groups, sporting clubs, local government and businesses to help to put in place some practical community safety initiatives, such as better lighting, locks, alarm systems, signage and a range of other issues. The creative component of that, in response to local conditions, is very much going to be driven by local communities, and that is what we want this fund to do.

We are funding the first stage of our election commitment of \$40 million to build new police stations and upgrade some existing ones. The communities that will benefit include Ashburton, Mooroopna, North Ballarat, Sebastopol and the Sebastopol region, Forest Hill — and I am sure Mr Angus will be pleased about that —

Mr ANGUS — Yes, absolutely.

Mr BAILLIEU — Heywood, Paynesville and Mooroolbark. We will be undertaking some land acquisitions and planning for police stations at Emerald, Waurn Ponds, Sale and Somerville and for the Essendon operational safety and tactics facility. We will also be funding the development of a partnership with local councils to help remove graffiti from state and local government assets, and that will be done by supervised offenders on community orders. It is part of a zero tolerance approach we want to take to graffiti.

Ms HENNESSY — Zero tolerance. Get rid of all of them.

Mr BAILLIEU — Again I mention the funding being provided in this budget to enable Step Back Think to continue the good work that it is doing, addressing these issues of community safety with young people in particular in a manner that young people are receptive to, in a language that young people understand and with perceptions driven by young people themselves. The Step Back Think program has been well received in the community and is being run by a group with the passion, understanding and experience to do that work. We look forward to that growing in the future and young people being part of the solution. That is the important thing here — to make young people part of the solution when it comes to community safety and youth justice issues.

Mr PAKULA — Premier, on page 30 of budget paper 3 there is an allocation of some \$400 000 over the forward estimates period for an antismoking campaign. I am wondering, Premier, whether you could advise the committee if the government has any intention of banning smoking in outdoor drinking and dining areas?

Mr BAILLIEU — I proudly sit here as a non-smoker.

Mr PAKULA — I wish I could say the same.

Mr BAILLIEU — I am happy to give you some personal counselling.

Ms HENNESSY — Don’t do it, Martin! Don’t do it!

Mr BAILLIEU — And observe that smoking does stunt your growth.

Members interjecting.

The CHAIR — Thank you, Premier; there should be no personal reflections.

Mr PAKULA — Five foot nine is a reasonable average height I would have thought, Chair, but anyway.

Mr BAILLIEU — There is a line there which I will not use either. This funding is for a targeted social media campaign, and again, addressing particularly young people. We want to continue the good work of VicHealth in this regard and take a bipartisan approach to smoking. I think I have addressed the issue that you raised in the public arena when I said we will look to the advice from counsel and VicHealth and other agencies in this regard, and we will make decisions in the future about next steps in the broad antismoking campaign.

Mr PAKULA — So is that a yes, a no or a maybe?

Mr BAILLIEU — That means I am not ruling anything in or out at this stage, Mr Pakula. We look to the advice and counsel of those, and we take this in a step-by-step approach, as has occurred in a bipartisan way under previous governments.

Mr ANGUS — Premier, I refer to page 56 of budget paper 3 and the government's initiative in relation to 940 protective services officers, and indeed the fact that the legislation has been voted on recently in the Parliament. Particularly in relation to country and some major regional railway stations, can you please expand on this for the committee in terms of the country situation for the PSOs?

Mr BAILLIEU — Again, as we have touched upon already, we are deeply committed to providing community safety improvements on the public transport network. There will be those 100 additional transit safety officers out of Victoria Police, and we will be deploying 940 officers across the railway stations in metropolitan Melbourne and the major regionals — Ballarat, Bendigo, Traralgon and Geelong.

This budget provides more than \$200 million to recruit and train those protective services officers, and we have brought forward that to November 2014. We look forward to those officers assisting to make railway stations, be they in metropolitan areas — and there are more than 200 of them — or the major regional stations, places of safety, as I said earlier, rather than places of fear. Once we have done that we can establish and indeed grow further infrastructure around those stations to make them more community hubs.

PSOs will be trained at the academy in the usual way. You and members of the committee would be familiar with the job that PSOs do in Victoria now. They protect the Parliament, they protect the Treasury, they protect the Shrine and they protect the law courts. They have skills and training suited to the particular venues they are at. We look forward to this having a significant impact, and we look forward to the result of it being improved patronage, particularly after dark, on the public transport system.

From talking to many of the PSOs I know that now they are very enthusiastic about this. It is a commitment we made before the election, and it is a commitment again warmly embraced by the community. The notion of railway stations that are seen to be safe after dark is a powerful one. I am sure you have travelled overseas, and the security arrangements at some railway stations around the world are quite extraordinary. We have pretty humble security arrangements at the moment. We need to improve that, and the PSOs will add significantly to that exercise, including at those major regionals — Ballarat, Bendigo, Traralgon and Geelong.

Mr SCOTT — Premier, I seek some clarification on an issue where there has been some discussion in this committee regarding the teachers' EBA. Of course you would be aware of the commitment to make Victorian teachers the highest paid in Australia, but there was some confusion left by the Minister for Education earlier in the week. Could you now rule out any increases to class sizes as a productivity offset for the upcoming teachers' EBA negotiations?

Mr BAILLIEU — There will be no increase in class sizes.

Mr O'BRIEN — I return to budget paper 3 on page 56. Under the heading of 'Public safety and crime reduction' we have the initiative of 1700 new front-line police. It also includes new transit police as well, and I ask the Premier: where will they be deployed?

Mr BAILLIEU — I thank Mr O'Brien for the question. The 1700 additional police, and indeed the PSOs, will be deployed across Victoria. They will be deployed at the discretion of the chief commissioner. The Chief Commissioner has already indicated with the additional numbers which have already come on stream in regard to Victoria Police that there are additional numbers across Victoria — in the north-west region, 140; in eastern

region, more than 60; and in the southern region, more than 100; the western region, more than 70. In specific locations, the ORU — the Operations Response Unit — will be receiving some additional 100 in the transit safety unit. These are decisions that will be made by Victoria Police, and they will be done on obviously a needs basis. We look forward to the rollout continuing over the next four years, and we look forward to the community appreciating the additional safety that they enjoy.

Ms HENNESSY — Premier, I refer you to budget paper 3, page 305, and the outputs of the Department of Sustainability and Environment. You will recall that you went to the election promising to match Labor's commitment to cut Victoria's greenhouse pollution by 20 per cent by 2020, but I note that you have instead discontinued talks to enable the phased closure of Hazelwood power station. I am interested in terms of how you intend to meet your election promise to cut greenhouse gas pollution.

Mr BAILLIEU — I thank Ms Hennessy for the question. Indeed, this is a question I have addressed in the broader public arena already on a number of occasions, and I make the point again that we did not oppose the legislation on climate change that the previous government introduced that set a target. It was one of many targets that were set by the previous government over the years in regard to emissions reduction. It is a target amongst targets from a commonwealth level as well, and to that extent there is still a great need for some certainty out of the commonwealth.

I have said on multiple occasions that we look for a systemic solution to this issue from the commonwealth. I know there is a carbon tax talked about at the commonwealth level that is on the back of the CPRS, which was abandoned. We have heard targets of 5 per cent, 10 per cent, 15 per cent, 20 per cent, 60 per cent by 2050 — at the moment we are talking about a carbon tax at the commonwealth level about which great uncertainty remains. I think the community is looking for some certainty in that regard. Along the way, from a Victorian government point of view, we want to know in the first instance what the cost will be, what the cost to jobs will be, what the compensation will be, what the effect on the economy will be and indeed what impact there will be — what benefit there will be. We are keen, as I am sure all Australians are keen, to see a resolution at the commonwealth level to the systemic approach.

In regard to Hazelwood in particular, before the election we were told discussions we were proceeding between Hazelwood and the previous government in regard to a partial closure of Hazelwood. That would have required significant funds no matter what the proposal was. It would have also required alternative baseload generation, and on coming to government it was evident that there were neither funds nor costing of the proposition in regard to Hazelwood and nor is there, at this stage, a consolidated baseload alternative. We look forward to those baseload alternatives being put in place. We look forward to a systemic resolution of the to and fro that has occurred out of Canberra in recent years.

In the meantime there is no immediate need to continue those discussions with Hazelwood. As I say, there was no funding provided and no costing provided, and in these circumstances we do not wish to place Victoria's economy at any unreasonable disadvantage. In fact we do not want to place Victoria's economy at any disadvantage. The resolutions to these issues remain, obviously, dependent upon what is determined out of the commonwealth.

Ms HENNESSY — You will forgive me if I did not quite understand what your commitment now is to the reduction of greenhouse gases. Is it that you made a promise that you would commit to the reduction of greenhouse gases by 20 per cent by 2020? What is it that you intend to do to achieve that?

Mr BAILLIEU — I did just make it clear, Ms Hennessy, that the uncertainty about this issue — —

Ms HENNESSY — No, you are displacing responsibility.

The CHAIR — No, Ms Hennessy — —

Mr ANGUS — No, if you do not understand it — —

The CHAIR — Ms Hennessy, you know better than that.

Mr ANGUS — that is not the Premier's problem.

Ms HENNESSY — What is it that you are going to do?

The CHAIR — No, Ms Hennessy, that is enough. Premier, through the Chair, please answer Ms Hennessy's question.

Mr BAILLIEU — Ms Hennessy, I know, is a proud member of the Labor Party. The Labor Party is actually in government at the commonwealth level and, I think it would be fair to say, struggling with the issue of delivering certainty for the Australian community. Now Victoria obviously — —

Mr PAKULA — Not being helped by the opposition.

Mr O'BRIEN — They are being helped by the opposition.

Mr ANGUS — You have got the numbers!

Ms HENNESSY — Do you back Abbott and Finn and the climate change sceptics in your own party, Premier?

Mr BAILLIEU — In that regard, Mr Pakula, I think the government has, over recent years, demonstrated great uncertainty even in its own ranks, and that is quite evident. The issue remains, and we look for some certainty from that. In the meantime we will get on and do what we can on a state basis, and that is why there is a \$40 million plus in a low emissions fund here. That is why we are committing \$20 million to replace streetlights. That is why we have a range of other commitments in this budget to address this issue. We, like you, are looking for that certainty from Canberra, and I know how hard you must have worked to put pressure on your parliamentary colleagues in the commonwealth to come up with a resolution for this.

Mr PAKULA — Could you do likewise, Premier?

Mr BAILLIEU — On your colleagues?

Mr PAKULA — On your colleagues — Mr Abbott!

Ms HENNESSY — Perhaps you would like to get Mr Bernie Finn, a member of your own government, Premier — —

The CHAIR — Thank you.

Ms HENNESSY — and a famous climate change sceptic.

Mr SCOTT — The witness is inviting discussion.

The CHAIR — Thank you. Premier, thank you for your response, and thank you for your various assistance, Ms Hennessy, but we will move on to the next item.

Premier, I wish to raise a matter which is of some very keen interest to you personally and professionally. I am very familiar with your professional interest in this area, as you were an architect at one time working on my former tertiary institute, the Marcus Oldham at Geelong. I am well aware that you are keenly committed to the independence of the office of the state architect. Can you describe how this will be achieved?

Mr BAILLIEU — Indeed in another life as an architect — I would not profess to be the greatest architect that ever lived, but most architects are passionate about architecture no matter what role they are playing. It was a very keen pursuit by the institute of architects that led to the creation of the government architect in Victoria. At the time other states had government architects, and government architects have different governance arrangements. The government architect in Victoria was established on the basis of being a unit in the Department of Premier and Cabinet and with the role, essentially, of providing advice to the government, without independence or tenure or a large degree of authority associated with the office.

I have long argued that the government architect has great potential for the state, and I have had these discussions with the institute of architects in my role as the opposition leader and, once upon a time, the shadow Minister for Planning. I see a greater role for the government architects, with a greater degree of independence, a greater degree of tenure and a greater degree of authority to act on own motion as such, and we will be looking to strengthen the Office of the Government Architect on a trial basis and to provide some additional

capacity for advice and design. We will be re-evaluating the office over the next two years with a view to ensuring that the government architect has those additional capacities to which I referred before.

Mr PAKULA — Before I ask my question, Chair, could I just table for the Premier's benefit an ad we found from the last election that says 'A strong economy to help keep utility bills and supermarket prices down', and there is a media story that goes with it.

The CHAIR — Thank you very much. I will hand that up to the Premier later.

Mr PAKULA — That is terrific.

The CHAIR — We are back to you, Mr Pakula.

Mr BAILLIEU — Chair, can I reflect on the efficacy of Mr Pakula's systems, because I think I actually indicated to him that the commitment was to a strong economy.

Mr PAKULA — 'To help keep supermarket prices down'.

Mr BAILLIEU — Indeed. A commitment to a strong economy — one with high productivity levels and one with good employment and — —

Ms HENNESSY — No spin, Premier, no spin.

Members interjecting.

The CHAIR — I get a sense we are a bit disorderly here.

Mr SCOTT — I have to say to you the Premier is inviting you to choose.

The CHAIR — I am aware of that, but the committee has its own decorum.

Mr BAILLIEU — I am sure we have all got a commitment to keep the interjections down.

Mr SCOTT — I wouldn't guarantee that.

Mr PAKULA — Thank you, Chair. Premier, I just want to go back to your previous answer about PSOs. Before the election your commitment was to invest \$161 million on this initiative, and the budget now prices the initiative at \$212 million. We have spoken to both the Treasurer and the police minister about it, and they both put the difference down to a bring forward, as they have described it, from June 2015 to November 2014.

I have to say, Premier, I have no recollection prior to the election of the Liberal Party or the coalition ever using a date of June 2015. I thought the commitment to the community was always during the next term of government. But in any case, even if your costings were based on a June 2015 date and they are now based on a November 2014 date, can you step the committee through how a six-month bring forward equals \$50 million in additional expense?

Ms HENNESSY — Good question.

The CHAIR — Premier.

Mr BAILLIEU — Mr Pakula, I think you need to ensure that you have included in your start figure the additional funding for upgrade of stations and the additional funding for upgrading the academy, and indeed — —

Mr PAKULA — I think the academy money is separate.

Ms HENNESSY — It is separate; it is not in the figure.

Mr BAILLIEU — The additional funding, as has been indicated by the Treasurer and indeed the Minister for Police and Emergency Services is to do with the bring forward. And the bring forward is reflecting the fact that before the election we published forward estimates, if I can describe them as such, including the 14–15

year, and we included the funding over the 14–15 year — we made that clear — and this is bringing it forward until November.

The CHAIR — Thank you, Premier. Do you need to clarify that?

Mr PAKULA — Yes, I do. Premier, as I say, I fail to understand how — let me be charitable: a seven-month bring forward, not six — a seven-month bring forward can equal \$50 million. Is any of that additional \$50 million not bring forward? In other words, is it actually additional cost that you had not factored in prior to the election?

Mr BAILLIEU — I think these issues have been addressed by the Treasurer and the — —

Mr PAKULA — He said it was all bring forward.

Mr BAILLIEU — These issues have been addressed by the Treasurer and the minister, and I am confident that they have provided you with the appropriate information.

Mr ANGUS — Premier, I refer you to budget paper 3, page 33, and the paragraph headed ‘Strengthening palliative care’. Given that this is a very important area in the community and it is one that has struggled, both federally and state-wise in relation to resources over many years, can you please outline for the committee any initiatives in this budget that will go some way to improving that position?

Mr BAILLIEU — It is difficult to talk about palliative care without engaging in pretty sensitive and emotional discussions, and I am sure many Victorians have been in that situation. I have been in that situation myself, dealing with and caring for people who were in palliative care, and I am sure it is the wish of both sides of politics, indeed all sides of politics, that we do whatever we can to improve the services available in the palliative care arena — and that goes for adults and children — and indeed to improve the support for families, for staff and for those in need of palliative care in particular.

It is very important that we do whatever we can and indeed do more. We have made a significant increase in the commitment here in this budget to palliative care in Victoria — more than \$34 million over the next four years into this area. The funding will go to support initiatives including four extra counsellors to expand services through the Statewide Specialist Bereavement Service — and they will include multicultural and Aboriginal counselling facilities; an extra \$500 000 a year to very special kids in the Very Special Kids House to fund an extra 69 out-of-home respite care packages — the respite care is very important to us, too; some additional training for a paediatric palliative care physician and three registrars; and more than \$100 000 to train palliative care volunteers from 2012–13. The boost to this sort of bereavement counselling funding will help an extra 690-plus clients by providing more than 4500 hours of counselling and support.

Demand for palliative care is growing at a significant rate, 4.5 per cent, obviously because of our demographics, but we also have to recognise improved capacity or improved techniques for palliative care and the fact that, again as I was referring to earlier, to some extent Victoria has fallen behind in these areas in terms of providing services against population growth. Research shows that more than 55 per cent of Victorians prefer to spend their final days at home, and 25 per cent of deaths are occurring at home at present. The new budget funding provides \$2.8 million a year for community-based palliative care services and more than \$1.5 billion for community services, and there will be services for more than 1150 additional community-based clients each year and an extra 1180-plus consultancy referrals.

If I might say, I had the opportunity to visit again Very Special Kids yesterday and to visit the house. The commitment was embraced warmly by Palliative Care Victoria. I met with Associate Professor Brian Le, the Chair, and David Agnew from Very Special Kids. We were able to make a presentation there in front of a number of people who were part of the palliative care community — staff, families and indeed a number of those kids from Very Special Kids. I know that there were many people moved very significantly. There were tears in the eyes of many of those there. One mum, Kelly Lloyd, told her story of her 13-year-old and the extraordinary support and service and assistance she has had from Very Special Kids for her son, Tom. She is proud, like every mum and every dad and every family member dealing with kids in this situation; it could not be more emotional. I thank Very Special Kids for the welcome they gave us. We will do whatever we can to support them. For those kids whom I had an opportunity to meet yesterday, we are with them on a daily basis. I confess to having had a tear in the eye myself yesterday on many occasions.

Mr SCOTT — Premier, I noted in the Treasurer’s speech and in fact from numerous witnesses appearing before this committee that the government’s public sector wage policy has been outlined, requiring all wage rises in the public sector to be capped at 2.5 per cent with additional increases to be offset by real, bankable productivity gains. I would be grateful, Premier, if you could give an example of precisely how such real, bankable productivity gains might apply for a typical public sector employee, including a nurse working in hospital emergency, a primary school teacher, a front-line police officer, a MICA paramedic or a career firefighter?

Mr BAILLIEU — I thank Mr Scott for his question. I make the opening observation that the wages policy is pretty much the wages policy that existed under the previous government, and the application of productivity savings will apply in the same way. I do not intend to engage in a discussion of the details of any enterprise bargaining agreement in this committee.

Mr PAKULA — We are not asking you to.

Mr BAILLIEU — I understand you are not, but I do not wish to imply in the process in the middle of enterprise bargaining agreements across the public sector, whether it is police, whether it is teachers, whether it is the public sector more broadly — as you know, there are many enterprise bargaining agreements in train over this 12-month period — and I make the point to you that the productivity savings will apply in the same way as they applied under the previous government.

Mr SCOTT — How would you define productivity in the public sector then?

The CHAIR — It is déjà vu; we had this question earlier.

Mr SCOTT — Yes, and I am interested in whether we get a different answer.

Mr PAKULA — Or an answer!

Mr SCOTT — It is directly following on.

Mr BAILLIEU — Again, Mr Scott, productivity in the public sector will be defined in the same way as it was under the previous government — it is an objective to get the best possible result out of the money that is available.

The CHAIR — Doing more with less is what I am advising Mr Scott is the answer.

Ms HENNESSY — I am not quite sure he knows the answer, Chair. He does not know the answer.

Mr PAKULA — Doing more with less; do you agree with that, Premier? Do you agree with the Chair — is it doing more with less?

Ms HENNESSY — How is a firefighter going to do more with less, Premier?

Mr PAKULA — I would like to know whether the Premier agrees with you, Chair.

The CHAIR — Isn’t it that, at the end of the day?

Mr PAKULA — We are asking the Premier whether he agrees with you.

Ms HENNESSY — He might have a better answer; he has been handed a note.

Mr O’BRIEN — Premier, I refer to budget paper 3, page 14, ‘asset initiatives’. The first of the major projects listed there is in relation to the Bendigo hospital, which is in the Northern Victoria Region. I note from a very hardworking colleague of mine, Damian Drum, that the Bendigo community has a long time been advocating for a new hospital — —

Ms HENNESSY — Yes, which is why Jacinta Allan got a terrific commitment up.

Mr O’BRIEN — She wants a smaller hospital.

Ms HENNESSY — She does not.

Mr O'BRIEN — I ask the Premier: can you inform the committee about the government's budget plans in that area for any other hospital capital works?

Mr BAILLIEU — In responding to this question, Chair, I say that we have been very keen to see the development of the new hospital in Bendigo. This issue has been on the table, if my memory serves me, going back to, I think, the 2002 election, if I am not mistaken, but as yet we do not have a new Bendigo hospital. All sorts of commitments were given along the way, along that journey — if I can use that very contemporary phrase. Suffice to say, we will be delivering for the people of Bendigo and northern Victoria an expanded vision of the Bendigo hospital consistent with the wishes of that community. We will be adding \$102 million to the capital outlays for the new Bendigo hospital, and we look forward to the new Bendigo hospital really delivering improvements in health care for Victorians living in the region.

I know many members of Parliament have been advocates for this. You referred to Mr Drum, and indeed he has been a passionate advocate, as has the Minister for Health, David Davis. We wanted to make sure that the hospital has the full suite of facilities necessary for an upgraded hospital, and that is why we made the additional commitment. The additional commitment has been very warmly welcomed by the people of Bendigo and the region. It will ensure that the hospital has more than 370 new acute inpatient beds, 10 new operating theatres, a new integrated regional cancer centre on the main campus — and I say 'integrated centre on the main campus', not separate — a mother and baby unit, a headspace facility and additional beds, as well as research and educational facilities. They are the additional facilities that this further money will deliver.

These additional moneys deliver on key commitments we made to the community before the election. They extend capacity, they improve current health services and they put in place an expanded vision of the Bendigo hospital. There is no doubt that the Bendigo hospital plays a pivotal role in that region, and the communities north of there look to Bendigo for some of the specialist services and facilities. An integrated regional cancer centre on the main campus will boost treatment capacity in Bendigo and reduce the need for patients to travel to Melbourne, and that will apply to the region.

I note that in the same regard there will be additional funding for other hospitals, including in Echuca, Mildura and Kerang. There will be additional paramedics and ambulance officers in regional Victoria and an upgrading of the Castlemaine and Maryborough ambulance stations. There will be additional funds for the rural dental practitioner program, a more than \$50 million program for the rural capital support fund and \$35 million across Victoria this year for a medical equipment replacement program. In all we made a significant commitment to additional hospital infrastructure funds, and that is consistent with a commitment we made to ensure that funds that are made available from the sale of gaming machine licences are returned to hospital infrastructure in this state as those funds become available.

Ms HENNESSY — Premier, I refer to your commitment to establish DPC regional offices, and I was just wondering if you could identify for us how much additional funding has been provided in this budget to implement that policy, because if you go to page 68 of budget paper 3, it refers to the policy but there are no dollar amounts listed in the previous table. And how many people are to be employed at the sites which you envisage?

Mr BAILLIEU — The proposition is, as I indicated in my previous answer, to pilot this program and to use reprioritised funds to do that, and to take staff who volunteer to fill these positions. The staff in one location will share facilities with an existing departmental office and in another location will be in a stand-alone office. It is estimated that the reprioritisation of funds in delivering on this commitment will be of the order of \$1 million, and that will pretty much substantially cover staffing. We are looking at staff numbers appropriate to the facilities, which will vary from location to location. This will be on a pilot basis over a limited period at this stage. We will assess those two initial offices and advance the policy further following that assessment as to what is the best way to go.

Ms HENNESSY — If I could just clarify this: you promised a permanent presence, and I am just wondering why they are now pilots and how many staff you get for \$1 million.

Mr BAILLIEU — We wanted to make sure we get this right. We are not just going to open offices and put up the shingle. We want to make sure we have established the right process of relationship building in those

local communities and the communication systems back to the DPC itself. We believe the best way to do that is on a pilot basis. We are doing that pilot in Bendigo and Ballarat, and other locations will follow with an appropriate sense of what works best.

Ms HENNESSY — So how many for \$1 million? That was my original question.

The CHAIR — Ms Hennessy, how many bites?

Mr MORRIS — Premier, if I could turn to the area of mental health, it is often said that mental health issues in Australia are a forgotten area. Recently of course the profile has improved somewhat, largely through the appointment of Professor Patrick McGorry as Australian of the Year, but can you indicate for the committee's benefit what commitment is made by the state budget to address the obvious need?

Mr BAILLIEU — Again mental health is a very important issue, and I am sure the community is now recognising that this is one of the most important issues and in many ways one of the issues which has received least attention. We can say that over recent years there has been a much greater focus. I think you mentioned Professor McGorry, and I think he has done a fantastic job since being named Australian of the Year last year in advancing the profile of mental health issues, as have a number of institutions, including beyondblue and the like, that have enabled so many people with a mental health problem to feel that they can speak up, they can speak out and they can be treated in a reasonable and not unusual manner. I am sure both sides of the house have dealt with these issues, including amongst colleagues.

Mental health remains an important ongoing issue, and I noticed in the federal budget earlier this week significant additional commitments to mental health. This budget here in Victoria commits over \$100 million of investment in mental health. It is delivering on the election commitment again that we made last year. It will help fund a range of initiatives designed to ensure all people living with mental illness, including those living in rural and regional areas, can access care services and the support that they need. The government is committed to a comprehensive approach to improve early intervention and improve diagnosis, community and inpatient treatment and ongoing accommodation for people with a mental illness.

The government is delivering on this commitment to invest in early intervention. Anyone who has had any experience — and I know Professor McGorry is keenly a promoter of early intervention — but from my observation and experience early intervention is critical to getting good results. But enhancing and expanding headspace services — and we were just talking about the headspace service facility which will become available at the Bendigo hospital — is important, as is investing in those targeted mental health issues, which we spoke about before, and suicide prevention, again with the gay community and transgender young people; investing in community-based eating disorder treatment services for young people; investing in community-based mental health care and support, particularly when this budget will deliver a major funding boost of more than \$50 million; increasing the capacity of the psychiatric disability rehabilitation and support services, which will allow greater medium growth and demand; and helping people in the community with mental health.

Anybody who has cared for or been familiar with someone with a mental health issue knows that it is not an easy issue to deal with. It is not like a broken leg. It requires ongoing support and it requires different approaches for different circumstances. We want to take the pressure off emergency departments to ensure access to clinical and acute mental health services. That will include opening 46 new mental health beds at the Royal Children's Hospital, the Banksia Adolescent Unit at Footscray, Narre Warren Adult Park and the Dandenong Youth Park, and also building a new four-bed unit at Sunshine, with some central coordination and mental health beds; improving the safety of women in psychiatric wards; and some additional support for recovery and accommodation. This is all part of the focus of this government in this budget, and I look forward over the next four years to enhancing mental health support in this state and doing whatever we can to assist people whose needs are increasingly becoming a more mainstream, identifiable and not unusual need.

Mr PAKULA — Premier, I want to go back to the presentation topic 'Restoring confidence in government', and the line that the government is determined to improve transparency and accountability. I believe, as I know the Chair does and I am sure you do, Premier, that in fact the single most important vehicle for ensuring accountability and transparency of government is the Parliament.

We had the Speaker and the President appear before us the other day, and I do not want to verbal anyone, but to paraphrase, I asked the Speaker a question about the behaviour of ministers — not any minister in this government, but more generally — and I asked him whether he believed it would be acceptable for a minister to be asked a question about his probity if that question fell directly outside the minister's ministerial responsibilities. And to paraphrase the Speaker, Premier, his response was, 'If a minister's probity is in question, it would only be acceptable to ask about his direct departmental responsibilities'.

I want to ask you whether you would agree with me that that is an unreasonable fetter on the ability of the Parliament to scrutinise the actions of ministers and whether you would agree with me that in fact the probity of ministers is absolutely at the heart of accountability of government and that that needs to be able to be scrutinised, whether or not the question about probity falls directly within the minister's departmental responsibilities.

Mr O'BRIEN — Chair, on a point of order.

Mr ANGUS — On a point of order, Chair.

Mr PAKULA — You cannot pretend that the Premier would not want to answer this question.

The CHAIR — I will listen to the points of order; I have to.

Mr O'BRIEN — On the point of order, it was similar to the last point of order, and I want to make it very clear there is nothing in my point of order seeking to protect the Premier from proper scrutiny. The Premier is very capable of answering these sorts of questions in the appropriate forum, but I would like a ruling from you on this because it will continue through the four years of this very important committee. I take such a question to be a matter of general government administration, potentially capable for that most appropriate forum that you have identified, being the Parliament of Victoria, but this is a budget and accounts and estimates committee, and I fail to see, except in the most tenuous terms, the link or the nexus or the connection between that question and the terms of reference of this committee. I do not seek to screen the Premier from any scrutiny. I would seek a ruling at an appropriate time from the Chair as to this so that the committee business can be efficiently conducted.

Mr PAKULA — Can I speak to the point of order?

The CHAIR — No. You will have an opportunity. Mr Angus, did you wish to speak?

Mr ANGUS — Yes. Basically Mr O'Brien has raised the point that I was going to raise in terms of the nexus between the proposed question and the role of this committee.

Mr MORRIS — I think I am on the record on a number of occasions on this matter, Chair. I was going to make that point, but I was also going to suggest that, while I do not dispute Mr Pakula's recollection of the Speaker's words, I think it would be helpful to have the transcript in front of us so that those words can be verified.

Mr PAKULA — On that last point, as I said, I did not seek to quote the Speaker. I paraphrased — —

Mr O'BRIEN — On this occasion.

Mr PAKULA — Hang on.

The CHAIR — Let Mr Pakula make his point.

Mr PAKULA — I do not think anybody is challenging the tenor of the Speaker's comments. In terms of the nexus, I established the nexus when I asked the question of the Speaker. The matter has been dealt with in this committee by the Speaker, and the matter goes directly to the Premier's presentation about improving transparency and accountability of government.

The CHAIR — Thank you. There is clearly a challenge for the Chair of this committee to distil and define what are fine points of opinion, in fact, about what relates to estimates and what does not. I have to say that I think Mr Pakula has made a case that in relation to this general matter connected with the Premier's

presentation the Premier is entitled to make an answer to this question. But on the broader question of more generally asking questions about government administration, I am actually going to take those points of order on notice and, over the next couple of days, give it some consideration and take advice to see if we can better define what falls within the scope and what falls outside it.

Mr PAKULA — Can I restate the question now, given we have had a — —

The CHAIR — Yes, that is fine.

Mr PAKULA — Without the preamble, Premier, the base of my question is: do you agree with me, firstly, that the ability to probe ministers about their probity is at the heart of government accountability and, secondly, that it is an unreasonable fetter on the ability to probe ministers in that way if you can only probe them about their probity as it relates to their strict departmental responsibilities?

Mr O'BRIEN — On a point of order, before it is answered, the last part of that question was broader than what you had in your preamble — —

Mr PAKULA — No, it wasn't. It was the same.

Mr O'BRIEN — Are you clarifying in relation to question time or a substantive motion? There is a big difference.

Mr PAKULA — Question time.

Mr O'BRIEN — That is different to a substantive motion. That should be clarified in the question.

Mr PAKULA — In question time.

The CHAIR — In a way, Mr Pakula has actually facilitated my view about this. The issue here is that Mr Pakula is asking a question about procedures in the Legislative Assembly or the Legislative Council. In effect he is asking for the opinion of the Premier about parliamentary procedures and rulings from the chair. I do not think it is within the competence of the Premier to make a judgement about what is appropriate in rulings from the Chair, but there is clearly an issue about probity in government, and I am happy — —

Ms HENNESSY — There sure is.

Mr ANGUS — Come off it, Ms Hennessy; the former government perhaps.

Mr O'BRIEN — I'll say.

The CHAIR — A matter of probity in government is, as a general rule, something that the Premier would be more than happy to respond to, because he has, after all, gone to an election with a significant platform. I ask the Premier to respond.

Mr BAILLIEU — The member is inviting me to speculate on his view and somebody else's view —

Mr PAKULA — I have asked you about your view.

Mr BAILLIEU — and to make an interpretation of the Speaker, and I simply say that the executive is accountable to the Parliament.

Mr PAKULA — That is the biggest cop-out. I cannot believe that is the answer.

Ms HENNESSY — So corruption outside your portfolio is not government administration?

Mr PAKULA — That is the worst kind of spin: say one thing and do another.

Ms HENNESSY — That is outrageous. Gordon Nuttall, eat your heart out.

Members interjecting.

The CHAIR — Order! Premier, the budget includes a range of initiatives to improve the public transport network in the state as outlined in BP3, starting at page 80. Would you outline some of the government's commitments in that area, especially in the area of better maintenance of rolling stock and new trains?

Mr BAILLIEU — The budget provides more than \$400 million to get back to basics and to fix and address many of the shortcomings in the public transport system. This delivers on the coalition's pre-election commitments to invest in new trains, improve level crossings, build and upgrade stations and increase key maintenance works. We will be addressing the lack of basic maintenance on the system and overcrowding that makes so many journeys difficult — although I noticed a somewhat interesting photograph in this morning's newspaper about an under-crowded journey.

Highlights of the infrastructure works that we have included in the budget today are a boost for public transport, including more than \$220 million for the immediate purchase of 7 new trains, as part of a commitment to 40 new trains; an additional \$100 million for maintenance over four years, making a total of \$900 million; \$16.5 million to begin removing those level crossings we spoke of before; nearly \$20 million for station projects, including a more than \$11 million upgrade of Balaclava station and more than \$2 million to reopen the Talbot station; funding for the planning of new stations at Southland and Grovedale; an upgrade to Ballan station; and an initial \$2 million to plan for the upgrade to Ringwood railway station.

There is \$8 million over four years to preserve W-class trams. I am pleased that Mr Pakula has returned, as I am sure he will greet that initiative on W-class trams with a great deal more affection than he greeted them with when he first became the minister and waved goodbye to them. There is some \$10 million to open unused railway station buildings for community and sporting groups and \$20 million over four years to improve access to public transport for Victorians with a disability.

We are looking at those safety issues with the rollout of the protective services officers. There is more than \$1 million over four years to restore the operation of the Williamstown bicycle ferry as well. I know that will be much appreciated by those people who ride a bike in that region. There is almost \$6 million for a range of smaller projects, including the reopening of the New Street access. The budget provides for the immediate purchase of seven extra X'trapolis trains, which will be running on the network in 2014. Design and planning will commence for the manufacture of a further number of high-capacity trains.

As I say, an additional \$100 million has been allocated to maintaining our rail network fund and to bringing maintenance to the system over the period, totalling some \$900 million. That will run to upgrading the sleepers, points, signals and overhead wires and extending the control systems — all essential, obviously, to the safety and reliability of the system.

The CHAIR — We have 25 seconds left for one final question.

Mr SCOTT — I will be very brief. In your presentation you made reference to establishing an independent government advertising review panel. Could you give a time line for that particular output?

Mr O'BRIEN — And perhaps the need for it, too.

Mr BAILLIEU — When it comes to government advertising we have already addressed to a large extent the issue of reducing government advertising expenditure, and there has been a significant saving already just in these last few months.

Mr ANGUS — That would not be hard.

Mr BAILLIEU — A review panel will be established, and that will occur in the course of this year.

Mr PAKULA — This year. Good question.

The CHAIR — Thank you, Premier. I thank Mr Philip, Mr Cook, Mr Duckworth and Mr Gibbons for their attendance. I advise that we will adjourn for a couple of minutes and then commence review of the arts portfolio, and in so doing I ask all those who are recording to turn off their recording devices.

Witnesses withdrew.