

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 10 May 2013

#### Members

Mr N. Angus

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Dr D. Napthine, Premier;

Mr A. Tongue, Secretary, and

Ms J. de Morton, Deputy Secretary, Government and Corporate group, Department of Premier and Cabinet.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2013–14 budget estimates for the portfolios of Premier, regional cities and racing. On behalf of the committee, I welcome the Honourable Dr Denis Napthine, MP, Premier, Minister for Regional Cities and Minister for Racing; and, from the Department of Premier and Cabinet, Mr Andrew Tongue, PSM, Secretary, and Ms Joanne de Morton, Deputy Secretary, Government and Corporate Group. 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 gallery 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 chief of staff, can approach the table during the hearing to provide information to the Premier, by leave of myself 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 cameras are allowed at any one time in the allocated spaces. I remind TV camera operators to remain focused only on the person speaking and that panning of the public gallery, committee members and witnesses is prohibited. Filming and recording must cease at the completion of this hearing. I am also pleased to say, as I noted this morning, that thanks to the intervention of the presiding officers these hearings are being webcast 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. 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 for fact verification 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 five days of receipt.

Following a presentation by the Premier, committee members will ask questions relating to the inquiry. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off or turned to silent. Before I call the Premier, I call Mr Ondarchie.

**Mr ONDARCHIE** — Thank you, Chair. I wish to declare for the record that I hold the office of Parliamentary Secretary to the Premier.

**The CHAIR** — Thank you, Mr Ondarchie. I will now call 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's portfolio.

**Dr NAPHTHINE** — Thank you, Mr Morris, and I congratulate you on your chairmanship of this committee and your leadership of these PAEC hearings for 2013.

#### **Overheads shown.**

**Dr NAPHTHINE** — The budget handed down this week by the Victorian government is about building for growth. It is about strong finances. It is about sound economic management. It is within the DNA of the Liberal and National parties to be sound economic managers. In this budget we have delivered a significant surplus, with sustained surpluses into the future, a record \$6.1 billion investment in key infrastructure and of course the game-changing east–west link. This budget is about generating investment and jobs. It is about investment in transport — roads and public transport. It is about quality health and education outcomes, about caring for the most vulnerable and about a significant boost for regional and rural Victoria.

The key is sound economic management. Had spending continued at the same trend as under the previous government, which was growing at 7.3 per cent per annum, which was the average growth rate of expenditure during the decade 2000–2010, the budget would have been in substantial deficit and debt would have increased

to \$70 billion. This would have pushed net debt up to 17 per cent of GSP by 2017. That was clearly unacceptable and unsustainable, so strong financial management means that we can invest in future infrastructure and services. This table shows the growing surplus over the forward estimates, the improving GSP and the decline of net debt to GSP over the forward estimates.

Indeed this responsible approach to debt sees Victoria with a AAA stable outlook rating, which was affirmed by Moody's and Standard & Poor's. Indeed Standard & Poor's in their press release of 7 May said:

In our opinion, despite further downward revisions of its revenues (from both its own sources and GST transfers from the commonwealth of Australia), the Victoria government's budgetary performance remains solid ...

In Standard & Poor's view today's budget is consistent with our expectation that the government will continue to deliver its fiscal strategy.

The budget is about building for growth, generating investment and jobs. The government infrastructure spend — a record \$6.1 billion in 2013 — creates thousands of new jobs directly, improves services and improves outcomes for Victorians.

Other important initiatives that build for growth include the stamp duty concessions and first home buyer grants that are focused on construction of new homes, new apartments and new buildings, which will be a significant boost to the building industry. There is the \$18 million investment in international education. Victoria sees international education attracting overseas students as an important way to grow jobs in the economy in the state. There is a \$24 million investment in Victorian tourism. Coming from regional Victoria, south-west Victoria, near the Great Ocean Road and the beautiful Warrnambool, Port Fairy and Portland, tourism is an important part of the local economy and local jobs. There are other initiatives to benefit small business totalling \$48 million. The East Werribee employment precinct is an important initiative of this government, and there has been money allocated for that. And of course there is the development of E-gate, Federation Square East and the revitalisation and refurbishment of Federation Square itself, which is a major tourist attraction.

Building for growth is also about game-changing investment in major infrastructure, including the east–west link, which will see a \$6 billion to \$8 billion investment in major infrastructure in Melbourne and Victoria. There is also a \$1.6 billion expansion of the port of Melbourne, which is necessary to cater for the growth of capacity, but it in itself will generate 3000 jobs and secure Melbourne's future as the freight logistic capital of Australia, which will secure jobs and opportunities in the future. But we also know, Chair, even with that investment in the port of Melbourne, that by the late 2020s further port capacity is required, and that is why in this budget there is \$110 million for the very early work about the development of the exciting new container port at Hastings, which is the natural next deepwater port for Victoria and Melbourne. We have also made sure that there is a continued commitment to development of the Melbourne metropolitan business case to make sure that we can continue this important project.

This completes the trio of important game-changing projects that are on this government agenda: the east–west link, the Melbourne Metro rail tunnel and the port of Hastings. They are all projects of importance to Melbourne and Victoria, and they are all projects that we want assistance from the federal government with.

In addition there is a significant investment in roads and transport, and this includes, obviously, \$280 million extra to maintain and upgrade our road network, which was badly neglected in the first decade of this century; and 4.8 billion for the regional rail link, which is a terrific project that when we came to government was in disarray, was completely mismanaged and was missing significant components. That has been put back on track, to use a pun, and is now a \$4.8 billion game-changing project for both country and metropolitan rail services. We are investing in another eight X'trapolis trains to be built in Ballarat, creating jobs in Ballarat and providing additional train services for Melbourne metropolitan public transport users, and in 40 regional rail carriages — again, a great investment in our regional rail network.

There is significant investment in removing rail level crossings across Melbourne, and particularly those in Springvale Road and Rooks Road and Mitcham Road in Mitcham. These projects are both congestion busters and lifesavers. They are really important projects, and there is additional money in this year's budget to further scope a whole series of additional level crossing removals.

There is \$100 million to upgrade the Frankston line, and this is a significant package of work on the line that was identified in 2009 as one of the lines in most need of upgrade anywhere in the metropolitan rail system. We have allocated \$100 million, which will be for improvement of the tracks, including the replacement of wooden sleepers with concrete sleepers, the removal of so-called wet spots where the trains have to slow down, the removal of a number of crossings where the train has to slow down for safety reasons and, of course, the very important issue with regard to improvements for patrons on the stations themselves.

There is a significant investment of \$66 million at the Ringwood station and bus interchange, which will trigger major investment by the private sector at Eastland and of course by the Maroondah City Council in local library and learning services. New stations will be built at Grovedale, Epsom and Southland. And what we are hearing back in response to these announcements are some significant comments from Brendan Lyon, Infrastructure Partnerships Australia, who says:

The Napthine government gets full marks for today's budget, because it tackles waste and uses the savings to bring forward the massive east-west road project.

VECCI said:

VECCI says today's state budget — with its focus on new investment in infrastructure — sets the foundations for economic and employment growth, while remaining fiscally responsible.

And of course Tim Piper, Victorian director of the Australian Industry Group, said:

The government has listened to industry concerns and we particularly welcome the commitment to stage 1 of the east-west link commencing before the end of 2014. The funding pledged to develop the port of Hastings is also very important — particularly for the state's trade capabilities. The commitment to such projects will help to keep skills in the economy and provide certainty to industry — particularly to the construction sector.

So these projects are about making a real difference to the livability of Melbourne, productivity in Melbourne and Victoria and of course local jobs.

In terms of services I am pleased to advise and very proud of the fact that the health budget in the budget handed down provides a significant increase in funding for health services — \$14.3 billion; a record investment — which is \$2 billion more than the last health budget under the previous government or a 15 per cent increase on that previous budget. So we have more money for more beds, more treatments, and there is also an investment of over \$4.8 billion in one of the biggest investments in capital infrastructure in health and hospitals in a century, with construction at Bendigo, Monash Children's, the eye and ear hospital, Waurn Ponds, Northern Hospital and the comprehensive cancer centre, and improvements at Geelong, Werribee Mercy and of course the radiotherapy facility at South West Healthcare, and a significant build at Box Hill at the moment — and they are just some of the hospitals being invested in.

I also draw your attention, Chair, to the \$421 million over four years allocated to a funding pool to drive efficiencies in elective surgery, which will see more patients treated sooner, and of course I also draw your attention to the \$238 million over four years to invest in better training of our doctors, our nurses and other health professionals. It is about building capital; it is about training the staff and it is about delivering more services in a more efficient way. In particular, as I highlighted and as that map shows, there is a whole series of capital investment in that area.

Can I also move to education, where again there is an increase in education funding, particularly focused on an increase in funding for students with a disability, upgrades for early education services and new capital for a number of schools, particularly in the northern and western suburbs. We have also looked after the most vulnerable in our community with the launch of the NDIS launch site in Barwon on 1 July this year, the assigning of the NDIS full rollout and increased money for families and people with disability, and protecting our vulnerable children.

In regional areas, the Regional Growth Fund will continue to drive investment, growth and opportunity in regional Victoria. Some of the significant investments include the Macalister irrigation district, boosts to the CFA, and increased funding to our fire services through the fire services levy, which is a new change to the system that is fairer, more equitable and, for the first time, has concessions for those most vulnerable.

Chair, I think I will leave it at that and be open for questions.

**The CHAIR** — Thank you, Premier. We have got a tad under 2¼ hours left.

**Dr NAPTHINE** — I should have went longer.

**The CHAIR** — No, you were just a minute or two over the 10 minutes, so that will be fine. Premier, if I can open the batting. In the context of the 2013–14 budget — and you did touch on this in your opening — can you outline to the committee examples of capital infrastructure projects which will be either commenced or completed within the next financial year?

**Dr NAPTHINE** — Can I go back to the slide on east–west link. It is probably the biggest capital project in the state’s history for a number of years. This is a project we have announced in this budget. This will be at a cost of \$6 to \$8 billion. There is money in the budget this year and in the forward estimates for the Victorian contribution to this very important game-changing project. We are seeking financial support from the commonwealth government and indeed the coalition federally. The opposition has committed \$1.5 billion to this project and we are looking for a similar commitment from the federal Labor government. I would urge them to come on board with this very important project. And we will be seeking private sector involvement.

This will remove a bottleneck at the end of the Eastern Freeway with a tunnel linking the end of the Eastern Freeway through to the Tullamarine Freeway, both north and south, with an exit lane off Elliott Avenue onto Flemington Road. It will absolutely reduce Hoddle Street congestion. It will make it much better for people coming in from the east. It will also give many choices for people coming from the east, the west, the south and the north as to how they travel around Melbourne. It will create 3200 jobs in construction. We will be going out for tender in 2013 — this year. We will be looking for involvement from the private sector, and we will be looking for construction in 2014 for the project to be completed by 2019. That is a very important project.

I want to now move on to the other significant project, which is the Melbourne Metro. I bring to the committee’s attention an important piece of correspondence that the government has only recently received. The government received a letter dated 8 May — we only just received it in the last 24 hours — from the federal Minister for Infrastructure and Transport, Mr Anthony Albanese. Mr Albanese makes some comments about the Melbourne Metro project which we feel are very helpful and very productive and we as a government will certainly take very seriously.

We had raised with Mr Albanese a concern that the Victorian government had with respect to funding of major rail projects where there was a distinct disadvantage for the state to be involved in rail projects in the way it was treated under the GST relativities. This is hurting the Victorian government with respect to the regional rail project, and we wanted some assurances with respect to the Melbourne Metro. I am pleased to say that Mr Albanese has advised us in the last 24 to 48 hours that the federal government has given due consideration to the GST issue and they agree that any future funding is to be incorporated into the GST relativity calculations at a 50 per cent rate. That is a significant step forward, so we welcome that.

Also in this letter Mr Albanese has identified potential funding from the federal government for the Melbourne Metro. We will certainly give that consideration. We want this project. We are very keen to do the three key projects — east–west link, Melbourne Metro and port of Hastings — and we would certainly welcome this offer. We will be studying this offer. We will be looking at the business case when it is finally finalised, and we will certainly be taking this very seriously. But I would also hope that Mr Albanese, in making this offer, similarly comes forward with an offer of \$1.5 billion for east–west link.

The other thing I would say with respect to this offer: this offer certainly has a time frame that puts most of the funding in the back half of this decade, so you are looking at funding towards the end of 18–19, 19–20 and beyond. What that would give us is the opportunity to do stage 1 of east–west and then look at this as a key project, and certainly that is the sort of thing that my government is very keen to examine.

**Mr PAKULA** — On a point of order, is the Premier prepared to table the correspondence?

**Dr NAPTHINE** — I am happy to table it. I trust Mr Albanese is happy for me to table it.

**Mr PAKULA** — You have referred to it.

**Dr NAPTHINE** — Yes, I am more than happy to table it.

**Mr PAKULA** — Thank you, Premier. I refer you to budget paper 3, pages 41 and 45, which talk about the Victorian international engagement strategy. That funding specifically is about government business offices in the Asian region, but we still have a government business office as well in London which is continuing to be funded in this year's budget. Can you advise the committee whether the government has chosen a new agent-general in London?

**Dr NAPTHINE** — We have, but it has not been made public yet.

**Mr PAKULA** — Right.

**The CHAIR** — Do you have a supplementary?

**Mr PAKULA** — Premier, I am going to give you an opportunity — —

**Dr NAPTHINE** — I am sorry, it was not you, Martin.

**Mr PAKULA** — Sorry?

**Dr NAPTHINE** — It was not you.

**Mr PAKULA** — I would have known if it was me, Premier, I am sure. There was an article in yesterday's *Australian* about the departure of the former Premier, Mr Baillieu, which goes into some detail about the role played by the former chair of this committee, Mr Philip Davis. I am sure you have seen the article — —

**Mr ANGUS** — On a point of order — —

**Mr ONDARCHIE** — How is this a supplementary question?

**Ms HENNESSY** — How is it not?

**The CHAIR** — Deputy Chair, you would appreciate that you are currently a long way from the original question.

**Mr PAKULA** — No, I am not.

**The CHAIR** — You are currently a very long way from the original question, and I would ask you to bring it back very quickly.

**Mr PAKULA** — I will. Premier, can you just assure the committee — —

**Mr O'BRIEN** — Further to the point of order, Chair, it needs to be about the budget estimates.

**Mr PAKULA** — It is. The Premier has already answered the substantive question. Premier, for the sake of all of us and for the record, can you assure the committee that it is not the government's decision to appoint Mr Davis to that role in return for his assistance in your elevation to the premiership?

**Dr NAPTHINE** — Firstly, I reject the assertion that Mr Davis was involved in any way, shape or form in my elevation to the premiership. That is just absolutely wrong.

**Mr PAKULA** — That is not what the article says.

**Dr NAPTHINE** — Secondly, I can assure you that Mr Davis is not going to be appointed as Agent General to London. We appoint people who are best suited to the position. Mr Davis did not indicate that he was even interested in the position, he was not asked about the position and he will not be appointed to the position.

**Mr PAKULA** — Good.

**Mr ANGUS** — Premier, I refer you to page 46 of budget paper 3 and the Victorian coalition government's plans to build for growth in our physical assets, which you partially touched on in your earlier presentation when talking about hospitals, railway stations, schools and also maintaining great cultural assets like Federation Square. Can you further outline the government's plans in this area?

**Dr NAPTHINE** — Thank you, Mr Angus; I appreciate that. We are about building a whole range of capital works that are important for this state; indeed we have a \$6.1 billion record infrastructure spend. A number of those projects will have significant benefits for the Victorian community. The \$630 million Bendigo Hospital is one such example. In the lead-up to the 2010 state election the previous government proposed a modest investment in a fairly modest hospital for Bendigo. We thought the people of Bendigo and the north-west deserved the best regional hospital for their needs, so we promised an additional \$100 million for that hospital. I am pleased to say that through the good management of the Minister for Health, Mr Davis, and his team we have achieved an even better outcome for the people of Bendigo and the north-west. The \$630 million Bendigo Hospital, which we recently signed up for, will be the biggest regional health-care investment anywhere in Australia, and I would suggest probably the best in the Southern Hemisphere, if not the world. It will comprise 372 acute beds, 10 operating theatres, an integrated cancer centre and 80 mental health beds. It will have a car park adjoining the hospital with a helipad on top. As well as these fundamentally important health services — bigger and better than those previously promised — the successful negotiations by the government team have led to a transformational investment in Bendigo, with a 100-place child-care centre, a 180-seat conference centre, 128 serviced apartments plus a whole retail precinct.

This is going to be a game-changing investment for the regional city of Bendigo. It will deliver world-class health facilities for not only Bendigo but right throughout the north-west and central north, but it will also bring significant investment in Bendigo itself as that regional city grows and develops. It will create 770 jobs. This is a terrific investment in capital.

Similarly — and just briefly, Chair, as I am conscious of the time — the \$66 million investment at the Ringwood railway station and bus interchange will deliver a safer, more efficient railway station and bus interchange and trigger a major investment by Eastland that will create 2000 construction jobs and 2000 ongoing retail jobs. Maroondah City Council will also put in a library and cultural centre. This will mean a revitalisation of Eastland, the town centre, the library and cultural centre as well as the bus interchange. That is the sort of thing we as a government are doing to maximise government dollars to get the best outcome in terms of jobs and economic benefits for the state.

**Mr SCOTT** — Premier, I refer you to table 1.1 on page 7 of budget paper 3. My question relates to the TAFE structural adjustment fund package. I note that the \$200 million consists of \$100 million in capital and, by my calculations, \$28.4 million for what is described as ‘Additional support for TAFE’ and the remaining \$71.6 million is for the vocational education and training reform package. How much new funding is there in the 2013–14 budget under the TAFE structural adjustment fund — that is, funding that is outside and additional to the normal annual appropriation for training and subsidy payments?

**Dr NAPTHINE** — Thank you, Mr Scott, for your question. I can advise you that the \$200 million is new money. The \$200 million is additional to the funding that is provided for vocational education and training in the state. I remind the committee that when we came to government the budget for vocational education and training in Victoria was, to the best of my recollection, \$855 million. In this current budget it is \$1.2 billion — a significant increase of funding in vocational education and training.

There is also advice I have been given that the latest figures show there is a 22 per cent increase in enrolments in vocational education and training. What we understand in vocational education and training is that there is increasing competition in the field. There are registered training providers, there is TAFE and there are other providers who are seeking to provide training to people across the state. This is great for Victorians. It gives people who want to undertake training every opportunity to undertake that training, and it makes people improve their skills, develop new skills and gain skills that make them job ready for a growing workforce. We are very pleased about that, and that is why we are increasing funding for vocational education and training across the board, and we are delivering increased participation in vocational education and training.

**Mr SCOTT** — I would like to turn particularly to the \$28.4 million listed as additional support for TAFE. Premier, can you rule out that money being used to bail out TAFEs which are currently or predicted to be in budget deficit on their operational budget over the forward estimates?

**Dr NAPTHINE** — The \$200 million we have provided is to help TAFEs adjust to the new system. Unfortunately the previous Labor government managed vocational education and training in an incompetent manner. They — —

**Members interjecting.**

**Dr NAPTHINE** — No, I am just stating the facts.

**Members interjecting.**

**The CHAIR** — Order! I think that is enough. I do ask the Premier not to provoke the opposition.

**Dr NAPTHINE** — When we came to government we had a situation in vocational education and training that the emphasis was wrongly placed, the costs were out of control, and we had to undertake significant reform to improve vocational education and training. Through that process we have invested more money into vocational education and training. We have more people involved in vocational education and training, and we have continued to get people involved in the areas where there are needs for job skills, in the areas where there are long-term prospects for those people undertaking training to gain the skills that will equip them for life in the workforce.

Indeed if I refer to the Victorian training quarterly market report, Q4 2012, it says on page 35 that if you look back in 2008, under the previous government, we had a total number of apprentices and trainees of 95 900, and in 2012 we had a total number of 134 300, or a 40 per cent increase. If you also refer to the table on page 21 in that same document, it shows a significant shift away from courses that are classified as C, D and E-type courses to A and B-type courses, and A and B-type courses are the apprenticeships and the areas of certificates III and IV, where there are real job needs and real employment opportunities. So we have increased funding for every apprenticeship course in Victoria. We have increased funding for certificates III and IV in key areas such as aged care and disability, where we want to encourage people to do training because there are jobs available for them and there are job needs for them.

We are proud of our reforms to TAFE, and we are proud that we have been able to provide in this budget a further \$200 million to assist our TAFE sector to meet the changing needs of the workforce and the students so that, for example, some of our regional TAFEs are better able to provide an increasingly diverse range of courses, even where they perhaps have a smaller number of students involved, by collaboration and partnership with other TAFEs or universities or other vocational education and training providers in the private sector. So we get more courses to more students in a more efficient way, and that is why we can deliver better outcomes for students right across Victoria, whether you are in Mildura, whether you are in Lakes Entrance, whether you are in Wodonga or whether you are in Portland. That is what we want, and that is what this is about. This \$200 million will help our TAFEs adjust to that system.

**Mr O'BRIEN** — Continuing with the theme of job creation, I would like to return to the east–west link. Perhaps to assist the federal government to better understand the importance of this east–west link — the importance of this game-changing project — could I ask you, Premier: why has the government prioritised this spending on the east–west link?

**Dr NAPTHINE** — Thank you, Mr O'Brien. You would understand the importance of key infrastructure for efficiency and productivity in our business sector. We need to be able to move our goods and services. We need people to be able to move around. We do not want people stuck in traffic at the end of the Eastern Freeway for half an hour to three-quarters of an hour each morning. We do not want our businesses, vehicles or our trucks being held up by traffic gridlock. What we want is to have an ease of movement of our goods and services, and indeed one of the great strengths of Melbourne is not only its livability — it is one of the most livable cities, if not the most livable city in the world — but one of the great strengths in the freight and logistics sector is the fact that we do have a good transport network and a good transport system.

One of the significant investments made in recent decades has been the development of CityLink, and all Victorians, whether you live in regional and rural Victoria or whether you live in metropolitan Melbourne, benefit from CityLink and the way that that has reduced congestion and increased the way people can move around. Similarly the east–west link is another project of significance that can make a real difference to our productivity, efficiency and quality of life. That is why we have selected to proceed with east–west link stage 1, linking the end of the Eastern Freeway to the Tullamarine Freeway. That will give us an enormous benefit in terms of decongesting the city and helping not only those who live in the eastern suburbs but all of those who now use Peninsula Link and EastLink, who will be able to have a choice of whether they come in through the Monash or through the Eastern Freeway, through east–west link onto the Tullamarine Freeway.

Similarly those from the west will now have options, when they come in over the West Gate Bridge, whether they go across the Bolte and down through the tunnel and onto the Eastern Freeway or whether they come into the city or go out to the eastern suburbs via the tunnels out to the Monash. Having these choices and options frees up the traffic for everybody, eases the congestion, reduces the costs and improves the productivity. That is what we are about: improved quality of life and improved economic efficiency and productivity. That is why we are investing in it, that is why Tony Abbott and the federal coalition are putting \$1.5 billion into it, and we would certainly urge the Victorian opposition to give their strong support for stage 1 of the east-west link —

**Ms HENNESSY** — Show us the business case.

**Dr NAPTHINE** — and to urge the federal Labor government to also put \$1.5 billion into this project. This is a very good investment in improving economic outcomes, productivity and efficiency and quality of life. Also it will deliver 3200 jobs in the construction phase. This is a win-win-win situation, and what we need is strong support from the Labor opposition here in Victoria —

**Ms HENNESSY** — Show us the business case, Premier.

**Dr NAPTHINE** — and for the federal Labor government to get this job done and get it done as quickly as possible.

**Mr O'BRIEN** — You would not know a business case if you looked at it.

**The CHAIR** — Thank you.

**Ms HENNESSY** — No-one would know what — —

**Members interjecting.**

**The CHAIR** — Order!

**Mr PAKULA** — Chair, keep your own side under control and we will have a better day.

**The CHAIR** — If everyone keeps under control.

**Mr ONDARCHIE** — We already know the newest member of the — —

**The CHAIR** — Order! Mr Ondarchie!

**Ms HENNESSY** — Through the Chair, Premier, I just want to engage you on your evidence where you said you were very proud of your government's reforms to TAFE. I just want to tell you about a quite extraordinary young woman called Casey. She is a woman who has had a whole range of really challenging health issues, housing issues and educational issues, but TAFE has played an incredibly transformative role in her life. She has been undertaking a diploma of community services, but her fees went from \$200 in 2012 to \$1500 in 2013. Her course hours have been cut back. She is missing extra additional support services, such as counselling, which is something that she actually requires, and that is really important for her to be able to continue to be engaged in her studies. When we use the language about being proud of TAFE reforms and these reforms being focused on delivering real jobs and real opportunities, what do you say to people like Casey? Is her course not a real course? Is a job in community services not a real opportunity?

**Dr NAPTHINE** — Thank you, Ms Hennessy. I thank you for your question about TAFE. As I say, we are increasing funding for TAFE, from when we inherited it from the previous Labor government, from \$855 million to \$1.2 billion in this year's budget, so a significant increase in funding for vocational education and training.

We have also seen a significant increase in enrolment of 22 per cent, and as I have said previously, we have seen a refocusing of TAFE onto bands A and B-type courses. Indeed in budget paper 2, page 38, it says:

In 2013, 65 per cent of commencing enrolments were in courses for bands A and B (courses such as apprenticeships, trades and nursing), compared with 52 per cent at the same time in 2012.

We are about increasing the opportunities for people to undertake courses. We are increasing enrolments, we are increasing funding and we are increasing support. I think you would be aware that those are delivering positive outcomes for TAFE.

**Ms HENNESSY** — They are not delivering positive outcomes for Casey. Whilst I understand that today we are talking about statistics and budget papers, really when you reflect upon what the real-world impact of these reforms are for a person who has attempted to pull their life together, when your reforms are actually impeding her capacity to participate and when your reforms are potentially impeding her capacity to be engaged in community services, what is going wrong? What is the difference between your mantra about reform and what the real-world experience is for people like Casey?

**Mr ONDARCHIE** — What TAFE is it?

**Ms HENNESSY** — I am sure Casey might like to tell you about that. What do you say is going wrong?

**Dr NAPTHINE** — I reject the premise of your question. I reject the premise completely. What we have got is significant reform of TAFE that is delivering more student enrolments and delivering outcomes in the courses where people have real prospects of long-term jobs. Ms Hennessy, you would probably be aware that there are changes being undertaken across Australia with respect to higher education and training. Indeed the federal Labor government has announced a \$200 million cut to universities across Victoria, but I suppose you would endorse that as being a sensible — —

**Members interjecting.**

**Dr NAPTHINE** — So you do not endorse it.

**Members interjecting.**

**The CHAIR** — Order!

**Dr NAPTHINE** — So we have got the federal Labor government cutting universities by over \$200 million across Victoria —

**Ms HENNESSY** — How do people like Casey ever get to university?

**Dr NAPTHINE** — which has a significant impact — —

**Members interjecting.**

**Dr NAPTHINE** — What is provided for students at universities and at TAFEs is a series of assistance programs — —

**Ms HENNESSY** — She cannot get counselling.

**Mr ANGUS** — Listen to the Premier and you will hear the answer.

**Dr NAPTHINE** — I am sorry. If you would like to listen to the answer, there is a series of funding assistance programs that have been introduced at university and at TAFE level where students can get assistance with their course fees and on fee help and other assistance-type programs. Of course when you have \$200 million worth of cuts to universities by the federal Labor government we can see that the Labor Party does not really understand or care about tertiary education and training, whereas we are putting more money into TAFE. We have got increased enrolments and we are delivering improved outcomes and improved job opportunities for the people undertaking those courses.

**Ms HENNESSY** — And it is not working.

**Mr ONDARCHIE** — I am glad we are talking about education. Premier, I refer you to budget paper 4, page 15, where the budget makes specific provisions for new schools. Can the Premier inform the committee of those new financial commitments that the Napthine government is making to new schools in Victoria?

**Dr NAPTHINE** — Thank you, Mr Ondarchie, very much for your question. This government is very concerned to make sure that we have proper funding for education and proper capital works for our school program. You would be aware, Mr Ondarchie, that unfortunately not long after we came to government there was an Auditor-General's report that identified that we had tragically inherited a huge black hole of over \$400 million and a backlog in school maintenance that had simply been neglected and ignored by the previous government. It is a challenge for us as a government to deal with that problem — —

**Mr PAKULA** — That is why you cancelled the school — —

**Mr ANGUS** — Listen to the Premier.

**The CHAIR** — Order!

**Mr ANGUS** — Just listen to the Premier and you will learn something.

**Members interjecting.**

**The CHAIR** — Order! If everyone has finished, I will ask the Premier to resume answering the question.

**Dr NAPTHINE** — As I was saying, we did inherit a significant maintenance black hole and it was identified by the Auditor-General. It was not identified by the government; it was identified by the independent Auditor-General, who said there was a massive black hole in maintenance left by the previous government. We are seeking to address that, and we are seeking to do that by having an independent audit of our schools and working through that audit to identify schools in need and the funding of those schools. There was \$51 million allocated for school maintenance, and many of the schools that received that money of course welcomed that money because it is a long time since they have seen any significant maintenance money under the previous government. In addition to that, there are growth areas — as you are aware, Mr Ondarchie, because you represent one of those significant growing areas of the state — and in those growth areas it is important to invest in capital infrastructure for our schools. Again, this is an area neglected by the previous government.

**Mr ONDARCHIE** — Indeed.

**Dr NAPTHINE** — They simply did not invest in new schools ahead of the growth of those populations, causing overcrowding, causing enormous stress and chaos in our school system. Not only did the previous government fail to invest in capital infrastructure in schools, but it failed to even invest in purchasing appropriate land for schools. So we have undertaken a significant program — —

**Mr PAKULA** — Is that why you chopped the education maintenance allowance? Is that why you chopped the School Start bonus?

**Mr ANGUS** — Listen to the answer.

**Members interjecting.**

**Dr NAPTHINE** — I wish to bring to the committee's attention some of the new schools that we have announced in some of the growth areas. These areas might be of interest to Mr Pakula, particularly in Melbourne's west. Mr Pakula had great knowledge of Melbourne's west, travelling from Black Rock each day to service that area.

**Mr PAKULA** — You live in Kensington and you represent South-West Coast. Premiers in glass houses should not throw stones!

**Members interjecting.**

**The CHAIR** — Order! Everyone's living arrangements are not of interest.

**Dr NAPTHINE** — I can inform Mr Pakula that I am proud to live in Port Fairy in the heart of my electorate of South-West Coast. It a great place to live in Port Fairy, in South-West Coast. It is a terrific community It is a terrific place to live, and I lived for 20 years in Portland prior to that, right in the heart of my electorate.

In Melbourne's west we have invested in new schools — \$11.5 million for a new primary school at Wyndham Vale south, which is one of the growing suburbs on the outskirts of Werribee; \$11.5 million for a new primary school at Melton north-west; and \$11.5 million for stage 1 of the Doreen Secondary College, which is a significant investment in schools in that area.

**Ms HENNESSY** — It is not in the west.

**Dr NAPTHINE** — That is in the north, Melbourne's north.

**Ms HENNESSY** — Tell your Treasurer.

**Dr NAPTHINE** — We do know the areas around Melbourne.

**Ms HENNESSY** — Good to hear.

**The CHAIR** — Order! Enough.

**Dr NAPTHINE** — We also invested \$10 million in stage 1 of the prep to year 9 school at Truganina. Truganina is actually in Melbourne's west. That investment of \$10 million is for years prep to 6, and years 7 to 9 will be added at a later date. Through the very good hard work of Bernie Finn and Andrew Elsbury, we are also able to announce significant funding for the Western Autistic School, which I think is a great investment in special education on the Laverton school site. So we are investing in schools in the growth areas of the west and the north-west, and we are addressing those schools ahead of schedule.

Also there has been money allocated to the Phoenix P12 Community College in Ballarat and \$6 million for the relocation of Belvoir Special School. I was recently at Emerald Primary School — a great school, with a great principal and great staff — and represented by a great local member, Brad Battin, who has promised funding for this school, and we have been able to deliver \$6 million. It was terrific to be out there the other day with the children of that school and to celebrate that great victory. Of course there is also \$6.5 million for new facilities at Bendigo's Golden Square Primary School. So a range of schools across the state will be funded under this budget, and I understand there are still some other schools that will be funded in the package of funding to be announced later.

**Mr PAKULA** — Premier, I would ask you to refer to budget paper 3, page 129, which relates to ambulance code 1 response times. In terms of the percentage of code 1 ambulance emergency incidents response times that are within 15 minutes: in 2010–11 it was 77.1 per cent. I remember Mr David Davis, the shadow health minister at the time, thought that was outrageous. In 2011–12 it was 74.8 per cent, and in 2012–13, according to the budget papers, it was just 72 per cent of code 1 ambulance emergency incidents responded to within 15 minutes. On 4 May this year a 60-year-old motorcyclist was hit and killed on the Kiewa Valley Highway. It took 41 minutes for an ambulance with a stretcher to arrive at the scene. Can you explain to Victorians the deteriorating performance of ambulance response under your government?

**Dr NAPTHINE** — Thank you, Mr Pakula, and can I say first and foremost that I and this government greatly respect the terrific work done by our ambulance paramedics across the length and breadth of this state. Ambulance paramedics are highly qualified, highly skilled, enormously dedicated and they certainly do a terrific job in responding and saving lives across the state. The evidence is that through their efforts we are seeing a better outcome for patients across Victoria, whether it is through heart attack, stroke or accidents we are seeing better outcomes for patients through the good work of our ambulance officers.

That is why I am pleased that the 2013–14 budget allocates \$662 million for our ambulance services, which is an increase of \$120 million, or 17.3 per cent, on the previous government. Over three budgets to get a 17.3 per cent increase in funding I think indicates that this government is very committed to improving ambulance funding and services. Not only have we increased the funding, we have also encouraged people to be participants in ambulance subscription by halving the ambulance subscription fees. Family fees have been halved from \$150 to \$75 per year at a cost to the Victorian budget of \$242 million. I am sure Mr Pakula would welcome the lower costs of ambulance subscriptions for families in Lyndhurst and families across the state.

We also made a commitment upon coming to government that we as a coalition would increase ambulance funding by \$151 million, or provide \$151 million for 340 new ambulance officers. That is to be made up of

310 additional paramedics, 30 patient transport officers and indeed a number of MICA units. In my electorate of South-West Coast, near Warrnambool, which is not far from where I live at Port Fairy, you will be pleased to note that we have got MICA units that were not there prior to us coming to government. So we are putting money into new ambulance equipment, and we are employing new ambulance officers. In Portland in my electorate new ambulance officers are being appointed to that station in the very near future.

We are also allocating additional money for new ambulance stations, and recently the minister opened stations at Chelsea, Knox and Frankston. Previously new stations were opened at Cowes, Maffra, Wodonga, Mildura, Belgrave and Kinglake, and funding was provided by this government for 24-hour manned ambulance stations at Beaufort, Grantville and Wallan.

We understand the need for ambulance services, we are investing in new ambulance stations, we are investing in additional equipment, we are investing in additional staff and we are working hard to deliver better ambulance outcomes. Indeed, I am pleased to advise that by health measures the outcomes are improving in terms of the survival of patients, and they are improving because of the good work of our ambulance paramedics, so we are certainly serious about improving ambulance services. This is on a base where under the previous government there was a merger between Rural Ambulance Victoria and the Metropolitan Ambulance Service.

**Mr ONDARCHIE** — A botched merger.

**Dr NAPTHINE** — The independent assessment of that merger was that it was absolutely botched. It was mismanaged, it was not handled well by the previous government and there are still ongoing effects of the mismanagement of that botched merger by the previous minister and the previous Labor government. They are some of the issues we are working through, but we are working through them by working cooperatively with the ambulance employees and by providing additional resources and additional staff, and we are delivering, through that, improved survival rates of people who are picked up by the ambulance service.

**The CHAIR** — Supplementary?

**Mr PAKULA** — Yes, just briefly, now that we have had the entire PPQ.

**Mr ONDARCHIE** — Very leader-like, Martin. Daniel should be worried.

**Ms HENNESSY** — He's not the Premier.

**The CHAIR** — Order! The deputy will ask his supplementary question.

**Mr PAKULA** — I just want to get one thing clear. Premier, I took you to the deterioration in the 15-minute response times over the last three years. You have said that what is being delivered is better outcomes for patients. Therefore is it your evidence in terms of ambulance performance that response times are not a pertinent measure and that the only thing we should be focused on is how many people survive, or do you at least concede that those response times are deteriorating and that that is a relevant measure?

**Dr NAPTHINE** — Mr Pakula, there are a number of measures that you would understand we need in a complex service like our ambulance service, but certainly one of the key measures is the outcome for patients.

**Mr PAKULA** — But this one?

**Dr NAPTHINE** — The outcomes for patients are the outcomes in terms of their health, the outcomes in terms of survival in severe cases and the outcomes in terms of their length of hospital stay following the way they have been collected and treated by the ambulance officers. All of those outcomes are really important outcomes.

**Mr PAKULA** — What about response times?

**Ms HENNESSY** — Turning up counts too.

**Mr ANGUS** — Let the Premier answer.

**Dr NAPTHINE** — Give me a chance to answer the question, Mr Pakula.

**The CHAIR** — Order!

**Dr NAPTHINE** — Mr Pakula, I am happy to answer the question and answer it in a fulsome manner.

**Mr O'BRIEN** — Give the Premier some response time!

**Dr NAPTHINE** — What I am saying is that all of these measures are really important. Similarly, there are measures in terms of the number of ambulance stations, vehicles and officers, and the training of those ambulance officers. All of those are important measures, as is the actual funding increases that this government has provided for ambulances and the way that the former MAS and Rural Ambulance Victoria integrate, work together, and share resources and information.

All of that is an important way to get a better outcome for all Victorians. Certainly response times are part of those measures, but there is a range of measures that are important in measuring the performance of our ambulances. Can I say again that this government absolutely respects and supports the work of our front-line ambulance officers. We understand that 24/7 they are available to respond to an emergency and they do it to the absolute best of their ability with their great training and the equipment they have, and that is why we are getting better outcomes for patients. We as a government are backing them up with more resources, more ambulance stations and more ambulance officers.

**Mr ANGUS** — Premier, I refer you to budget paper 3, page 52, and some asset initiatives listed there, particularly in relation to the Frankston line. I ask if you could expand for the committee on the improvements on the line.

**Dr NAPTHINE** — Thank you, Mr Angus. This is an important investment in the budget which addresses some real needs along the Frankston line. The Frankston line is one of the busiest Metro rail lines, with about 60 000 passengers a day. It services a number of suburbs along the bay side and along the south-east. It is fair to say that in 2009 the advice to the government of the time and the minister of the time was that there were real problems on the Frankston line and there was a real need for improvements on that Frankston line. My understanding is that in June 2010 punctuality on the Frankston line was 65.5 per cent, one of the lowest in the state. Any wonder that patrons were frustrated. Indeed it meant that many people simply could not rely on the train service to get them to and from work or to and from appointments, so we had people using their vehicles to travel to and from the city along that line rather than using the trains simply because they felt they were unreliable, they felt they were unsafe and they felt the conditions on the stations and on the trains were simply not up to the standard expected in a modern city. That is why we have invested \$100 million in this budget on upgrading this line.

One of the things that I found of interest when I thought about railways in the history of Victoria and Australia is that while our forefathers got many things right, one of the things they got wrong was having different rail gauges in different states and territories. That has been a blight on Australia for 200-plus years. I thought that was a bad mistake, but when I — —

**Mr PAKULA** — Terry tells us it is 300 years.

**Dr NAPTHINE** — Terry is probably a bit — no, he is not older than I thought.

We have a problem on some of our Metro rail lines where because of the different configuration of the Metro trains that are used and where the driver is situated on those trains, some trains are not able to use certain lines. One of the problems on the Frankston line was that the placement of the driver in the newer X'trapolis trains means that they cannot use those new trains on the Frankston line because the driver cannot see some of the signalling spots and on some of the stations where there are curves on the platform they cannot monitor the safety of passengers getting on and off the train. That means that the X'trapolis trains simply cannot be used on that line, which means Frankston commuters are denied access to the newer, more efficient trains. We believe as a government that is unacceptable, and some of the investment in this \$100 million package is to make those services safe and appropriate for X'trapolis trains and also to remove a lot of wooden sleepers and replace them with concrete sleepers to give a better, safer ride.

There will also be major upgrades the stations themselves with better passenger information, better disability access and better facilities for the passengers and the PSOs who provide safety on those stations, which is a great initiative of this government. But there are also simple things like extending the canopies and the verandas on those stations so the patrons have protection from the weather, be it extremely hot weather or wind and rain in the winter time. When I was talking to one of the drivers about the extension of the canopies he was explaining that that was also an important thing for the efficiency of the trains, because if the passengers are extended out under a canopy along the platform they can get on and off the train much more efficiently and much more safely. It improves efficiency, it improves punctuality and it improves safety. I am pleased to say we certainly have lifted punctuality on the Frankston line from 65.5 per cent under the previous Labor government and the previous transport minister to over 90 per cent regularly now — —

### **Members interjecting.**

**Dr NAPHTHINE** — With this \$100 million investment we will be up to put the X'trapolis trains on this line, improve facilities for patrons, improve punctuality and improve reliability. I am sure all the patrons on the Frankston line will appreciate this, and this will attract more patrons, particularly at night when people can go to these stations which are safe, clean and have PSOs, which is a great initiative and which is bringing people back to public transport, particularly after hours because they feel safe when they go on the stations to wait for a train or they leave a train and go to their vehicle or are picked up in the car park. We are seeing a significant, revolutionary improvement in public transport in the state under this government.

As a final comment, one of the other things that the Minister for Public Transport has delivered is an extra 1000 more metro train services every week and 2000 more bus services every week because we drive efficiencies and productivity in public transport and get a better outcome for our patrons and all Victorians.

**Mr SCOTT** — Premier, I refer you to page 126 of budget paper 3 and the performance measure 'Proportion of ambulance patient transfers within 40 minutes', which shows a deterioration from 81.7 per cent in 2011–12 to 76 per cent in 2012–13. I have a photograph here of the Northern Hospital at 1.30 p.m. on budget day — Tuesday — 90 minutes before the budget was delivered. It shows seven ambulances ramped outside this hospital unable to deliver patients. I am happy to provide that to the Premier to assist with the answering of the question and table it. Can you guarantee that we will not see this kind of appalling photograph of hospital gridlock resulting in this dreadful outcome on budget day 2014?

**Mr O'BRIEN** — On a point of order, there are a number of assumptions in that question that Mr Scott is asserting to the committee about ambulances based on a photograph. It is not like Mr Scott is going to jump the box and give evidence about each of those ambulances and each of those particular cases. If it is put as a hypothetical based on a photograph or Mr Scott is able to provide the evidence, it may be in order, but at the moment it is out of order.

**Mr SCOTT** — Are you suggesting I am misleading the committee?

**Ms HENNESSY** — On the point of order, Chair, Mr Scott made reference to the data in the budget. He has provided an example of what that deteriorating performance looks like, and he has corroborated that with photographic evidence of what occurred on budget day. Whichever way you lean into this question, Mr Scott is simply asking the Premier to explain why the performance is deteriorating so dramatically.

**Mr O'BRIEN** — The photograph does not corroborate the assertion.

**Mr ANGUS** — It is just irrelevant.

**Mr SCOTT** — Irrelevant?

**Ms HENNESSY** — Look at the data.

**Mr SCOTT** — A hospital gridlocked with ramping is irrelevant?

**The CHAIR** — We are using props now, are we?

**Mr PAKULA** — No, no. Your members are asserting that the ramping is irrelevant.

**Mr O'BRIEN** — I am not asserting that. Your photograph is a prop.

**The CHAIR** — If everybody will just settle down, I will rule on the point of order. I do not uphold the point of order, but I do recognise that there is an assertion in there. Now, without questioning Mr Scott's integrity, which I do not wish to do, I do not believe there is any evidence that that photograph was actually taken at 1.30 p.m. on budget day. It is a photograph in an obvious location showing what it shows. Whether it was taken on budget day or some other day is not particularly relevant.

**Dr NAPTHINE** — Again, I do not know the facts pertaining to the photograph, but I take Mr Scott's word that it relates to the Northern Hospital. Let me make some comments about what we are doing to reduce these issues at the Northern Hospital. I was at the Northern Hospital only recently with Mr Ondarchie, who is an absolutely great advocate for services in the northern suburbs and in his electorate. It is great to have somebody in that electorate who understands the needs of that electorate and fights for it rather than treating it with contempt, like previous representatives from that area. I was at the Northern Hospital — —

**Ms HENNESSY** — What kind of man are you?

**Mr SCOTT** — You are the premier of a state. Have some class.

**The CHAIR** — Order!

**Dr NAPTHINE** — Mr Scott, you did introduce the Northern Hospital into the question, and I am going to address the Northern Hospital. When I was at the Northern Hospital recently it was to announce that in this budget we are providing another \$29 million to build a new wing for the Northern Hospital to create additional beds to meet the growing needs of that hospital. If I can recall — and I stand to be corrected — I think it was the Kennett government that started the Northern Hospital out there at Epping. That was the government that made the move to create that hospital, and indeed the relocation of that hospital to Epping was opposed by the Labor Party. They were opposed to building a new hospital in that growth suburb. That is the history.

**Mr PAKULA** — Or is that an assertion?

**Dr NAPTHINE** — I said I stand to be corrected. The Labor Party opposed that hospital at Epping. I was there the other day announcing \$29 million for a new wing for the hospital to create additional beds, because we understand that you need to grow the hospital to meet the needs of the population. If you do not expand the capital infrastructure of your hospitals, you do run the risk of having ambulances ramping and not being able to unload their patients. That is why we have undertaken a \$4.8 billion expansion of our hospital system. That is why we are building extra beds. Particularly at the Northern Hospital, which the question referred to, we have announced \$29 million for a whole new wing of additional beds.

But it is not just that new wing. I was able to see while I was there the work that is being undertaken as we speak on the construction of a \$24.5 million new emergency department at the Northern Hospital. That \$24.5 million was announced in the 2011–12 budget by the coalition government. My role in health is not as direct as some, but I do understand that if you are going to have ambulances coming to a hospital, you need an emergency department that is large enough and equipped enough and has the facilities to deal with those patients. Clearly what we had at Northern Hospital prior to the election of the coalition government was an inadequate emergency department and an inadequate number of beds, and this would cause problems for the ambulance services in the area. We are addressing those problems. We are investing nearly \$25 million in a new emergency department with additional facilities, and that is being built as we speak. We have announced in this budget \$29 million for a whole new three-storey wing for the hospital for additional beds, and I am sure that when you build those additional facilities, you will reduce the ramping of our ambulances.

Right across the state we have been faced with challenges in our hospitals because the previous government failed to invest in adequate hospital beds and adequate health infrastructure. That is why we have had to build — —

**Mr PAKULA** — You promised 800 beds and no-one has seen them yet.

**Dr NAPTHINE** — That is why we are building — —

**Mr PAKULA** — You cannot tell us where the 800 beds are.

**Dr NAPTHINE** — That is why we are building — —

**Mr PAKULA** — Eight hundred beds. Where are they?

**Dr NAPTHINE** — Would you like some beds?

**Mr PAKULA** — We would like to know where the 800 beds are.

**The CHAIR** — Order!

**Dr NAPTHINE** — At the new Bendigo Hospital there will be 190 extra beds; at the Box Hill Hospital, which is being built at the moment, there will be over 200 extra beds; there will be additional beds at Werribee Mercy in this budget in the mental health facility. There will be additional beds at the Monash Children's; there will be additional beds at the eye and ear that we are building; there will be additional beds at the \$50 million Waurn Ponds community hospital we are building in Geelong.

**Mr PAKULA** — Most of that is years away. You promised 800 in your first term.

**The CHAIR** — Order!

**Dr NAPTHINE** — There are additional beds being built at Geelong at the moment. There are additional beds being built at Ballarat, additional beds at Kilmore. There are additional beds at Sunshine. There are additional beds being built at Echuca.

**Mr PAKULA** — They are all years away. You said 800 in your first term.

**The CHAIR** — Order!

**Dr NAPTHINE** — Mr Pakula, when you are dealing with a decade of mismanagement and neglect in our health system it does take some time to invest the capital. That is what we are seeing with that photograph, which I believe, from Mr Scott's advice to me, was taken at the Northern Hospital. You have that sort of situation when there is an inadequate emergency department, which we are fixing. We are fixing that problem we inherited. That is why we are investing \$29 million in additional beds and a new wing. We are fixing the problem we inherited. We were elected to fix the problems and that is what we are doing — fixing the problems at the Northern Hospital, fixing the problems in our health system.

**The CHAIR** — Mr Scott, we have had an excursion into bed numbers beyond the Northern Hospital. Did you have a supplementary on the Northern Hospital?

**Mr SCOTT** — Yes. I would like to take up the comment regarding hospital beds that the Premier made. Of the 800 additional hospital beds by November 2014 that were promised, 300 of these beds were to be delivered by the end of the financial year. That is, I think, about 52 days from now. Can the Premier inform the committee where each of those 300 hospital beds is located?

### **Members interjecting.**

**Dr NAPTHINE** — Let us talk about some of the additional hospital beds this government is delivering. Box Hill Hospital, 221; Bendigo Hospital, 252; Frankston Hospital, 69; Olivia Newton-John Cancer and Wellness Centre, 57; Maroondah Hospital, 28; Echuca hospital, 45. If I go to the Geelong Hospital, 64; Ballarat hospital, 60; Kilmore and District Hospital, 30, new mental health beds, 16; Sunshine Hospital, 13; Werribee mental health expansion, 25; Northern Hospital, 32. There are a few more. I could add a few more, but that gives you a picture of the beds that we are creating and that is not even mentioning the eye and ear and Monash Children's.

**Mr PAKULA** — So zero up until now?

**Dr NAPTHINE** — No. I am sorry, that is not accurate. We have delivered on our promise to have — —

**The CHAIR** — We will break until 3.00 p.m.

**Dr NAPTHINE** — I return for a moment to the letter I drew from the federal minister for transport. The Deputy Chair asked that it be tabled, but with the committee's agreement I would like to check further with the

author of the letter before I table that letter. That is a normal courtesy. I thought I made some mention of that, but I just need to confirm that I would have to check with the author before it is made publicly available.

**The CHAIR** — That is fine. Thank you.

**Mr O'BRIEN** — Premier, before the break you touched upon some of the significant provisions in the budget in relation to improved services and infrastructure. I just ask if you could advise the committee about any improvements in the budget to radiotherapy in Warrnambool.

**Dr NAPHTHINE** — Thank you, Mr O'Brien. I am aware of your great knowledge of and interest in health services in south-west Victoria, particularly regarding radiotherapy and cancer services for that region. As members may be aware, south-west Victoria currently does not have any radiotherapy facilities. When people are diagnosed with cancer a large percentage of those people — well over half of them — need to have radiotherapy treatment as part of the normal treatment program for most cancers. For people in south-west Victoria that often means they have to leave their loved ones, their medical services and their work to go for a course of treatment in Ballarat, Geelong or Melbourne.

The normal course of treatment for radiotherapy is a very short period of radiation — generally only 5 to 10 minutes each day — for several weeks at a time. That means that people who have recently been diagnosed with cancer and who are suffering trauma and stress have to go and live in Melbourne or Geelong, often by themselves if their children are still at school or their families have other commitments, and undergo this treatment for six to eight weeks at a time on their own. This is very traumatic, and certainly for people who are concerned about their health it is totally devastating. What we find, and research has shown, is that if you are more than 150 kilometres from a radiation treatment facility, then there is a higher incidence of people refusing that treatment for personal or family reasons and there is a significantly higher mortality rate for people with cancer. Therefore it is really important in these circumstances to try and have that radiation treatment as close as possible to where people live. But radiation treatment is an expensive piece of infrastructure — radiotherapy bunkers — and requires significant technical and medical imaging expertise and support, and health expertise and support.

In south-west Victoria there has been a group, Peter's Project, that has worked very, very hard in recent years, together with the broader community, supported by local councils and the broad local community arguing a case for having radiotherapy treatment based in Warrnambool to service south-west Victoria, and indeed as far north as Hamilton and even up to Horsham, and of course Stawell and Ararat and across even into south-east South Australia. They have said that there is a sufficient number of new diagnoses of cancer in the area to justify that treatment, and they have made the case very strongly that there should be radiotherapy treatment in Warrnambool.

I have been pleased that in 2010, leading up to the last state election, the then leader of the coalition, Ted Baillieu, and I made a commitment to the people of south-west Victoria that if we were elected to government we would deliver radiotherapy treatment to Warrnambool and south-west Victoria, which will save lives, cause significant reduction in trauma and significantly improve outcomes for people with cancer and their families. I was pleased that in last year's budget \$5 million was allocated to this project and that in this year's budget a further \$10 million has been allocated. With that \$15 million, we are confident that, working with local health providers, we can call for expressions of interest among bodies and parties who can deliver those services, that the facility can be built and the service can be delivered. But what would make it a better outcome is if we could get the federal government to make a commitment of \$10 million and the community is happy to raise more than \$5 million, and then we could build a state-of-the-art integrated cancer centre. We are delivering on our commitment as a coalition in Victoria to deliver the radiotherapy facilities for Warrnambool, for south-west Victoria and for south-east South Australia, and that will be really important for that community. What we want is for the federal government to come on-board. I am confident that the community will raise funds, because there is a huge commitment already — over \$700 000 has been raised when there has not even been a fundraising effort — that they will deliver, and then we can have that integrated cancer centre equal to anywhere in Australia. So that is what I am looking forward to.

The \$10 million announcement in this year's budget, while in the scheme of a \$50 billion budget may seem small, is absolutely monumental to the people of south-west Victoria and a great vindication of the work done

by Vicki Jelly and many other people involved in Peter's Project who have fought long and hard to get appropriate cancer services that will make a real difference to the people of western Victoria.

**Mr O'BRIEN** — Thank you, Premier, and I would like to place on record my thanks on behalf of a dear friend of mine who died in circumstances that you have precisely described, where he did not want to take the radiation treatment in Geelong, coming from Penshurst — Pat Trigger. I would like to thank you for that answer. He was a great friend of our family.

**Ms HENNESSY** — Premier, if I could just refer you to page 7 of budget paper 3, which records a cut of about \$70 million from educational programs — or 'negative existing resources', if we want to use the language there in the budget paper. I wanted to ask a question about the School Focused Youth Service, which is a service that aims to prevent youth suicide, truancy and substance abuse and does a lot of work around mental illness. It is a program that both Labor and the coalition have supported in the past. I understand that there has been some indication provided to stakeholders that funding would be delivered to provide a replacement program after funding was cut last year. I was just seeking some clarification as to where that funding might be.

**Dr NAPHTHINE** — Thank you, Ms Hennessy, and thank you very much for that question. I certainly appreciate the question; it is a question about a very important issue. I do know a little bit about this program. Contrary to what was said in the Parliament yesterday by the member for Tarneit in his contribution on the budget, where he wrongly and inappropriately claimed credit for the Labor Party for introducing the School Focused Youth Service — another error from the member for Tarneit in his speech — this program was actually introduced by the previous coalition government in the 1990s.

Indeed members may recall there was a significant investigation into youth suicide conducted under the auspices of Jeff Kennett. As a result of that there was a program put in place to deal with these issues, and one of the programs was the School Focused Youth Service. At the time I was Minister for Youth and Community Services, and indeed I was the one who as minister initiated and started that program, so I know very well its initiation; I know very well its effectiveness and I appreciate personally the fact that during the years of the Labor government the funding was continued and the program was continued, because it is a good program and it does work well.

I wish to correct your assertion in your question that the funding was cut last year because that is simply not true. The funding was continued last year and is continued this year. This is an ongoing program, and the School Focused Youth Service will be continued. Members may recall in the house last night this matter was raised on the adjournment with the Minister for Education, Minister Dixon, who made it clear in his response that this program is valued by this government and valued by schools and young people across Victoria, and that this program — I think \$7.6 million — will be continued in its current format.

**Ms HENNESSY** — Just a clarification. Thank you — that is certainly illuminating, and I did not have the benefit of hearing Minister Dixon's response in the adjournment last night. Just to clarify what your evidence is: the program continues, the funding is in the base and it is in the vicinity of around \$7.6 million — without holding you to that number?

**Dr NAPHTHINE** — Yes. Without holding me to the number, the School Focused Youth Service in its current format is funded and will continue to be funded. I perhaps reserve the right for minor modifications to the program in various areas to ensure the program is relevant and up to date and delivering the outcomes. I know, for example, in my local area that Brophy Family and Youth Services under Frances Brockman does an excellent job with the School Focused Youth Service, and I have a good ongoing relationship with Frances. Indeed when I was minister for youth he was on my regional youth council. We have worked together on a number of things since, and he has continually reminded me of the good work of the School Focused Youth Service. It is a program that I and this government are very proud of.

**Mr ONDARCHIE** — Premier, in budget paper 3 on pages 25 and 28 it outlines new additional funding for disability services. I wonder if you could explain what that disability-related funding is for and how it complements your wonderful heartfelt recent commitment to the full rollout of the NDIS Victoria from July 2019.

**Dr NAPHTHINE** — Thank you very much, Mr Ondarchie. This is an area of great interest to me. Again, I had the honour of being minister for community services in a previous government, and the area of disability

services is an area that I am very passionate about and have been personally involved in. The work that has been done by Minister Wooldridge in this area is absolutely commendable. While I thought I was a reasonable minister for disability services, I think her efforts outstrip mine. She is an absolutely outstanding Minister for Community Services and disability services and reform. I pay tribute to Minister Wooldridge for her leadership on the NDIS. She has been a great advocate of the NDIS and has been at the forefront of advocating it in Victoria, achieving not only the Barwon launch site — which will take place on 1 July — but also the recent signing of myself and the Prime Minister for the full rollout of the NDIS in Victoria.

The fundamentals of the NDIS in Victoria are that, first, on 1 July there will be the Barwon launch site, involving about 5000 people with significant and profound disability benefiting from the launch site of the NDIS. Second, I think from 2016 to 2019, there will be the transition, and there will be more people coming onto the NDIS program during that period. Third, by the middle of 2019 there will be the full rollout, which will see about 102 000 Victorians with disabilities being supported by the NDIS. I think this is a very positive outcome for people with disabilities, and it will be a great comfort to families and carers of people with disabilities to see this program rolled out across the state.

In the budget there is \$218 million over four years across a range of areas in community services and disabilities, and some of that funding is in child protection and out-of-home care. That is important funding for front-line services for child protection, following the significant reporting on the needs of child protection services, and for foster care to support those children who are unable to live at home in a safe manner. It also involves significantly more for disability services in this state and individual support packages for those people in need. It involves significant programs, just part of the NDIS rollout, and it involves important work for us in this state in terms of improving services for those with disabilities into the future.

So, Mr Ondarchie, can I say that the work being done in child protection, with vulnerable families, and with people with disabilities in Victoria leads Australia, and I think Minister Wooldridge can be very proud, not only of the work that she has done but of the work that she is doing with the NDIS and the work that will be done with this new funding in the budget.

Can I just make one final comment, and that is regarding the ongoing campaign where we in Victoria — and I believe it is bipartisan — are strongly fighting to have Geelong as the National Disability Insurance Agency headquarters. We have put \$25 million on the table to encourage the commonwealth to make Geelong the headquarters. Geelong as a city has got a proud reputation of providing professional, quality, non-judgemental services to people with disabilities, their carers and their families. The TAC relocation under the previous government was a positive move and enhanced Geelong's reputation for delivery in this area of service, and Geelong of course is well placed as a national headquarters because of its proximity to Avalon and to Tullamarine, so that officers can travel around Australia easily, 24/7, to curfew-free airports. I think it is pretty clear that Geelong is the right place for the NDIA headquarters. We are certainly campaigning strongly. The city of Geelong and the Geelong community are behind us, and we hope that the federal government recognises the merits of this case and announces shortly that Geelong will be the headquarters of the NDIA.

**Mr ONDARCHIE** — It also has a great football team, Chair.

**Mr PAKULA** — Premier, I just want to ask you about elective surgery waiting lists. There is reference in budget paper 3, on page 16, to some funding with regard to treating more patients. But the waiting list in November 2010 was just under 39 000. According to the statement of priorities it is projected to be 55 227 at 30 June 2013. Now we had a commitment from Premier Baillieu that more surgery would take place in 2011–12 than 2010–11, and that did not happen, and that was before any argument with the commonwealth about funding. So how many Victorians is the government budgeting for to receive their elective surgery in 2013–14?

**Dr NAPHTHINE** — Thank you, Mr Pakula, and let me address the question of people on elective surgery waiting lists. Under the budget that we have just produced there is \$14.3 billion in health funding. That is a record level of health funding in the state of Victoria. Indeed, it is a 4.8 per cent increase on last year's budget, and \$2 billion more — or nearly 15 per cent more — than under the last budget under the previous Labor government, when Mr Daniel Andrews was health minister in this state. So we are providing a record level of funding, we are treating a record number of patients in this state. As I outlined earlier to the committee, along with that significant recurrent funding we are providing \$4.8 billion in capital to build and renovate our hospitals, to make our hospitals more efficient and more effective so they are able to treat more patients in a

more efficient manner, and that includes building new hospital beds, renovating old hospital beds and delivering better outcomes for patients.

On top of that, as you have quite rightly identified in the budget, there is particular funding in the budget — \$420 million over four years — for elective surgery waiting list proposals. What this money is is money in a funding pool that health services and hospitals are able to bid into to get extra money to treat patients on our waiting lists, because we want to encourage our hospitals to treat as many patients on our waiting lists as possible. I think the important thing you will note, and I cannot put my finger on the budget paper directly at the moment, but if you look at the outputs for health, it shows that in category 1 waiting lists these are urgent patients waiting for treatment in a life-threatening situation. The track record of our government is the best in Australia in terms of treating these patients within the required time. So when you are looking at urgent, life-threatening situations in Victoria for elective surgery, people are treated quickly and effectively, and we have the best record in Australia.

We certainly need to do more with regard to category 2 and category 3 waiting lists, and our work to increase budgets for hospitals, our work to increase capital investment in new hospitals and in expanding hospital beds is somewhat undermined by the federal Labor government's continual withdrawal of funding from our health services. When we first came to government there was a federally funded elective surgery fund. That money was withdrawn. The federal government then took \$7.5 billion effectively from our GST bottom line. Victoria does not get its share of GST, which makes it harder for us to deliver these record levels of health funding, and if it was not for the strong financial management, the responsible financial management under this government, we would not be able to deliver this record level of funding.

But on top of that we know that last year, in October–November, the federal Labor government — in the middle of a financial year — withdrew \$107 million from our hospitals. It just told each hospital that they had to hand back a certain amount of money that they had budgeted for and that they had allocated for treatments of people, and particularly treatments on elective surgery waiting lists. Indeed yesterday in the house I quoted from a letter which was sent to a patient on the waiting list saying that Eastern Health had had to reduce the number of operations and people on the waiting list would have to wait longer simply because of that withdrawal of federal funding.

**Mr PAKULA** — Did you check with that person before you tabled their letter?

**Members interjecting.**

**The CHAIR** — Order!

**Dr NAPHTHINE** — We know that through the very strong leadership and the terrific efforts of Minister David Davis the federal government backed down on that \$107 million reduction of funding and indeed that money is being slowly and reluctantly trickled back to our hospitals. For six months they did not have that money, which had a devastating effect on elective surgery and a devastating effect on people on elective surgery waiting lists.

But, Mr Pakula, the worst thing is that on 1 July this year those federal government cuts will be again introduced and we will have \$368 million worth of federal funding taken away from our hospitals, starting on 1 July. That money would treat many people on our elective surgery waiting list. Many of those people who are waiting for a hip operation, for a knee operation, for operations to relieve the pain of arthritis, will wait longer because the federal Labor government is withdrawing \$368 million from our hospitals, starting on 1 July. That is unacceptable; that is wrong. It is based on wrong population data and the federal government knows it. It is going to do nothing about it and leave Victorian patients to suffer longer on the elective surgery waiting list simply because the Prime Minister and the federal health minister — the federal Labor government — are withdrawing this funding. I would hope that there is a bipartisan approach from Victoria; that all Victorian members of Parliament put Victoria first, put Victorians on the elective surgery waiting list first and make the case strongly to the federal government to stop these hospital funding cuts.

**The CHAIR** — Is there a supplementary question?

**Mr PAKULA** — There is. Can I say to the Premier, because that was a very long contribution, that while we are pleased that the \$107 million from the commonwealth has gone back in, we equally wish the

\$826 million that you have cut would go back in as well. Can I also say, as I indicated in my initial contribution, that your elective surgery waiting list numbers had blown out well before there was any dispute with the commonwealth. It was 38 897. It blew out in the first financial year of your government and it is now 55 227. You have talked about the money you have put in. You are saying 14.3 billion — \$2 billion more than when you came to office. Are you prepared to take a stab, Premier? With 55 000 on the waiting list today, are you prepared to take a stab at what that will be 12 months from now with what you say is a record investment?

**Dr NAPTHINE** — Thank you, Mr Pakula. That was a very long question so let me — —

**Mr PAKULA** — It was a very long answer you gave me.

**Dr NAPTHINE** — Let me match the length of the question with a considered and thoughtful answer.

**Ms HENNESSY** — We will hold you to that.

**Dr NAPTHINE** — As I said, we are putting in \$14.3 billion of total health funding. You made some allegations in your question with regard to health funding, but if you recall yesterday in the house I referred to comments made by federal health minister Tanya Plibersek with regard to the management of our health system and her approach to the management of the health system. Her approach to the management of the health system is the need to make continual assessments, to continually reprioritise and to continually redirect funding to where it does the most good. I agree with the federal health minister on that matter. I may not agree with her in terms of cutting funding to Victoria, but I agree with her on the need to continually make reprioritisations. Indeed the federal government across its departments I understand has 4 per cent efficiency dividend target. They use that to drive some of these reprioritisations.

Mr Pakula, if I ask you to give me \$10 and then I give you \$20 back, would you say you are better off or worse off? I would say you are better off, and that is what we are doing. We are using our money to redirect money to the highest priority need. In our term in government each and every budget has put more money into health, more money into hospitals, not less — more, not less. This misinformation that is spread is simply wrong. If we are spending more money on hospitals and more money on health, that is more opportunity for the health managers to deliver more services.

**Mr PAKULA** — And has there not been more commonwealth money each and every budget too?

**Members interjecting.**

**The CHAIR** — Order!

**Mr O'BRIEN** — You scrambled for a surplus you could not get.

**The CHAIR** — Mr O'Brien!

**Dr NAPTHINE** — We are putting more money into health — a record level of funding. We have a special fund for dealing with elective surgery; we are going to tackle elective surgery. We are doing our level best, and every nurse, doctor and health professional in our hospitals is doing their level best. They are very professional, very hardworking and doing the best job they can to treat — —

**Mr PAKULA** — With the resources they have.

**Dr NAPTHINE** — With the resources they have. It is a pity they will have \$368 million less resources as of 1 July because the federal Labor government wants to take money out based on false population data — provably false population data.

**Mr PAKULA** — But on your measure — —

**Members interjecting.**

**Mr PAKULA** — More commonwealth money each and every budget on your measure. That is what you said the test was.

**Members interjecting.**

**Mr PAKULA** — It is the Premier's test.

**Mr O'BRIEN** — They budget for it but they do not deliver. They promise a surplus 500 times and they do not deliver it. They cannot manage money and we have to pay for it.

**Members interjecting.**

**The CHAIR** — If everyone is finished — —

**Mr O'BRIEN** — We just would like to get rid of the federal government and we can get on with managing the job for Victoria; that is what we would like.

**Mr ANGUS** — Premier, I refer you to page 162 of budget paper 3, headed 'Concessions to pensioners and beneficiaries', and I ask what the 2013–14 budget contains in relation to helping vulnerable Victorians who are faced with particular cost of living pressures?

**Dr NAPTHINE** — Thank you very much, Mr Angus. We are proud of what we are doing to assist people with cost of living pressures and particularly of helping those who have particular challenges, be they pensioners and other beneficiaries, so they can meet the daily costs of living in this great state of Victoria. Indeed you will recall that one of the first decisions made by the incoming coalition government was to increase the electricity concession from 6 months of the year to 12 months of the year. That has been an absolutely terrific concession for pensioners and beneficiaries. Mr Angus, as you would be aware, in the past the peak months of electricity bills for people were the winter months, when people were heating their houses, but now we understand that with air conditioners — and particularly many older people need air conditioners for their comfort and particularly those who have got conditions such as multiple sclerosis and other conditions, including chronic diseases — having air conditioning is very important. For those people to have a year-round electricity concession is really terrific. I can advise that since coming to government the coalition has increased health concessions by \$29 million, annual transport concessions by \$48 million, concessions for water and sewerage by \$113 million to \$157 million and the year-round energy concession has almost doubled, by \$68 million to \$74 million.

But we have not stopped there. There has been the recent absolutely groundbreaking reforms to the fire services levy, which is probably one of the biggest changes to taxation systems in Victoria, where we have moved away from the inequitable, unfair fire services levy through insurance, where some people — the people who are responsible and who have fully insured their properties — paid full tote odds for their fire services levy and towards the local fire services. They might have had their neighbour next door who did not insure and freeloaded on the system, or those who are underinsured or insured overseas — they did not pay their fair share. So the Black Saturday royal commission recommended that a property-based levy was fairer or more equitable, and we have adopted that recommendation and introduced it. This is a campaign that has been fought by many country people, and particularly the VFF, for many, many years, and we are pleased that we have delivered it.

But in delivering that we have recognised that people who are pensioners and war veterans and other eligible beneficiaries might need a little bit of assistance. It is interesting to note, Mr Angus, that these people, who probably were some of the responsible ones and who did fully insure their house, paid the full tote odds. There was no concession under the old fire services levy system — no concession whatsoever for pensioners. But under the system we have introduced not only has the average cost for Victorian families and households come down significantly as a result of this reform, so the average Victorian is going to pay significantly less, but there is also \$50 a year assistance for pensioners and beneficiaries.

So this is a terrific outcome and just another way that the coalition government shows it really does understand and care about those people in need in Victoria — that we are delivering. As I outlined earlier, all Victorian families are benefiting from our policy to introduce a 50 per cent reduction in ambulance subscriptions. So this government is certainly in tough economic times, when we face challenges of revenue write-downs, particularly from the federal government through GST; and it is challenging economic times out there at the moment. The people of Victoria are fortunate that they have a government that understands responsible financial management — good financial management — and that delivers a AAA credit rating, delivers the infrastructure we need, delivers concessions to those people who are in need in our community and helps all Victorians with those daily costs they are facing.

**Mr ANGUS** — Thanks very much, Premier, and it is certainly very well received out in my electorate.

**Mr SCOTT** — Premier, I would refer you to budget paper 2, page 13, table 2.1, and the figure for employment, which I understand is a percentage of employment growth; I understand that is what it refers to. In the house on 4 May 2011 the former Treasurer, the member for Scoresby, made reference to that particular figure as the government's job creation target, which you may recall. The figure triples from 0.5 per cent in 2012–13 to 1.5 per cent in 13–14. How many jobs does that translate to in 2013–14? So the figure for 12–13 is 0.5, and it goes up to 1.5 for 13–14. I am just asking — —

**Dr NAPTHINE** — So we are on page 13, budget — —

**Mr SCOTT** — Table 2.1 — the table there — and it is the figure 'employment', which refers to employment growth as a percentage. That was identified previously in the house by the member for Scoresby, in his role as the then Treasurer, as the government's job creation target. I am just wanting to know how many jobs that 1.5 per cent figure represents.

**Dr NAPTHINE** — What I can advise you, Mr Scott, is that we have had employment figures brought down yesterday by the ABS, and we referred to them in the house yesterday, and those employment figures showed a growth of employment in Victoria of 8100 new jobs or jobs created in Victoria. Indeed, if my recollection is correct, I think it identified that there was something like 53 000 jobs created since the election of this government in December 2010. So our track record of creating jobs is a good track record. On top of that we have announced, with the east-west link, the opportunity for 3200 construction jobs. With the port of Melbourne \$1.6 billion development there are 1900 direct jobs and a total of 3000 jobs through that project. I am further advised that, for example, the Bendigo Hospital project will deliver approximately 770 jobs, and of course the Ringwood development, with Eastland, will deliver 2000 construction jobs and 2000 permanent jobs. These are just some of the projects we are involved in in terms of delivering jobs.

In addition to that, Mr Scott, I can refer you to the excellent work being done by the Minister for State Development and Minister for Regional and Rural Development when you are talking about the great outcomes from the \$1 billion Regional Growth Fund that is growing jobs through the length and breadth of this state. Whether it be Olam almonds in Mildura, whether it be Hazeldene's Chickens or whether it be Lion Nathan in Gippsland, these are projects where a strategic investment through the Regional Growth Fund has been used to lever significant investment from the private sector —

**Mr O'BRIEN** — True Foods in Maryborough.

**Dr NAPTHINE** — to grow jobs. As Mr O'Brien interjects, there is True Foods in Maryborough. There are literally companies the length and breadth of this state that are benefiting from strategic investment. I was recently at an abattoir in Wodonga whereby investing in assistance at the abattoir in Wodonga has created a significant number of jobs.

In addition to that, Mr Scott, you would be aware that the previous Premier was absolutely outstanding in his leadership of our trade mission program and in taking very large trade missions, including a super-trade mission to China. He certainly did drive the trade mission program to China, India and the Middle East. Indeed in June this year I will be taking a very large trade mission to Indonesia, Malaysia and Singapore. Those trade missions are about creating export opportunities and creating jobs. There are a number of companies, including, say, Ralph's Meat Company, which have participated in these trade missions and come back and secured new contracts and new export opportunities that have expanded their workforce. It is understood that you are talking of billions of dollars and thousands of jobs created directly from the work of these trade missions. This government will not hesitate about growing jobs through trade missions.

I referred earlier in our budget commentary to the investment in tourism and the investment in international education — again, important areas of investment in terms of growing jobs. Is it any wonder that in that table you referred to you can see under this government a significant increase in job creation, a significant increase in economic growth and significant positive results through good, sound economic management in challenging times.

**Mr SCOTT** — Premier, without being gratuitous, the employment figures are for actual and forecast for last year and the current year and have actually declined, but I will probably resist going too far since we are short of time.

**Ms HENNESSY** — If you cannot tell us how many jobs you are going to create, you cannot tell us how many jobs you are going to create.

**Dr NAPTHINE** — I mean — —

**Mr SCOTT** — I resisted. I did not ask a question.

**Mr O'BRIEN** — He wants to make a comment, but he does not want to let the Premier answer.

**Dr NAPTHINE** — Yesterday we had gratuitous comments from the opposition. They made comments about employment in this state where they were completely seeking to mislead the people of Victoria when we know the ABS statistics on page 14 of the actual documents showed 8100 more jobs, not less jobs, and indeed a significant increase in the participation rate, which has an influence on the unemployment rate. There were more jobs created in the last month, and there was a significant increase in the participation rate. Mr Pakula, who is a very learned man in these areas, would understand.

**Ms HENNESSY** — We are going to hold you to that, too.

**Mr PAKULA** — My work here is done.

**Mr O'BRIEN** — He is interested in Daniel Andrews's job.

**Dr NAPTHINE** — Mr Pakula is very learned in these areas, very experienced, and he certainly has many bright prospects for his own future in this Parliament.

**The CHAIR** — Come on. Let's just move on.

**Dr NAPTHINE** — He would understand that one of the things that drives an increased participation rate is confidence in the community about their job prospects. People participate more when there is a real opportunity for growing jobs in the community. What we have in the budget is a conservative, responsible prediction which shows growing employment, growing GSP and a growing economy in challenging times. We only have to look not far north to Canberra with the budget that will be handed down next week to see the difference in challenging times. It is good, sound economic management — a government that makes the right choices, makes the right decisions and delivers the right outcomes for the people they are responsible for — as opposed to a government that is completely off the rails.

**Mr O'BRIEN** — In terms of new health infrastructure, the Treasurer's speech on page 6 refers to the Waurn Ponds community hospital. The Treasurer said:

The government is also delivering its commitment to build the Waurn Ponds community hospital to service the growing populations of Geelong and Surf Coast shire —

which I am very proud to represent. I ask you, Premier: can you advise the committee further about this important commitment?

**Dr NAPTHINE** — Thank you, Mr O'Brien, and thank you very much for your interest in your western region, particularly the great area of Geelong, which I know well, having grown up in Winchelsea, just outside Geelong, and having gone to the local state primary school at Winchelsea. I am very proud to have gone to a local state primary school before heading off to Geelong for further education. Mr Pakula might laugh at state education and state primary schools.

**Mr PAKULA** — I was laughing at Mr Scott.

**Dr NAPTHINE** — I am very proud to have been a product of a state primary school, a very good primary school at Winchelsea. While Mr Pakula may scoff and seek to make a joke of this, the fact of the matter is that when I went to a state primary school, the Winchelsea school only went up to year 10, and students who wanted to go beyond year 10 in those country schools in those days had to go to a larger centre to go to school. Those

are the facts. I am very proud to have gone to a state school, very proud to have gone to Winchelsea Primary School. It is a great school, and I am proud of it, even if Mr Pakula is not. With respect to Waurm Ponds — —

**Mr PAKULA** — On a point of order, I do not mind the Premier just taking a gratuitous whack, but he is not entitled to accuse me of scoffing at him when I did not. Mr Scott made a comment which amused me, that is all. It was actually not about you.

**Dr NAPTHINE** — With respect to the Waurm Ponds community hospital, I think this is a great investment for future growth in the Geelong region. The budget is all about building for growth. What we are doing in this budget is building in anticipation of growth, so that we build for the growth that exists now and the growth that will come in the future. We know we have a growing population in this state, and indeed in the budget papers we have had to revise upwards the predicted growth rate for Victoria from 1.6 per cent to 1.7 per cent, which I think is a vote of confidence in the government, the leadership being provided in this state and the responsible financial management being provided by this government.

With respect to Geelong, we have the Minister for Planning, Mr Guy, in Geelong only recently with a blueprint to grow Geelong and district. One of the areas that has been earmarked for growth in Geelong is the Waurm Ponds–Armstrong Creek area, and down as far as Surf Coast, which is an area which is very popular for people to live. When you have those growing communities, you need to have the infrastructure to service them. That is why in this budget we have provided \$26 million for the purchase of land and the building of a new railway station at Grovedale.

You referred in your question to the Waurm Ponds community hospital, and this budget provides \$50 million to build a 32-bed community hospital in Waurm Ponds. This Waurm Ponds campus will be located on the site of Deakin University. As you are aware, Mr O'Brien, Deakin University is our newest university in terms of education of doctors. It already has a very strong and sound reputation as an educator of nurses and other health professionals and it is already educating doctors to the finest standards that we expect anywhere in Victoria and Australia.

So the government has streamlined the Waurm Ponds hospital project by rezoning land on the Marcus Oldham College site. This new hospital will be built to assist the growing populations of Armstrong Creek, Waurm Ponds and the Surf Coast. It will attract medical specialists and those offering ancillary care. It will provide a specialist day medical and day surgery centre at Waurm Ponds. It is absolutely fantastic news for Geelong, and the integration with the university will be, I think, a really positive outcome in terms of the quality of care and the quality of education and training for health professionals at Deakin. This is a win-win. I particularly take my hat off to the work of Andrew Katos, who has really worked hard to fight for this, and delivered this announcement in the budget for the people of South Barwon and the growing areas of Geelong.

**Mr PAKULA** — Premier, you may wish to engage the services of the secretary in regard to this question. The Department of Premier and Cabinet has returned a questionnaire which outlines expenditure on consultants and contractors in 11–12 and 12–13, but does not have an estimate for 13–14. In previous years the questionnaire has also asked for entertainment expenses, overseas travel and legal expenses. This year's questionnaire did not ask those questions, but I wrote to the former secretary six or so weeks ago indicating that I would be asking this question at this hearing, and asking the secretary to have the relevant information with them. So I am wondering, Premier, whether Mr Tongue has with him the comparative estimates from last year and the next financial year in those three categories for Department of Premier and Cabinet.

**Dr NAPTHINE** — I will defer to Mr Tongue.

**Mr TONGUE** — Certainly. Just running from the top, on entertainment expenses, we expect this year's outcome to be around \$400 000.

**Mr PAKULA** — Is this 12–13 you are talking about?

**Mr TONGUE** — This is 12–13, which is down about 50 per cent. Overseas travel will track on a similar level to the previous financial year, at about \$400 000. We expect our legal costs to be down around a million dollars.

**Mr PAKULA** — Down by a million or down to a million?

**Mr TONGUE** — No, down to a million dollars. Consultancies are running at a similar level to previous years, about \$600 000; contractors at about \$2.8 million; and a very minor amount of grants to non-government organisations.

**Dr NAPTHINE** — To clarify, could I ask Mr Tongue to outline, given the changes to machinery of government, that we have had changes with regard to the structure of DPC, and he may wish to comment on that with respect to these things.

**Mr TONGUE** — That is right. So we have not yet done our estimates for the new financial year because we are still working through the process of onboarding new functions into the department, so those numbers are, if you like, the old DPC — —

**Mr PAKULA** — For 12–13, yes.

**Mr TONGUE** — For 12–13. We have not yet done our forecasts for the next financial year because we are importing the Office of Aboriginal Affairs and the veterans affairs function, and we are still working through those numbers.

**Mr PAKULA** — So 13–14 we will get later.

**Mr TONGUE** — Yes.

**Mr PAKULA** — And attitude and monitoring: are you going to be publishing the data from attitude monitoring, as was the commitment — GAMS research?

**Mr TONGUE** — GAMS? I do not think any GAMS research has been undertaken for some period of time. The period of time would be at least 12 months, I am thinking, so nothing has been published. Attitude monitoring will be a question for the government in future.

**Mr PAKULA** — As I look to the Premier.

**Dr NAPTHINE** — I think the attitude of Victorian people is that they think this government is doing a great job, delivering a responsible government with a surplus, a record infrastructure spend and a major investment in the east–west link, stage 1.

**Ms HENNESSY** — Your election commitment was that you would publish any attitude monitoring within a month of doing it. That was your election commitment.

**Mr PAKULA** — It was a commitment. I am just wondering if you are going to do it.

**Dr NAPTHINE** — I have not undertaken any attitude monitoring. We are not like the previous government, which used to run by the surveys each week.

**Mr O'BRIEN** — The spin doctors.

**Ms HENNESSY** — That is interesting. We will look at your last quarter's advertising budget.

**Mr ONDARCHIE** — Premier, you spoke about the fire services levy when you talked about support for vulnerable Victorians. This is important to me because I live very near the area where the tragic 2009 bushfires were, and indeed we were out supporting our emergency services around the recent fires at Epping North, Wollert, et cetera. Budget paper 3 refers to the replacement of the fire services levy with a fire services property levy. Could you expand for the committee how that will be fairer for Victorians?

**Dr NAPTHINE** — Thank you, Mr Ondarchie, and I did make some passing reference to this in a previous answer. I believe this is one of the most significant reforms to levies and taxes that Victorians pay since the Second World War. This is a quite significant change, and a great change for the better. It is a fairer way to collect money to fund our fire services, whether it be the CFA or the Metropolitan Fire Brigade. As members would be aware, under the old system the fire services levy was a levy on insurance. This levy was paid by householders when they insured their houses and contents, and on top of that was a fire services levy which was collected and paid to help fund the CFA and the MFB. However, that was not the end of it, unfortunately for

householders. On top of the insurance payment and the fire services levy, they paid stamp duty on that combined amount and GST on the combined amount again. So as well as paying their fire services levy, they paid stamp duty on that and they paid GST on the lot. They paid tax on a tax on a tax. That was certainly a significant slug on ordinary Victorian families and businesses.

We believed that changing to a fairer, more equitable property-based system was right for Victoria. Our views were vindicated by the bushfires royal commission, which recommended that this should be changed and that a property-based system be introduced which was fairer and more equitable. As I outlined before, the system was considerably inequitable when you knew that in the same street houses of a similar value where people who were fully insured paid full tote odds for their fire services levy and then paid the stamp duty and GST on top of it, whereas the next-door neighbour, who might underinsure or even take the risk of not insuring, was fundamentally freeloading on the system. That was not right, that was not fair, that was not equitable, and as a government we wanted to change that system. We knew that system had been in place for many, many years and previous governments had failed to address that inequity and unfairness and were quite happy to collect the tax on a tax.

We did a number of things. Firstly, we said we would not collect a tax on a tax or the equivalent thereof under the new system, saving Victorians over \$100 million. We said we would have a fairer, more equitable system. That system has now been announced and that means on average properties across country Victoria and metropolitan Victoria will pay less than they are paying currently and significantly less on average. In addition, for the first time we will be introducing concessions for pensioners and war veterans to the extent that they will get a \$50 concession on the fire services property levy payment. Those people paid the full tote odds when they insured their properties, and knowing my community as I do, I know that many older Victorians and pensioners, who are homeowners, were the people who did insure fully. They paid at the top end, so they will get extraordinary benefits in terms of a fairer system, a cheaper system and a concession on top of that. That concession is worth about \$21 million to Victoria, so as a government we are putting in that \$21 million to provide those concessions for pensioners and war veterans. We think that is fair and reasonable. We think this fire services levy is an absolutely important change. It is fairer and more equitable, and those most vulnerable, those who can least afford it, are being looked after.

This is the sort of change that a coalition government can be extremely proud of. It is a change for the better and a change for fairness that will deliver proper funding for our fire services — indeed, \$30 million extra for the CFA. More money for the CFA, and a fairer system which is cheaper for households and a concession for those who need it most.

**Mr O'BRIEN** — It has been a long time coming.

**The CHAIR** — Thank you, Premier. That concludes the hearings on the portfolio of Premier. I thank the departmental officers for their attendance this afternoon. We will have a quick change and move to the portfolio of regional cities.

**Witnesses withdrew.**