VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 14 May 2013

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Mr D. Davis, Minister for Health,

Dr P. Philip, Secretary,

Mr P. Fitzgerald, Executive Director, Strategy and Policy,

Mr L. Wallace, Executive Director, Finance and Corporate Service, and

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

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2013–14 budget estimates for the portfolios of health and ageing. On behalf of the committee, I welcome the Honourable David Davis, MLC, Minister for Health and Minister for Ageing; and from the Department of Health: Dr Pradeep Philip, Secretary; Mr Peter Fitzgerald, Executive Director, Strategy and Policy; Mr Lance Wallace, Executive Director, Finance and Corporate Service; and Ms Frances Diver, Executive Director, Hospital and Health Service Performance.

Members of Parliament, departmental officers, members of the public and the media are, of course, also welcome. In accordance with the guidelines for public hearings, I do 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 minister or his chief of staff, can approach the table during the hearing to provide information to the minister, 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. Cameras should of course remain focused only on the persons speaking. Panning of the public gallery, committee members and witnesses is strictly prohibited.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. Comments made on social media from this hearing are similarly not protected by 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 the 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 minister, committee members will ask questions relating to the inquiry. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I now ask that all mobile telephones be turned off or to silent.

I call on the minister to give a brief presentation of no more than 10 minutes, which will take us to 9.15, on the more complex financial and performance information that relates to the budget estimates for the health portfolio.

Overheads shown.

Mr DAVIS — Thank you, Chair, and committee. I will try to do a brief presentation of $14.3 billion in 10 minutes. The key point here is that this is a balanced health-care strategy that the government is employing, responding to demand, enabling innovation to improve efficiency and service quality, improving population health and reducing risks, intervening early to provide care within our communities.

We are responding to demand, as I say. This is about the elective surgery demand; it is about emergency department demand. There is the $100 million for elective surgery alone, dedicated to elective surgery to ease waiting list pressures; $176 million for hospitals to enable 23 100 patients to be admitted for urgent or critical care, 41 300 patients to be treated in emergency departments. The government is committed to a very strong outcome here for the community. We are determined to make responsible decisions in a challenging fiscal environment. We are determined to deal with some of the challenges we face from the commonwealth and the funding and its decisions. We are obviously committed to maintaining our AAA rating. As I say, the $14.3 billion spending in health and ageing is a record spend under this government and does increase in a difficult and challenging economic climate across Australasia.

Victorian hospitals, as I think people understand, are amongst the most efficient, likely the most efficient, in Australia, with the lowest cost per separation. This means Victoria's health dollars go further. The $14.3 billion

will see investment in innovation and improvement to enable service quality and improvements and ensure that dollars are directed to Victorian health care.

As I say, the next point is that the efficiency in significant. In terms of casemix, it is very clear that Victoria does perform very well with comparisons across other jurisdictions. Our non-labour costs are significantly lower, and on medical supplies — I will say more about that later during the proceedings — we are certainly trying to drive value on every turn to ensure the very best outcome for patients.

We are also investing in innovation and improvements to enable service quality to lift and to increase efficiencies further to ensure that every possible dollar is put into the front line where it is needed.

There is a $661 million increase for health services this year and a $629 million spend on capital projects. That is a very significant step and that does not include many of the capital projects that are under way at some level of activity. That is a massive more than $4 billion worth of projects that are under way.

There is $661 million, as I say, or a 4.8 per cent increase across the 12–13 budget in the health and ageing portfolios. Importantly, in acute health there is a $504 million increase, and 1.45 billion since coming to government; 282.6 million to secure Victoria's health system; 176 million to treat more patients; 101 million, as I have indicated already, for elective surgery; and 5 million — over four years. that is more than 20 million — for organ transplants. The elective surgery initiative is also intended to run over four years.

The key point here is that this does meet demand. It does take significant steps to meeting the challenges that we face. Building for both the current situation and into the future, the health workforce is a critical part of what happens in the health portfolio, and we have got a major $238.3 million package for training of the future health workforce. What is often not appreciated is that hospitals undertake both research and training, as well as their critical clinical activities, and the health workforce is guaranteeing the future there. There is 194 million for clinical placement days for undergraduate students — that is a significant increase. There is 42 million for postgraduate positions and additional positions for doctors and nurses in training. There is key or targeted money for training rural generalists, and we are very proud of that particular program.

Community health has done well in this budget and there is a significant increase, almost 25 million, in funding for community health. There are also key packages that support community health's delivery of health services: 62 or 61.7 million in health outcomes for Aboriginal Victorians over four years, 22 million in support for refugees and asylum seekers and a $12.5 million boost to community health services directly. There are key projects like the Western Region dental service with 9.7 million budgeted for capital projects, and money for health precincts and community ambulatory care.

These are all about delivering services closer to people, delivering services where they are needed and delivering services in a way that will better fit communities, but doing so in an efficient and effective way. Ambulance services are a critical part of our health system in Victoria and it is clear that there has been a significant increase in funding for ambulance services since we came to government: 98.2 more budgeted money has come through in tranches over the years, which is a 17.2 per cent increase. We did inherit an ambulance service in crisis and we are determined to put in place the election promise of a $151 million increase on ambulance officers. That is 210 paramedics and 30 patient transport officers — 100 of those in the city and 240 in country Victoria, spread amongst the five country regions. There is a very high level of satisfaction with the performance of Ambulance Victoria, Ambulance Victoria having very much an esteemed record around the world and improved cardiac outcomes, which are an important key measure of what is important to communities.

The government is very proud of the ambulance service and its paramedics and is rolling out key initiatives, and I will no doubt have the opportunity to say more about those as we proceed, including the important rollout. I can say to the committee as of Monday this week all 10 MICA rosters are up in the 10 regional cities that the government promised would have MICA rosters. These are key steps in putting in place the government's promise to provide better quality services and safer services for those in country Victoria.

The health priorities framework continues to guide important steps, but there are some significant challenges that we face. Commonwealth uncertainties and decisions make planning more difficult and have led to specific challenges in the last 12 months, some of which will roll into the new year and beyond. Population growth is a significant challenge for the state. If you read the newspapers today people are putting the population growth of

Australia and Victoria in a national context and an international context. We have very rapid population growth, and this is one of the challenges. I do not think the community believed the federal government when it indicated that our population in Victoria was actually falling.

I will say something about the commonwealth impacts. The commonwealth retrospective funding cut of 107 million during the year has had a significant impact. The commonwealth partway through the year did promise to restore that midyear cut, and that was slow to be fulfilled. I understand that has been fulfilled now. But the cut to promised funding in the forward estimates is significant — 368 million — and the commonwealth cuts to promised funding will begin again on 1 July.

There is a significant issue with lapsing national partnership agreements, and this is not something that is unique to Victoria; other states are similarly concerned about the challenge of lapsing national partnership agreements. One of the problems with the way the national partnership agreement approach has grown up is the stop-start nature of funding and the challenges that that provides. With hospital and health workforce reform, there are significant challenges there. With the Closing the Gap Indigenous health outcomes, the exact matching amounts from the commonwealth are not clear yet, and there is still some uncertainty. We will certainly be talking to the commonwealth further on that.

Next you will see one of the key slides that summarises the problem Victoria faces with some of the commonwealth's decisions. This is an encapsulation done for us by KPMG of the commonwealth's decision on population. We believe that population is growing at around 1.4 per cent. That is what the ABS said. The commonwealth came back and said the national population was growing at 0.03 per cent. That was clearly a nonsense. What they did was move from one time sequence to another time sequence, and you can see the basic statistical error that was made there. But the lingering effects of this are felt in the 368 million, which will indicate some impact on the community.

There are significant indicators of commonwealth performance too. We are concerned about the ability of people to get to see a GP for an urgent appointment within 24 hours. What happens when people cannot see a GP quickly is that it drives emergency department demand, and there is a significant challenge on that.

The CHAIR — Minister, we are now out of time, so I ask you to conclude.

Mr DAVIS — I will just wind up very quickly. There are some other imposts from the commonwealth carbon tax, other risks from commonwealth action on private health insurance — —

Mr PAKULA — I am sure we will hear about them during the questioning.

Mr DAVIS — No, I think there are some key points. One other key point that we might want to make on the commonwealth funding is the fall in commonwealth share of hospital funding, and that is continuing. I will come to some of the capital investment projects. The government has more than $4 billion of capital projects under way, with 10 000 jobs involved.

The CHAIR — Thank you, Minister. We have just under 2¾ hours to go. I will ask the first question. In the context of the 2013–14 budget, can you outline to the committee examples of capital infrastructure projects in the health portfolio that will be either commenced or completed in the coming budget year?

Mr DAVIS — I could and I no doubt will talk about many of these capital projects. There is over 629 million TEI in this budget and more than $4.2 billion of investment in health infrastructure projects. As I say, more than 10 000 jobs are being created around the state. People often think of health as purely a spending portfolio, and it certainly spends a significant amount of community and taxpayers money to deliver valuable and critical services for the community, but it also is a portfolio that employs many people and creates significant economic activity through the construction side of the portfolio. The department has a very strong focus on construction. We are doing significant catch-up from a period when there was not the level of construction, the level of building, that there ought to have been, so there are new projects all around the state.

I might in the initial sense talk about a couple of projects that I think are dear to everyone's hearts, and they are a couple of sites that really did it tough — that is, Charlton and Numurkah. I am very proud that in this budget Numurkah will be funded to re-establish the acute services that were at the Numurkah hospital. As the committee will remember, there was extensive damage in March 2012 in the floods, and this new purpose-built

facility will include 10 acute beds, a 2-bed high-dependency unit, 4 beds for palliative care or restorative care and a 6-bed day procedure unit. Construction is expected to be completed by late 2015. The Victorian government is continuing to seek from the commonwealth their share of the cost of this project under the national disaster relief and recovery arrangements, but we simply of course could not wait. This had to be funded in this budget to move it forward.

The community will be aware that the government moved very swiftly in the cases of both Charlton and Numurkah to put in place a field tent, a field primary care support, for the town. Some call it a MASH tent, but I am strictly told that it is not a MASH tent. It is not a surgical hospital, but it is a very significant response for a town like Numurkah or Charlton at a significant struggle point for that town. We got that into place, and then subsequent temporary facilities were put in place — interim facilities to enable some procedures and a range of primary care and other services to be delivered. That is obviously in place, and it is my understanding that the town is very happy about the announcement that the money has been committed for the re-establishment of the full facility. This will flow with further planning, and that is designed, as I say, to reinstate the acute services in conjunction with planning for a new ambulatory care centre and the co-location of a new ambulance station at Numurkah, so the opportunity is there to build a very good new structure. We have to take these opportunities to make sure that a town like Numurkah gets the very best outcome.

Obviously the funding for Charlton came through in the previous year, and that is proceeding. The key point on Charlton is that that town also did it tough. The challenge I think is to make sure that we get the very best outcome for Charlton. I think one thing that is important is to pay tribute to the people in towns like Charlton and Numurkah who have faced such a challenge and pay tribute to the boards that have carried a significant load and the CEOs in each case who have carried a significant challenge in managing what is a very difficult situation. I want to put on record the response of the department and Ambulance Victoria for its early deployment of the primary care facility — the tent. I am not allowed to call it a MASH tent, but I think to everyone they are known as MASH tents, and these provide a valuable stopgap for those towns when they have needed it.

Mr PAKULA — With your indulgence, Chair, before I ask a question I just want to make a comment on the questionnaire to express my concern about the way this questionnaire has been treated by the department. This was conveyed to the committee after close of business yesterday. You have got swathes left blank. Efficiencies and savings, no comment at all. You have got swathes of political rhetoric in question 7 and, if I did not know better, it would seem to me that decisions about both the conveyance and the content of this questionnaire have been made by the minister's private office rather than by the department. If the department has allowed that to occur, I think that reflects very poorly on the professionalism of the Department of Health. We do not expect to get these things after 5 o'clock the night before a hearing. I do not know whether anyone wants to respond to that, but it is just unacceptable.

Mr DAVIS — I am very happy to say that I was on the Public Accounts and Estimates Committee for many years, and in my period I routinely received the replies from departments under your government, Mr Pakula, after 9 o'clock on the morning.

Mr PAKULA — Yes, so that was filled in in your office rather than in the department.

Mr DAVIS — No, I did not say that.

The CHAIR — Order! We will now move on to the question.

Mr PAKULA — Minister, in regard to ambulance response times — and I think you would know that the performance measures are contained at page 129, budget paper 3 — code 1 ambulance emergency incidents responding within 15 minutes: in 2010–11, 77.1 per cent; in 2011–12, 74.8 per cent; in 2012–13, 72 per cent. On 4 May 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. I am wondering what guarantees you can provide the Victorian community that the investments that you are making, or that you claiming to be making, in this budget will reverse the deteriorating performance of ambulance response times under your watch.

Mr DAVIS — What I can say very clearly is that I have a high regard for Ambulance Victoria and for our paramedics. They do, by and large, an extremely good job and serve our community well. The government, prior to the election, recognised the very difficult position that Ambulance Victoria was in, and the

Auditor-General, no less, made a series of comments. Mr Pakula may remember the discussions in the chamber around that period. The Auditor-General's report was a damning indictment on the then government's management of Ambulance Victoria. We have inherited a position that reflects 11 years of mismanagement and neglect.

Mr PAKULA — This is your third budget now.

Mr DAVIS — I am in no way saying that this will not face significant challenges. What I can say is that the government is delivering on its election commitments to put in the resources, the additional paramedics. I can indicate that as the additional paramedics are being delivered, the additional resources are being delivered, the additional outcomes in terms of ambulance stations are being delivered, and the additional resources in terms of MICA are being delivered.

What I can also say is that in the budget papers the member will see a number of measures that go directly to clinical outcomes. Increasingly we need to be ensuring that among the suite of measures there is a stronger focus on clinical outcomes over the whole system. The percentage of adult ventricular fibrillation, ventricular tachycardia, of cardiac arrest patients with vital signs of hospital, is a new measure where we are seeking to measure clear clinical results for patients, as is the percentage of adult patients suspected of having a stroke who were transported to a stroke unit with thrombolysis facilities within 60 minutes. These are all critical measures that are focusing on clinical outcomes.

I in no way deny that there are significant challenges for Ambulance Victoria, significant challenges that are faced by our paramedics routinely. The challenge is there for us and for the government to ensure that the $151 million package is brought through, and is coming through. Ambulance funding is up 17.2 per cent since we came to government. There are more paramedics at Ambulance Victoria than ever before in its history. There is no doubt there is also a significant growth in demand and a challenge for us to manage the challenge and for our paramedics to manage the challenge.

Ambulance Victoria has been focused on improving patient outcomes, and in that it does include a whole battery of measures. The effective use of ambulance services is also important as is the best use of our skilled paramedics. As I said, response time is one measure; clinical outcomes are a very important measure. Clinical outcomes are not always perfect — I accept that, Mr Pakula — and the case in question that you have raised, I am happy to take the details about on notice and ensure that there is a proper examination of that particular case to make sure that the relevant family understands exactly what has occurred in that particular case.

It is true that survival rates have improved over the recent period and that is a direct reflection of the more professional approach of our paramedics. It is also a reflection of the focus and resources that government is putting into our ambulance service. It is not to say for one second that we are always in a perfect position and that our paramedics do not face those significant challenges.

Mr PAKULA — I will take the opportunity to ask a supplementary question, Chair. Minister, it seems to me in your answer that you are keen to elevate a whole range of other metrics, and you almost went through your answer without mentioning response times at all. My supplementary is this: in regard to the funding you say you are putting in, are you prepared to indicate to the committee that it is at least your expectation that when we are here next year response times in regard to code 1 emergency incidents within 15 minutes will have improved?

Mr DAVIS — Chair, what I would say is that the government is putting in historic investments. The MICA investment, the new capital, all of these are part of the matrix — —

Mr PAKULA — You do not want to talk about response times.

Mr DAVIS — What I am trying to say here, very clearly, is that there is a list of important measures, survival rate and clinical outcomes being amongst the most important. Response rate is also one of them. The government and Ambulance Victoria are endeavouring to meet as many of those outcomes as they can — not only response times but also those clinical outcomes and the outcomes that relate to patient outcomes in terms of survival. As I say, there is no question that there are big challenges. We are coming from a very difficult base. But nonetheless the investments are going in. They are historic investments. These are the biggest investments in ambulance history.

Ms HENNESSY — Will response times improve, though, Minister?

Mr DAVIS — I am making it very clear, Chair, that it is important that we focus on all of these metrics and we will be doing our very best to meet them, as will I know every paramedic across the state.

Mr ANGUS — Minister, I would like to continue on the deputy's theme and touch on a matter that you referred to in your presentation. Minister, could you inform the committee of the government's progress in honouring its election commitment for 10 additional MICA single-responder units in rural and regional Victoria, and if there are any emerging threats to these units?

Mr DAVIS — What I can say, very clearly, is that there are significant challenges in delivering the MICA outcomes. The MICA outcomes will be historic for country Victoria. The $151 million package will deliver a very good outcome for country Victoria. Let me give some background to this. This was an announcement made before the state election that 10 MICA single-responder-dedicated units would be put in key regional cities of Victoria. It is worth just stepping back and understanding the history. MICA had been available in metropolitan Melbourne, Ballarat, Bendigo, Geelong and Traralgon as a dedicated service prior to that. Dedicated and reliable MICA services had not been available in our major cities across country Victoria. The government, then in opposition, made an announcement, a commitment, that we would put in place 10 MICA single-responder units across major cities in country Victoria. Within one and a half hours the previous government had matched our commitment. We welcomed that bipartisan focus on getting an outcome in terms of our big regional cities.

I can indicate that this week the government has succeeded, along with the remarkable work of Ambulance Victoria and our paramedics in putting in place the 10 single MICA single-responder units. Let me run through them: Mildura, Swan Hill, Horsham, Warrnambool, Sale, Bairnsdale, Albury, Wangaratta, Shepparton and Wonthaggi. Those cities have never had a dedicated MICA unit before. Those units are being put in place and all will be eventually operating to 24 hours. That MICA coverage — a single-responder, highly trained MICA professional — will be available. Already this is delivering significant dividends for people not only in those major cities but a radius of 70 to 80 kilometres around those cities also now has dedicated MICA coverage. This is something that is changing the way we are delivering our ambulance services. This has not been in place before — —

Mr PAKULA — Are they all 24 hours, like you promised they would be?

Mr DAVIS — A number of them are 24 hours — —

The CHAIR — Order!

Mr DAVIS — Mr Pakula — —

Mr PAKULA — That is what you promised.

Mr DAVIS — And they will be. And they are — —

Mr O'BRIEN — They all start up when they do not like the good news.

The CHAIR — Order!

Mr DAVIS — Some are on 24 hours now, and some are on 12 hours, moving to 24 hours.

Members interjecting.

The CHAIR — Order! You had one question. Listen to the answer.

Mr DAVIS — Chair, what I can indicate is that there are a number of clouds on the horizon and Mr Pakula directly points to this. His party does not support the 10 units fully. We know that Mr Wade Noonan is out undermining them, seeking to pull MICA paramedics out of those units, to rip them away from the new units and make it more difficult. He said so very openly. He said that he wants to undermine the MICA outcomes — —

Mr PAKULA — This is not an opportunity for you to make things up.

The CHAIR — Order!

Mr DAVIS — No, I have to say, Chair, this needs to be a bipartisan matter — —

Mr PAKULA — If you want to come in here and make things up — —

Mr ANGUS — He is not making anything up!

Mr PAKULA — You are being very bipartisan right now. You are being extraordinarily bipartisan — —

Mr DAVIS — Mr Noonan needs to stop undermining the safety of people in 10 units — —

Mr ANGUS — Just listen, Mr Pakula!

Ms HENNESSY — Can you guarantee that response times will improve?

Mr DAVIS — He needs to stop trying to undermine the safety of people in 10 big cities in country Victoria and the new MICA services. I am happy to tender to the committee the map of the new MICA services. The importance of those services has to be underlined — —

Mr PAKULA — Game over. You have put a bit of paper on the table.

Mr DAVIS — I can say that the paramedics involved, the MICA paramedics, are beginning to make a difference in those cities. There are many anecdotal cases of people who would not have survived, and that is why the survival rate, the outcomes on a clinical level, are so important if they had not had access to those MICA single responders who have got to the scene.

I will give one example for the committee's benefit. I was honoured to open the Shepparton unit. I then became aware that within days of that opening a case at Nagambie had benefited from the MICA single responder getting there and being able to deliver the support that was needed in that town and await the airlift that moved the patient on. The radius around our large cities in country Victoria is important. All of the population centres in cities like Mildura, Horsham, Wonthaggi and Warrnambool deserve the dedicated MICA single responders. I for one am very concerned that they would be undermined by another party.

Ms HENNESSY — Try funding the service properly, Minister.

Mr DAVIS — I want to say that the government is determined to go further. In this budget you will see there is a cardiac initiative in the list of initiatives. That is a very important initiative for a coordinated response on cardiac arrests and cardiac outcomes and stroke outcomes across the state. One particular measure within that plan is the provision of clot-busting drugs. The government is determined to support that across country Victorian regions and will, in this financial year coming — the one to which this budget directly relates — roll that out in one region, following in the year after in the other regions around the state. The aim is to ensure that there is the availability of the clot-busting drugs — the thrombolysis drugs that will actually save lives.

In metropolitan Melbourne and in some of our very big regional cities there is a provision of catheterisation laboratories — catheterisation support — which will provide that urgent treatment for these types of cardiac events, but for those in further and more distant country Victorian areas the involvement of thrombolysis delivered by trained paramedics will save lives, and that is the focus of the government.

Mr SCOTT — Minister, I refer you to budget paper 3, page 126, and the performance measure — percentage of ambulance patients transferred within 40 minutes, which I note has declined from 2011–12 from 81.7 per cent to a 2012–13 expected outcome of 76 per cent. Minister, speaking of bits of paper, this photograph was provided to the Premier when he appeared, and it is a photograph of the Northern Hospital at 1.30 on Tuesday, budget day, 90 minutes before the budget was delivered. It shows seven ambulances ramped, five of which waited for over 2 hours outside the hospital, unable to deliver patients. I understand that the CEO of Ambulance Victoria on radio stated on 3AW, 'We can't have ambulances sitting in hospitals while there are people needing our service' and that there are 'some serious changes that need to be made' in the context of

ambulance ramping. I ask: what immediate measures are you going to put in place to stop putting people's lives at risk?

Mr DAVIS — I want to say we are concerned about ambulance ramping. The government is seeking to address it, and we understand the importance of having as much of our paramedic workforce and vehicles on the roads as possible, but a key point on ambulance ramping is the challenge at the hospital interface. The government is investing $12.9 million to improve the handover arrangements and smooth the arrivals of urgent cases in particular, so the transmission of data from the ambulance to the hospital emergency department is helping smooth the way for some of the most urgent patients to go straight into the emergency department.

All of those, I think, are critical measures. The 12.9 million, as I say, is being rolled out at 16 health services. There is a close focus on arrivals boards for three metropolitan health services, with the real-time notification of impending arrivals. The government has reduced ambulance bypass, and you will note the declaration of ambulance bypass. You can look on the real-time website. You can see which hospitals are on bypass, and this information is available to our paramedics as well. The rate of HUEs has also reduced over recent times. Notwithstanding that, in no way do I step back and say that there is not challenge with our time spent in transfer at our major hospitals.

Mr SCOTT — You are getting worse.

Mr DAVIS — Chair, it is very interesting to note that when the Labor Party was in government it hid the transfer times. They did not release them.

Members interjecting.

Mr DAVIS — Chair, I would say that this is a major commitment of our government to transparency, honesty and openness. The previous government refused to release transfer times.

Members interjecting.

Mr DAVIS — They would not declare them, and a key part of responding to outcomes — I have to say that the transfer times are a challenge. We are working on that, and in the case you have raised, Mr Scott, of Northern Hospital, we recognise the challenge at Northern Hospital. We recognise the enormous pressures Northern Hospital is under in terms of population.

Mr ONDARCHIE — Growth.

Mr DAVIS — Absolutely. Mr Ondarchie understands completely, and he was there recently when the Premier and I announced the commitment of $29 million for an expansion of inpatient capacity. In the previous year we indicated the new emergency department that would be built there — a $25 million commitment.

Ms HENNESSY — And when will that be finished?

Mr DAVIS — I do not have the date here, but we are moving forward.

Members interjecting.

Mr DAVIS — In 2013 — the end of 2013.

Ms HENNESSY — Yes, and the other construction is 2015. Your most recent announcement is 2015.

Mr DAVIS — I am just saying construction of the development is due — —

Members interjecting.

Mr DAVIS — Yes, that is the inpatient unit. Sorry. What I am saying is that we inherited a failure to invest in areas like the Northern Hospital, and indeed what we are trying to do is to reverse that historic failure of the Labor Party and of the Labor government to actually put proper resources into the Northern Hospital.

Ms HENNESSY — By not funding things properly, and that is why patient transfers are getting worse.

Mr PAKULA — It is like a 30-page alibi, isn't it?

Mr ONDARCHIE — Take Minister Plibersek for a drive out there!

Mr DAVIS — Chair, Mr Ondarchie understands very well the challenges at the Northern Hospital. He is a very strong advocate for the Northern Hospital, and I have to say that the focus on getting more resources to the Northern Hospital is significant. The decision of the government to build a new emergency department is directly related to the high emergency demand there.

Ms HENNESSY — It just will not be open until 2015.

Mr DAVIS — The decision to put a new inpatient unit there as well is directly related to the population growth. It is only people like the federal Treasurer, who think the population of Victoria is falling, who would think you do not need to respond — or people like the members of the Labor Party in the upper house, who voted in favour of federal cuts on the basis that there was no population growth.

Ms HENNESSY — Three years you have cut the health budget. You come to this debate with dirty hands, Minister.

The CHAIR — Order!

Mr SCOTT — Minister, I am tempted to take up your discussion about transparency, but I think I will return to that later. Can you guarantee that these scenes will not be repeated next budget day?

Mr DAVIS — Chair, the government is putting in record investments — record investments into our ambulance service, record investments into our health system; $14.3 billion is an historic investment. It is greater than has ever been the case before and more than $2 billion greater than when we came to government.

What is clear is that the challenge is there. There is growth in population, we have an ageing population and we have greater complexity of many patients. I am not pretending that this is a straightforward challenge for our community. I am not pretending that it is a straightforward challenge for the government, for Ambulance Victoria or for hospitals like the Northern Hospital. The challenge is being met. We are responding. We are building capacity for the future.

Mr PAKULA — It is getting worse. The situation is getting worse.

Mr O'BRIEN — Thanks to $1.7 billion in federal government cuts — record cuts from the federal government — which you budgeted for and then you did not deliver.

Members interjecting.

Mr DAVIS — There is nothing that the Labor Party can say to remove the historic stain of them not investing in the Northern Hospital, of them hiding transparency, of them hiding transfer times in an attempt to cover up their failure to invest in the Northern Hospital, of their belief that the population of Victoria is falling along with their federal Treasurer counterpart — an historic attempt to hoodwink the community.

Members interjecting.

The CHAIR — Minister, have you completed your answer?

Mr DAVIS — I think I have completed my response, Chair.

Mr SCOTT — No guarantee — none whatsoever.

Mr O'BRIEN — Minister, I was wondering if I could refer to budget paper 4, page 27, in relation to capital projects. Particularly I ask you, Minister, to outline what capital projects the government has funded for regional Victoria.

Mr DAVIS — There are a lot of projects for regional Victoria, as you will be aware. It is probably worthwhile putting on record the legacy that we inherited. If anyone wants to doubt the failure of the Labor Party to support country Victoria, they need only look at the Victorian Healthcare Association figures, which

did a stocktake on Labor's capital funding into regional Victoria in 2010. What that said is that 17 per cent of capital funding went to regional Victoria despite 27 per cent of the population being in regional Victoria. That is the report card on Labor's time. Our government is trying to turn this around.

Mr PAKULA — On a point of order, Chair, this can go on all day, but you have made it clear at the outset that we are operating under Legislative Assembly standing orders. Legislative Assembly standing orders make it clear that the minister is required to answer questions factually and in regard to his portfolio, not to engage in setpiece attacks on the former government, the state opposition or the commonwealth. I ask you to apply standing orders, as you indicated that you would at the outset when your initial remarks were made.

Mr O'BRIEN — On the point of order, Chair, it is perfectly permissible within the standing orders of both places which Mr Pakula has served in for the minister to provide context to his answers.

Mr DAVIS — He is pretty chuffed, though. He is puffed up. He thinks he has got his — —

The CHAIR — Order! Points of order are to be heard in silence from everyone.

Mr O'BRIEN — I am interested in the minister's answers as to the context in which he finds himself so that the capital investment that I have sought can be understood.

The CHAIR — That is enough. I do not uphold the point of order. The response thus far has been relevant to the question asked, and it is not within the province of the Chair to direct a minister how they should answer a question.

Mr DAVIS — Chair, I will endeavour to stick to what is an important question, and I might start with a number of the key hospital developments that are occurring around the state. I might start with a very small one, in the member's own electorate — the Ballan hospital redevelopment. This was a very modest commitment but a strategic commitment for Ballan and the surrounding area, an area of significant population growth. The Ballan memorial hospital, built in about 1966 — I stand to be corrected by a year or two — was a bush nursing hospital that provided great service to that town, but the facilities were tired and run down. The commonwealth, to its credit, had funded a primary care clinic in the town. I welcome that investment, but to match that investment we were prepared as an election commitment to promise $2 million for the Ballan hospital redevelopment. I can indicate to the committee that that hospital has now opened and is functioning and has made an enormous difference in the town.

It was curious in the election period to see Joe Helper attack me on the front page of his paper to say it was reckless and irresponsible to spend $2 million in Ballan on an upgrade for the bush nursing hospital there. I pay tribute, though, to the town and the extraordinary commitment of the people in the town in raising the additional almost $1 million to deliver that project. That project has made an enormous difference to health services in Ballan.

I can indicate the Ballarat District Nursing service funding has been provided as a grant to refurbish and expand the physical facilities of Ballart District Nursing and Healthcare, also in the member's electorate. This will increase services in line with projected demand and help ensure that Ballarat District Nursing and Healthcare can provide a sustainable community-based service in the local community.

The Bendigo Hospital is an absolutely critical project. I can very much indicate to the community the government's strong commitment to that project — $630 million. I think it is worth, for the member's benefit and the committee's benefit, just stepping back a little bit in time to 2010, when the previous government committed to that project a total spend of 528 million. In opposition the coalition saw that this was a folly not to build a project on a scale that would service northern and central Victoria and Bendigo — the city itself — for the next 50-odd years. The decision was made to upscale that project by $102 million, to $630 million. I can indicate that the project went out to an expression of interest, for expressers of interest, consortia came back, and finally two projects or two groups were given the opportunity to tender.

Mr PAKULA — Nearly only one, though, was it?

Mr ANGUS — Don't interrupt the minister. Just listen to the answer and you will learn something.

Mr DAVIS — In December the government made a decision to go forward with a BAFO, a best and final offer process, to drive value for the community for the next 50 years. I can indicate that the BAFO has delivered enormous value for Bendigo and northern and central Victoria. I can indicate that a preferred provider has been appointed for the Bendigo Hospital, and the Exemplar consortium is in negotiations now. I am not going to reveal the date, but it cannot be too far away when a final contract is signed and the project is under way and will deliver on time, on budget and a bigger hospital upscale. I can indicate that the new hospital will be on one site — —

Members interjecting.

The CHAIR — Order! I made it clear yesterday that when I stand I expect silence, or I will suspend the hearing. We are not going to go on like this for the rest of the morning. The minister has a right to be heard.

Mr PAKULA — On a point of order, Chair, the meeting would not descend the way it has if you would do one of two things: either keep the minister to his 4 minutes, as is required under standing orders; or secondly, prevent the minister from using his answers to engage in provocative, set piece attacks. Now if you are not prepared to chair the meeting in that way, what do you expect?

Mr O'BRIEN — On the point of order, what is provocative — —

The CHAIR — No, I will respond to the point of order; I do not need further argument on that point of order. There are two points, and I will take the second point first. The second point suggests that the Chair can provide direction to a minister on how to answer the question.

Mr PAKULA — No, you can apply standing orders.

The CHAIR — That is not the case. Under the standing orders the Chair, or the Speaker in the Assembly, has no discretion in terms of directing the minister. As long as the answer is relevant to the question, and this one has been, then there is no discretion to direct the answer.

On the first point in terms of time, the question was asked at 9.49 a.m., we lost over 2 minutes on a point of order, and when this point of order was taken it was 9.55, so the minister is getting close to the 4-minute mark. But I would make the point in terms of the 4 minutes that the standing orders of the Legislative Assembly do not provide for supplementaries, and I have exercised some discretion in terms of the 4 minutes, as I have exercised discretion in allowing supplementaries. Now we can go one of two ways. We can follow the standing orders prescriptively, and that is generally not the intention when it comes to committees, or we can continue to have the capacity to exercise some discretion. I suspect that most members would prefer the continued exercise of discretion, and that is the way I intend to go for the time being.

Mr DAVIS — Chair, thank you for your guidance. I indicate that there are a lot of projects in country Victoria; I am going to struggle to answer that question in full in 4 minutes. I could talk about each of these projects for 4 minutes, but Bendigo is a particularly important project. We will see a new hospital built on one site at Barnard Street — that is a contrast to the alternative proposals that were put up under the previous government; 372 beds; an integrated cancer centre and mental health unit; the helipad — enormous capacity. The value that is being driven will deliver a child-care and a wellness centre; 128 serviced apartments and 15 apartments for short-stay accommodation; a new kitchen supply and linen handling facility within the new hospital; a 180-seat conference facility — no-one in Bendigo thought they would get a conference facility from this enormous project that is being built by the tenderers, or is part of the bid; a large atrium at the entrance with retail, cafes; multiple internal courtyards; enhanced landscaping; refurbishment and reuse of some of the heritage building; integrated technology for nurse-call systems. These are all additional value that is being driven by this project. There are big flow-on benefits in terms of jobs for Bendigo — 770 jobs. The project will begin on time, it will finish on time, it will deliver an outcome for Bendigo and northern and central Victoria that will be remarkable, and that is in contrast to alternative proposals that were there.

Other key hospitals in country Victoria — the Echuca hospital redevelopment; Kerang; the Warrigal hospital emergency department upgrade; I no doubt have an opportunity to talk about Geelong and its important steps; the Ballarat hospital upgrade, the $46.4 million design there; the Castlemaine hospital — I was very happy to be up at the announcement of the Castlemaine hospital, a $10 million upgrade; Swan Hill residential aged care; and I have talked about Charlton and some of the other key hospitals. We have had a very strong focus on delivering

for country Victoria and getting outcomes for our country hospitals. But the Bendigo project is a very large project that will have an impact, an economic as well as service delivery and health impact, for five decades to come. I think it will be one of the projects that will have a huge impact on that region for the positive.

The CHAIR — Thank you, Minister.

Ms HENNESSY — Minister, if I could take you to budget paper 3. You will note that at page 119 table 2.8 indicates an underspend on ambulance services last year by $16.7 million. If I could now take you to page 17 of budget paper 3, will any of the savings of the $53.8 million listed as existing resources for 2013–14 be withdrawn from ambulance services?

Mr DAVIS — No.

Ms HENNESSY — Just a quick supplementary question: will any of the output initiatives in budget paper 3, page 16 and 17, be spent on ambulance services?

Mr DAVIS — The output initiatives?

Ms HENNESSY — Yes.

Mr DAVIS — The answer is yes, and I have already referred to one of those. A key initiative would be the clot-busting drugs. If you come down to cardiovascular disease health outcomes, there are a number of measures in that, and we will make some announcements quite shortly about that important cardiac package. But one of the initiatives there is the provision of clot-busting drugs, which will be funded through that initiative.

Ms HENNESSY — So in terms of the output — —

The CHAIR — You have already had your supplementary question.

Ms HENNESSY — I simply want to know the figure. What figure is going to be spent on ambulance services from those output initiatives listed at table 1.5, noting there was a significant underspend last year?

Mr DAVIS — I might let Lance answer about the underspend, but it is not an underspend in the sense of less money to be spent in aggregate on ambulances; it is a shift in the arrangements. I will let Mr Wallace respond.

The CHAIR — Mr Wallace, can I just ask you to pull the microphone closer, as we are having some issues?

Mr DAVIS — It is simply a timing issue; that is all.

Ms HENNESSY — Yes, money that is not being spent on the ambulances. I am more interested in what is being spent on ambulance services.

Mr ANGUS — How many questions are you having?

Mr PAKULA — It is the same question.

Mr ANGUS — You cannot just keep re-asking it.

Ms HENNESSY — What is being spent on ambulance services from those output initiatives? What is the figure?

Mr DAVIS — In these initiatives?

Ms HENNESSY — Yes. In table 1.5.

Mr DAVIS — It is $1 million annually in the clot-busting drug initiative.

Ms HENNESSY — Out of $372.5 million the spend is $1 million?

Mr DAVIS — Yes.

Mr ONDARCHIE — I am pleased to follow Ms Hennessy's five questions. Minister, budget paper 3, page 65, outlines the government's progress on election commitments. Can you provide the committee with any update on your election commitment to publish outpatient waiting lists?

Mr DAVIS — I can. What I can say is that the government made an election commitment to audit the outpatient waiting lists and to begin the publication of those outpatient waiting lists. I can say that this has proved a very challenging task. I can indicate that the government undertook an audit, which has taken some time to complete. The date of the audit was 30 June 2011, and it looked closely at the outpatient situation across the state.

Is important to understand here that prior to the election the Victorian Healthcare Association and the AMA both called for the release of outpatient waiting list data and information. This had previously been held secret and was not released by the previous government as a matter of policy. If people doubt that, they can look at the Standing Committee on Finance and Public Administration transcript from the last Parliament and the previous secretary's commentary at that point. This was a policy decision of the previous government. I can indicate that the Queensland government and the West Australian government have both moved to publish outpatient waiting lists, and I can indicate to the committee that we appointed a committee, chaired by — —

Mr PAKULA — What happened to the director of data integrity position? What happened to that?

The CHAIR — Order!

Mr ONDARCHIE — This is my question that I am waiting on an answer for.

The CHAIR — Exactly; this is Mr Ondarchie's question.

Mr DAVIS — I want to pay tribute to the work done in the waiting list management report by the expert panel. Stuart Alford, a very experienced auditor, chaired that panel; he is a member of the Eastern Health board. A very experienced city-based auditor, Peter Craighead from Latrobe Regional Hospital, was also involved, as was Associate Professor Daryl Williams from Melbourne Health — a very senior member of the Melbourne Health team. We wanted to make sure that there was a clinician on that panel; we wanted one of the most experienced and respected auditors available who had knowledge of health to oversight that. I can indicate to the committee that the results of the audit show a very significant number of people waiting. This is the waiting list before the waiting list. It is John Brumby and Daniel Andrews's secret waiting list.

Ms HENNESSY — Oh my God, are you serious?

Mr DAVIS — This is a waiting list that Daniel Andrews refused to release.

Mr ONDARCHIE — It is out now, is it?

Mr DAVIS — When he was health minister, Daniel Andrews refused point blank to release this information.

Ms HENNESSY — The health system is going down the gurgler under your watch, and this is what you serve up?

Mr PAKULA — What about your secret outpatient waiting list, as you call it, where is that? Have you released the secret outpatient waiting list?

The CHAIR — Order!

Mr DAVIS — Chair, I am about to hand to the panel some of the outpatient waiting list information that I think will be of great interest. So there is the report — the waiting list management report by the expert panel — and I can indicate that the panel discovered a very large number of people waiting: around 79 000 Victorians waiting for an initial appointment on the waiting list at 30 June 2011.

Mr PAKULA — What about now?

Mr DAVIS — Many of those people have been waiting for one, two, three, four and five years in some cases for that appointment.

Mr PAKULA — You are not the shadow minister anymore.

Mr DAVIS — And what I can say — —

Mr PAKULA — You are the minister. You are a walking alibi. Take some responsibility.

Mr ONDARCHIE — Why don't you just apologise?

Mr PAKULA — Why don't you take some responsibility.

Mr ONDARCHIE — Why don't you just apologise for the mess you left Victoria in?

Mr DAVIS — I can say that the government is taking responsibility. It has conducted the foundational audit.

Members interjecting.

The CHAIR — Order!

Mr DAVIS — The government has conducted the foundational audit; it has used highly respected people to do it. I pay tribute to the department's commitment to following this process through, I pay tribute to Stuart Alford and his team, and I pay tribute to the hospitals that faced a very difficult situation since this audit proceeded. This data was not collected routinely or in any systematic way — higgledy-piggledy databases, different approaches within one hospital, different approaches across networks and across the whole state. So we are starting from ground zero here. We are starting from the base — —

Mr PAKULA — You are not starting. This is your third budget!

Members interjecting.

Mr DAVIS — We are; we are. Chair, this is the first time an outpatient audit of this type and of this scale has been undertaken. The expert panel points to weaknesses and challenges in the data, and to be fair to our hospitals, they were collecting data that had not been originally brought forward for that purpose — data that had not intended to be audited in this way — and the level of audit was a very high level of audit. I pay tribute to Stuart Alford and his committee, I pay tribute to the department for the work here and I pay tribute to the very significant work done by our hospitals and clinicians.

The government started to move in the period after the audit and was guided by information directly from the audit to put in place a database that would begin to routinely report. That is where we are heading; we are not quite there, but we are getting there very steadily. I can also provide to the panel today some data from 2012 from seven hospitals. It is not a complete sample, and we are working with individual hospitals and health services, one by one, to lift the data standard to make sure that we can report and compare and understand the challenge with outpatients. But I do not want to underestimate the size of the challenge here — 79 000 people waiting for their first appointment. That is Daniel Andrews's waiting list before the waiting list; it is his hidden waiting list, his secret waiting list. And there are 248 000 people in total on the outpatient waiting list waiting for further appointments. Some of those patients are on routine follow-ups, and that is entirely normal and as it should be. But we are getting a better understanding of this data.

What I can say further, Chair, and what is important to understand here, is that there is a national context to this too. We are working with other states and the commonwealth agencies to put in place a reporting system that will be comparable nationally. I can indicate that from 1 July this year we will have in place a system that will more comprehensively report on outpatient data. This is a foundational reform. This is something new that has not occurred on this scale before and something that will better inform policy-makers and better inform decision-makers around the facts of the matter — where people are waiting, how long they are waiting and why they are waiting. You cannot make these decisions in the absence of sensible and practical information. I, for one, am proud to be bringing forward this report, a first tranche of data and further data to follow.

As I said, I do not in any way underestimate the scale or the difficulty of the reform that we are bringing in here, but I pay tribute to the department, to Stuart Alford and his committee and to the hospitals that have worked very much as part of this process to put in place a sensible system going forward.

Mr PAKULA — I look forward to the minister being as enthusiastic and transparent about his own performance as he is about the performance of others. Under the Ambulance Services Act, Ambulance Victoria is required to prepare a statement of priorities each year, and that is the key accountability agreement between Ambulance Victoria and the minister. The annual agreement ensures delivery of or substantial progress towards the key shared objectives of financial viability, improved access and quality of service provision. I wonder if the minister could tell the committee why a statement of priorities agreement between the Minister for Health and Ambulance Victoria has not been published since he has been the minister.

Mr DAVIS — I can indicate that in the forthcoming year there will be a statement of priorities published, and it will focus very strongly on the outcomes that we want from Ambulance Victoria. It is clear that there were a number of serious problems at Ambulance Victoria that we inherited, and I do not think that is a secret, given the Auditor-General's report. We have been working through this with central agencies and other key stakeholders, Ambulance Victoria included, and I can indicate that we will make available the SOP this year. Ambulance Victoria faces significant challenges, and we are putting in additional resources and will be focused on the relevant measures and outcomes that will impact for the community.

Mr PAKULA — The publishing of a statement of priorities is not an option; it is not something that the minister can choose to do, it is an obligation under the act. My original question was: why has the minister not published one before? This is now his third budget, and he is telling us one will be published sometime in the next year. Why has he not published one before today?

Mr DAVIS — What I can say, Chair, is that the section goes on to state that if the board and the minister fail to agree on a SOP by 1 October, the minister may make an SOP. We have worked through a number of the issues with Ambulance Victoria. It is a matter of getting a much better picture of where Ambulance Victoria is, and that has taken some time. There is no question about that. We will be making an SOP available this year, and we will be getting an outcome for the community.

Mr PAKULA — When are we likely to see it?

Mr DAVIS — I think I have answered that, Chair.

Mr ANGUS — I refer the minister to budget paper 4, pages 26 through to 29, which outline the health capital infrastructure program for both new projects and existing projects. I wonder if the minister could outline for the committee some of the important projects in metropolitan Melbourne.

Mr DAVIS — I might begin by saying thank you for the question. What I can say is that there is a huge range of projects under way across metropolitan Melbourne, in common with country Victoria. The government is determined to refurbish and put in place capital stock that will help deliver the additional capacity and the quality of health care that is absolutely important. We have already talked about Northern Health, but Monash Children's is one of the most important outcomes. Is there a picture at the end of the presentation of Monash Children's? I think we might have a board with some schematics of Monash Children's, if someone can open that package.

What I can say is the government released the expression of interest on Monash Children's last week, and we will see a series of bidders come forward for a managing contractor style of bid. Those are schematics for the Monash Children's, Chair. You can get some idea of the scope, and importantly this will give those who know the Monash site some concept of where the new children's hospital for the south-east of Melbourne will be based. That is obviously Clayton Road, there is the existing entrance car park and there is the main hospital, but you will see the children's hospital is to be placed there. The committee will remember that in earlier budgets we purchased new land to make this project viable.

Mr PAKULA — I thought this was your first budget. I thought you had just become Premier.

Mr ANGUS — Please listen and stop interrupting, Mr Pakula.

Mr PAKULA — You are acting like it is your first budget.

Mr O'BRIEN — We have not got long to go to take on the challenge. Bring it on.

Ms HENNESSY — It is nothing to do with me, but it is good news.

Mr DAVIS — What I can say is the Monash Children's will deliver 96 paediatric beds, 12 dedicated children's cancer day beds, 20 same-day beds, 10 paediatric intensive care beds, 30 neonatal intensive care beds, and 28 beds providing special mental health services for children and adolescents. This will be a very significant hospital for the south-east of Melbourne and for the children and families of the south-east of Melbourne. Again there is significant population growth in the south-east of Melbourne that needs to be met, including a demand for children's services.

A key point is the new hospital will complement and work with the Royal Children's Hospital, and we will have two world-standard facilities able to deliver for the south-east. I know Mr Angus is very committed to the Monash Children's. I have visited the site with him on several occasions and have certainly noted his advocacy and that of other local members in that area.

It is important to add that there is a long history to this. A paediatric review was undertaken in 2002 under the previous government which pointed to the need for increased capacity of a children's hospital in the south-east and likely at Monash, but it was a long time and the previous government never actually committed the money. It never actually delivered the project, in contrast to this government.

Mr PAKULA — We did build the new children's hospital and you cut its ribbon with great fanfare.

Mr DAVIS — Three governments did it — the Bracks, Brumby and Baillieu governments were involved in the new children's hospital.

Mr PAKULA — Yes, you cut the ribbon. That was your involvement.

Mr ANGUS — Mr Pakula, let the minister finish.

Mr DAVIS — Three governments were involved.

Ms HENNESSY — What nonsense.

Mr DAVIS — I would have thought it was something that you could have some bipartisan enjoyment out of.

Mr PAKULA — Yes, you are being very bipartisan.

The CHAIR — Order!

Mr DAVIS — I can indicate that I was very much determined to stick with strong support there, but I can also indicate that other key projects in metropolitan Melbourne are being funded and focused on this year. There is the Werribee Mercy Health mental health unit expansion. I have no doubt my colleague Minister Wooldridge will have more to say about that important project when she attends your committee.

The Royal Victorian Eye and Ear Hospital is another significant announcement, and I understand the expression of interest for that has gone out. Is that correct?

Ms DIVER — Not yet.

Mr DAVIS — If it has not, it is imminent. Again it is very much a foundational reform to rebuild the eye and ear hospital. There are only a few stand-alone eye and ear hospitals around the world of the scale and quality of the Royal Victorian Eye and Ear Hospital, and it is its 150th year this year. I think everyone would recognise the significance of the Royal Victorian Eye and Ear Hospital and the services it provides, particularly with an ageing population and the need for greater support for vision initiatives and vision-related services. I should also point out the very important work that CERA — the Centre for Eye Research Australia — undertakes at the site, and there will be capacity in the rebuilt eye and ear for CERA and the research that is so much a part of our world-class 150-year-old eye hospital.

I can indicate there is money in this budget too for securing our health system with a statewide infrastructure program, and I was pleased to make announcements down at the Alfred the other day concerning that important program.

Further planning and development work is occurring at Casey Hospital, and I know that Frankston Hospital emergency department and its additional inpatient capacity are proceeding swiftly at the moment. We will be making some further announcements about that.

Sunshine Hospital's critical care expansion is an important part of the matrix in the western suburbs, ensuring there is proper intensive care support and additional maternity capacity. Maternity and children's capacity is important across the system. Frankston faces particular challenges, but I think the emergency department build and additional capacity there will make a significant difference. These are all critical steps that the government is proud to be taking to build capacity for the future.

Mr O'BRIEN — Whilst delivering surplus budgets.

Ms HENNESSY — Ask about the carbon tax.

Mr SCOTT — Minister, I refer you to budget paper 4, pages 26 to 29, which record capital expenditure for the Department of Health. Minister, you promised to deliver 800 additional hospital beds by November 2014, and 300 of these beds were to be delivered by the end of this financial year, which obviously is in less than two months. Will you please provide a list of the hospitals where there have been additional beds, where there are additional beds currently in use beyond the number of beds that were in use in 2010–11, which was the last budget of the former government?

Mr DAVIS — I can indicate that the government in opposition promised additional beds. We made allocations in the first budget and we have allocations in this budget that go directly to the acute health output. You will see a 5.4 per cent increase in the acute health output. I think it is important to understand that the government's commitment was 100 beds by 30 June 2012 — and we have delivered on that commitment — and additional beds, as you say, by 30 June this year. The delivery of beds is reported in the normal way by the Australian Institute of Health and Welfare, as I think you probably well understand. The Institute of Health and Welfare reports nationally in a consistent way, and I know the institute's definitions are critical, and we are sticking with those definitions; something the previous government did not do, I might add. We are determined to do that and to deliver day by day.

I think it might be instructive for me to just give some flavour about the Institute of Health and Welfare, and I am quoting from a short letter here:

> National health department — —

Members interjecting.

Mr DAVIS — Just to give some important flavour for national reporting. I note here:

> National health data reporting authorities such as the Australian Institute of Health and Welfare have acknowledged — —

Mr SCOTT — On a point of order, Chair, my question was not about national health reporting; it was about a list of hospital beds. I would ask the minister to actually provide the information I was requesting.

Mr DAVIS — On the point of order, Chair, this goes directly to the provision of hospital beds and the reporting of those beds — exactly what the member is requesting.

Mr SCOTT — I want a list of beds — a list.

Mr PAKULA — Where can sick people go to find these beds? We would like to know.

The CHAIR — Order! I would have thought that the manner in which the number of beds is assessed was a relevant consideration in terms of answering the question. In my view, the answer is relevant.

Mr DAVIS — The letter states:

National health data reporting authorities such as the Australian Institute of Health and Welfare have acknowledged for some years that undifferentiated counts of available beds are of increasingly limited value for most service planning purposes. Hospitals provide an increasingly wide range of services requiring different types of beds or equivalent modes of delivering care. The number of beds required to meet each activity target will depend on a number of day-to-day factors including:

short-term fluctuations in the demand for the various specialised services;

the degree of interchangeability of the beds and wards used for each specialised service; and

within each specialty, the extent to which demand requires the use of intensive care units, non-intensive care overnight wards of the 'traditional' type, same-day procedure beds, and off-campus arrangements such as 'medihotel' and 'hospital in the home' services.

As the number and types of beds required — —

I think you get the flavour. That letter is by Bronwyn Pike and it was tabled in the Parliament by John Lenders, I think still your shadow Treasurer — no, he is not — —

Ms HENNESSY — Where are your 100 beds?

Mr DAVIS — My point is that the most sensible measure — fairest measure — of bed numbers is the nationally consistent data of the Institute of Health and Welfare, and that data shows very clearly that we reached the 100 beds, and the additional beds will come forward. Beds open and close day by day. Beds depend on surgeons and lists that are available, and those numbers are best measured through the normal national processes — the nationally consistent definitions, the fair definitions agreed by the Institute of Health and Welfare and by every other jurisdiction in the land. We are going to stick with those definitions; we are going to report on those definitions. That is the fairest way to go, and what they show is that we have met our bed commitment in full.

Mr SCOTT — My supplementary is really simple. I would still like a list of the hospitals where the additional beds are currently in use beyond the number of beds that were used in 2010–11. I do not think that is too hard a question to answer.

Mr DAVIS — Chair, with respect, the letter I read out, that was tabled in the Parliament by his shadow ministerial colleague John Lenders, makes it very clear that bed numbers fluctuate day to day. It makes it clear that the Institute of Health and Welfare is the best authority to report on these matters, and it makes it clear that the very fairest way to report is to use the national data. On any particular day some hospitals will have more and some hospitals will have less. There is no question of that, Mr Scott, and you would understand that if a surgeon is not present, there will be less beds used. But what I can say, Chair — —

Mr SCOTT — The standard difference between capacity and usage, but you are deliberately avoiding the question. You are deliberately avoiding the question.

Mr DAVIS — No, I am answering it — —

Mr O'BRIEN — He is not. He is answering it, and you are deliberately muttering for the transcript in a way — —

The CHAIR — Order!

Ms HENNESSY — They are in a report.

Mr DAVIS — I am answering the question in a way that is consistent with the way the Labor Party answered the question to me. What I can indicate is that the government has met its bed commitment, and the government has very much focused on additional capacity with a 5.4 per cent uplift in acute health funding this year — —

Members interjecting.

The CHAIR — Order!

Mr DAVIS — I have to say, Chair, it is very clear that the $2 billion in increased funding is delivering more capacity across our system: more capacity for beds, more capacity for services. More services are being

delivered. I might say that in this recent period we have faced challenges from the commonwealth and the withdrawal of commonwealth money, and that will certainly make it more difficult to meet bed capacity targets, but we are certainly endeavouring to do that.

Members interjecting.

Mr O'BRIEN — Thank you, Minister. I would like to refer you to a matter that was outlined in the 2012–13 budget in relation to savings, and that is improved efficiencies gained by improving purchasing practices through enhanced contract management by Health Purchasing Victoria. I am just going to ask you if you can update the committee on whether those efficiencies anticipated have been gained and whether these practices will be continued through the 2013–14 budget.

Mr DAVIS — What I can say, Chair, and I thank the member for his question, is the government is determined to use resources efficiently, to focus its activity on efficiencies back of house and to protect front-line services.

Members interjecting.

Mr DAVIS — What I can say is that we very much value the work of Health Purchasing Victoria. It is an independent statutory authority. It has a critical role to improve the collective purchasing power of our Victorian hospitals and health services. It does aim to get the very best value for services, and we certainly can indicate that we are driving value through Health Purchasing Victoria. We are working closely with that body, and I can indicate that annualised cost savings are significant. They achieved: a $16.3 million, 18.7 per cent, cost reduction in pharmaceuticals and IV fluids; 4.67 million in cost avoidance; 0.5 million, which is 64.8 per cent, in cost reduction for pharmaceutical supplementary greenfield tender; a 0 5 million saving in cost avoidance; and key reductions in medical and industrial gases re-tender. Note the savings of 0.4 million in interventional radiology greenfield tenders, the 0.29 million of cost avoidance in the office requisites tender, and things like surgical gloves saving $0.55 million in cost avoidance.

The government has expanded Health Purchasing Victoria's purview to include women's health services and community health services in the recent period, all of which helps them drive value. I can indicate that, for example, in the recent period we have been focused on making some savings in terms of energy efficiency, and recent tenders for energy by large health services have delivered some value. There is no question that we face some significant challenges.

Mr ONDARCHIE — The carbon tax impact.

Mr DAVIS — The carbon tax is going to impact very severely on hospitals.

Mr PAKULA — The carbon tax ate my health budget.

Mr DAVIS — Mr Pakula, you may laugh, but the carbon tax is an impost on hospitals, it is an impost on ambulances and it is an impost on — —

Mr DAVIS — Mr Pakula may not think that the carbon tax is having an impact.

Mr PAKULA — I think you should pay paramedics what they are worth.

Mr DAVIS — More than $600 000 is the cost in carbon tax for Ambulance Victoria. Ambulance Victoria is being slugged by your federal mates — by the carbon tax. I think it is a dumb thing to put — —

Members interjecting.

The CHAIR — Order! Minister, can I just ask that you respond through the Chair to the matters that have been raised in the question and ignore interjections.

Mr DAVIS — Chair, I thank you for your guidance, and can I indicate I think it is wrong to put carbon tax on air ambulances, but that is what the commonwealth government is doing. If the opposition is sensitive about the fact that we are prepared to fight against carbon taxing ambulances, well, goodness. They voted for the carbon tax in the chamber. They wanted the carbon tax. They defend their colleagues at every turn, but I do not

believe carbon taxes should be put on air ambulances. I think it is wrong, and I think it will hurt patients. There should be no carbon tax on air ambulances.

Ms HENNESSY — Minister, I want to take you back to the Australian Institute of Health and Welfare hospital statistics. Your evidence is that you rely upon the 2011–2012 report as evidence that you have met your commitment to deliver 100 beds, although I note you will not tell us where they are. In the Australian Institute of Health and Welfare hospital statistics 2011–2012 report they found that the number of hospital beds in Victoria actually fell by 36 from 13 254 in 2010–2011 — which was the budget and hospital system you inherited — to 13 218 in in 2011–2012, which was the first year you were responsible as minister. So even if we accepted your rationale and how you justify that you have acquitted yourself of that election promise, even when we use your own data, your own measure, you have failed, and you have not delivered 100 hospital beds.

Mr DAVIS — That is actually wrong, Chair. The member ought to understand that the 2009–10, 30 June, figure was 13 186. The figure for 30 June 2011–12 is 13 370. That is 184. If the member would prefer a different date, perhaps December 2010, the number would be 12 605, and the increase would be much greater. But I think the fairest base is an annual base that applies to the whole year in the way that the institute of health and welfare counts the numbers on the nationally consistent methods. The member will understand that the budget for 2010–11 was indeed 7/12ths our responsibility, and the government injected significant money in that period.

Ms HENNESSY — What page from the report do you say that you refer and rely upon, and why do you say that date is superior to the date that I have put forward?

Mr DAVIS — I think the fairest date is 30 June 2010 and the lead-up there. I can indicate that that is the baseline that we would use, and that is the baseline we have used.

Ms HENNESSY — Yet their other baseline indicates that you have not met your 100 beds.

Mr DAVIS — No, it actually indicates we have.

Ms HENNESSY — No, it does not.

Mr DAVIS — Yes, it does.

Ms HENNESSY — It does not, Minister.

Mr DAVIS — It does.

Mr ONDARCHIE — Again I get to follow Ms Hennessy's multiple questions. Minister, budget paper 3, page 121, talks about the effects on the disruption to hospital activity caused by midyear changes to commonwealth funding levels. I wonder if you would update us as to whether the commonwealth commitment of 20 February to repay the 107 million has yet been honoured in full and whether the commonwealth is continuing to withhold the 368 million that it promised to Victorian patients.

Mr DAVIS — I thank you for your question, Mr Ondarchie. I know there was a significant challenge for our health services as the commonwealth withdrew money from the pool from 7 December 2012. Let us be quite clear about this: this was comprised of two parts, $67 million for that year, and a $40 million retrospective clawback by the commonwealth. The amount each month that was being stripped out by the commonwealth from the pool was $15.3 million. If the committee wanted it, I could certainly provide the Reserve Bank slips which show the payments, if that would be helpful to the committee, and it could actually see the reduced payments in the period.

But can I indicate that we welcome the decision of the commonwealth to restore the $107 million, but indicate the commonwealth was very slow in actually doing that. I wrote to the commonwealth minister the day after — and I would be happy to make that letter available to the committee as well — to indicate the department was prepared to work over the weekend, if required, to actually get the money back. We offered a number of different mechanisms for payment. We thought the best payment mechanism was through the pool. It could have been facilitated very quickly, but in fact the federal government chose not to do that. It chose to indicate in a letter, which is also something that probably the committee should see, that it would penalise Victoria through stripping money from other areas. I think that is a great concern. But the bigger concern longer term is twofold.

One is that the $368 million that is still outstanding from promised money, and that money cuts in on 1 July. I think the committee and the community need to understand that this financial year coming, the one to which this budget relates, will see $99.5 million taken from promised funding by the commonwealth.

Mr ONDARCHIE — Short-changed.

Mr DAVIS — Short-changed on the basis of the same dodgy population formula. We have heard again and again about the population challenges that Victoria faces. If people want to read the paper today, they will see the massive population challenges.

Members interjecting.

The CHAIR — Order! This is Mr Ondarchie's question.

Mr DAVIS — The disruption that was involved in this was significant. As surgeries were cancelled, the money was pulled back after the agreements had been signed. This year there are three SOPs in a very unusual set of steps, but we have no choice on that. It is very clear that more than 2000 — around 2300 — additional surgeries have been not undertaken because of the commonwealth's decision to pull back.

Mr PAKULA — Your New South Wales colleague made a decision to minimise the impact, and you made a decision to maximise the impact.

Members interjecting.

The CHAIR — Order! The minister has the call.

Mr DAVIS — Mr Ondarchie is correct. Labor Party members are apologists for the federal cut. They voted in favour of it in the chamber, disgracefully, in a shameful vote. Every one of them should hang their heads in shame, voting for a cut in our health services.

Mr PAKULA — No-one did anything of the sort, and you know it.

Mr DAVIS — No, you did. You toadied up, Mr Pakula, and you can wear it as a cross for a long time that you supported the cutting of $475 million by the commonwealth.

Ms HENNESSY — Chair, on a point of order, I accept that this is a robust debate, but I would sincerely appreciate it if, amidst the minister's political hyperbole, there was at least a distinction made between what is a fair political contest and what is good taste. I think the minister has stepped over into the bad taste area, and I would be grateful if you would pull him up.

Mr O'BRIEN — On the point of order, Chair, the political hyperbole is coming from the interjections, particularly from the Labor Party. The minister is answering Mr Ondarchie's question about how we have to deal with these commonwealth cuts. If the politics that the Labor Party does not appreciate is there, it is their decisions that they have to stand by.

The CHAIR — Perhaps the deliberations of the committee would benefit from less political hyperbole from all concerned. I reiterate — —

Mr PAKULA — We take our lead from the minister, Chair.

Members interjecting.

The CHAIR — Order! I do not expect to be interrupted while ruling on a point of order. As I indicated, I think deliberations of the committee would benefit from less political hyperbole all around, but I reiterate the point that while a minister's response is relevant to the question asked and is factual, I have no capacity as the Chair to direct the minister in any other way. So I do not uphold the point of order.

Mr DAVIS — I am very prepared to make available some of the material that we tendered to the Senate committee on these matters. The finance committee of the Senate looked at these points. It made some very strong commentary about the decision of the federal government to cut funding midway through the year. It

made some very strong statements about these matters, and I think it is important for the committee to see some of these documents for itself to see the extraordinary set of decisions made by the commonwealth.

This table here is straight from the commonwealth Treasury. It is sent to our Treasury. It is a table from commonwealth Treasury showing its use of population data. It is a spreadsheet that lays out the population estimates and makes it very clear that on the federal Treasury's population estimates the Victorian population fell by 11 111.

This of course was completely and utterly divergent from what everyone experiences and from what the ABS says. The importance of understanding that is the following table — and we have attached the ABS documents for the committee's benefit as well — dated November that came from the Treasury and which laid out the cuts across the country, the federal government cuts to our hospitals.

Mr PAKULA — A fraction of your own cuts — just a fraction of your own.

Mr DAVIS — Actually much greater. The commonwealth has got $6 billion of cuts — —

Members interjecting.

Mr DAVIS — But the key thing here is that the commonwealth is arguing these cuts being introduced on the basis that the population of Victoria has fallen. Everyone knows, Ambulance Victoria knows and every one of our major hospitals understands the challenge. I have attached also for the committee's information the federal Treasurer's determination. I make the point that the federal Treasurer to this date has not released the working documents and calculations behind that. The federal health minister has not released them, either.

Mr PAKULA — You have just refused to tell us where 300 beds are.

Mr DAVIS — I have to say that the federal minister has — —

Mr PAKULA — How long are you going to let him go on? This is what happens when a parliamentary secretary chairs the committee.

Members interjecting.

Mr DAVIS — Mr Pakula, you may think you are pretty good now that you are in the lower house. Your head is about as big as — it will hardly get out the door.

Ms HENNESSY — That is dignified. I did warn you, Chair.

Mr DAVIS — But this is a very serious matter for Victoria: $368 million worth of cuts still to come by the commonwealth in this period ahead; $99.5 million of those impacted directly in this financial year coming. That is a significant impact for our major health services and our small health services. We believe the commonwealth should restore that money and we will be looking closely in the commonwealth budget tonight to see whether that money is there. We are hopeful the commonwealth will come to its senses and put that money back in, but there is no indication of that as yet. I do think the Senate committee report is important reading for this committee. It made it very clear that the cuts were not based on sensible population estimates. It made it clear that the decision of the commonwealth Treasurer to make this determination was not soundly based.

Mr PAKULA — Minister, on page 16 of budget paper 3, there is an output, securing Victoria's health system — elective surgery, with expenditure of 101.3 million for this year. Can you tell us what the commonwealth contribution to that is?

Mr DAVIS — That will largely be state money.

Mr PAKULA — Largely. What does that mean? Half, 60 per cent, what?

Mr DAVIS — It all goes into a pool, as you need to understand, and the pool will be dispersed to individual health services.

Mr PAKULA — Chair, if I could, on the supplementary, the minister has just spent probably 15 minutes assailing us with his views about transparency. I have asked him a very simple question about what proportion of that 101 comes from the commonwealth. Whether it is dispersed or not, the quantum will be what the quantum is. So what is it?

Mr DAVIS — Let me quite clear.

Mr PAKULA — I wish you would be.

Mr DAVIS — I am. The commonwealth budget is tonight. It may be a surprise. We will see what the commonwealth has in the budget tonight — —

Members interjecting.

The CHAIR — Order.

Mr DAVIS — Let me quite clear. The commonwealth puts the money into a pool.

Mr PAKULA — There is a national health reform agreement.

Mr DAVIS — Yes, and it goes into a pool.

Mr PAKULA — Is there not a health reform agreement which already tells us what it is going to be?

Mr DAVIS — Yes, and it goes into a pool. If you want to have a look at page 186 of budget paper 5 you will see the 5.2 per cent increase in funding by the commonwealth and you will see the 5.4 per cent increase in the acute health output by Victoria.

Mr PAKULA — What about page 188, Minister, which talks about — —

Members interjecting.

The CHAIR — Order! The chair will be resumed in 7 minutes and Mr Angus will have the call.

Hearing suspended.

The CHAIR — The hearing is now resumed, and I call Mr Angus.

Mr ANGUS — Minister, I refer you to budget paper 4, page 27, which refers to the Box Hill Hospital redevelopment. I should note in passing that this is an extremely important project for the people I represent out in the east. Minister, could you advise the committee of the development milestones achieved at Box Hill to date and when the project is expected to be completed?

Mr DAVIS — I thank the member for his question. As he correctly outlines, Box Hill Hospital is the flagship hospital, if I can call it that, of Eastern Health — not the most important, but the key tertiary hospital. It is a hospital that was very run down, very old and in need of major refurbishment to deal with the population changes and the significant challenge in terms of demand.

The member will remember that in the period in the lead-up to the election the government promised an additional $40 million to upscale the Box Hill Hospital redevelopment, to move from 407.5 million to 447.5 million for the redevelopment. I might say that this is one of those occasions where we got a very big dividend for upscaling that project — more capacity and more in terms of the visuals of Box Hill Hospital. Indeed — and I think the member will remember — an additional floor will be added to Box Hill Hospital. That will be within budget, within time and at no additional cost. It is a remarkable achievement, and I want to pay tribute to the capital branch in the department, which had oversight of that, working with Eastern Health and the managing contractor, which has delivered a very good outcome here. The project will generate more than 1300 jobs, of which 250 will be new jobs. As I said, the pre-election commitment was for the significant upscaling of the development, and I think the community will be very proud.

Mr Angus joined with me and others in the eastern suburbs recently with the Premier, Denis Napthine, to do a topping-out ceremony, and the view from the top of Box Hill Hospital is remarkable. You can see the

Dandenongs, right across the city and, yes, your electorate, Mr Angus. I know that the new hospital will serve your electorate admirably. The additional capacity, the additional outcome, will build a remarkable precinct in that area. The sod turning in early November 2011 saw the process go forward at a very fast rate indeed, and we are hopeful that it will be completed ahead of time, as I say, ahead of budget and with the additional capacity of a whole new floor added at Box Hill Hospital.

Eastern Health has done a remarkable job in managing these projects, and the involvement of the department in the oversight of this project has been remarkable too. The additional capacity will help cater for the demand. The complex clinical care areas, including the new emergency department, the operating theatres, the intensive care unit, the cancer centre and the cardiac centre, will all be in the new hospital. The additional capacity of the additional floor will mean that we can move almost all of the acute capacity into the new building. The new building will have car parking underneath as well, which will ensure that some of the local congestion issues are managed effectively.

I know that Box Hill forms a very good team with Epworth Eastern in that precinct, and a number of other key facilities in and around the area add to this, but this hospital will set the eastern suburbs up for the next 50 years. It will be a hospital that will deliver for our community in the eastern suburbs. The capacity and the quality of health care will stand them in good stead.

Mr SCOTT — Minister, I refer you to budget paper 3, page 16, and the output 'Securing Victoria's health system — elective surgery'. The elective surgery waiting list was 38 897 when you came to office; two years later the list was 47 760. According to your own hospital contracts it is planned to be 55 227 at the end of 2012–13. What do you plan for it to be at the end of 2013–14?

Mr DAVIS — What I can say is that there is a significant challenge in growth of demand. There is a significant challenge in delivering for our community in that regard, and we are certainly working very hard to do that. It is absolutely clear that the outcome for the community will be driven by the additional resources that are put in through the competitive pool, and we are determined to get the very best outcome. Obviously it is a long way between now and the end of the year. We are waiting on the commonwealth budget to see what comes tonight, and that will have a direct impact. If we get the 368 back, that will make a significant difference. If we get the 99.5, that will make a significant difference. The waiting list in March was just over 50 000, and we are happy to say more about that very shortly, but we are determined to get the very best outcomes that we can for the community.

One of the key things, though, is the uncertainty with commonwealth decision making. That 55 000 target in the SOPs included the interruption, the damage done by the commonwealth in that period. There is a variance of 2300 in what services could deliver because of the commonwealth withdrawal of $107 million and then the belated return of $107 million, and some of that money has only very recently gone back. If I could give an example of one hospital that was seeking to get the outcome that it wanted in terms of restoring elective surgery after the money came back, it discovered that it could not get all of its surgeons back onto lists because some of them had taken other opportunities, some were at conferences and so forth. The commonwealth uncertainty — the cut, the removal of resources — made it very difficult. If I can lay out some of the challenges there: the 50.2 million removal of money by the commonwealth in the national partnership agreement cut; 1 July we saw the fall off in national partnership money. At that time we also saw the 107. All of those were significant challenges, and I have got to say that we will be working as hard as we can to get the best outcomes for the community.

On a number of levels, the category 1 patients remain stable. There has been a bigger challenge with category 2 and 3 patients. We have prioritised the most urgent, as you would expect, to see the best outcomes there, but there is no question that there is a challenge with the category 2 and category 3 patients.

There is also a significant challenge in terms of what will happen this year. Where will it land in 12 months time? We will be working very hard to get the best outcome. We will be using the surgery initiative to drive the very best results for the community, to bring waiting lists to the lowest possible number.

Mr SCOTT — The expenditure under that line item; I would like to clarify its usage. Will this be used exclusively for public patients on the waiting lists, or will it include private patients as well, for private providers? Would it just be for the public patients?

Mr DAVIS — They are all public patients.

Mr SCOTT — But would it be just for the public system, or would it also be used for the private system?

Mr DAVIS — That is a different question, but let me be quite clear: the elective surgery initiative is about driving innovation and getting very good outcomes for the community. What we know is that the public pool delivered a 5 per cent dividend in terms of the very best outcomes. The overwhelming bulk of it will be for public providers, but all people treated will be public patients.

Mr O'BRIEN — Thank you, Minister. I would like to take you to budget paper 4 page 27, particularly in relation to the upgrading of the Geelong hospital in the Western Victoria Region that I represent. The budget paper there indicates a total investment for this purpose of 93 270 000 and it also refers to enhanced capacity works at 28 million. Could you please update the committee on what new and additional services will be available locally to the people of Geelong and district as a result of this and other local projects?

Mr DAVIS — I thank the member for his question and his strong advocacy for Geelong and the Barwon region, which he represents. What is important to understand here is that the government has a very strong commitment to the Barwon region and Geelong in particular. Indeed there is more than $200 million worth of health projects under way in Geelong, and that is delivering over 400 jobs. This particular budget delivers another 50.2 million to add to the many projects that are under way at Geelong Hospital itself, and it will fund the next step on the 32-bed hospital at Waurn Ponds. I can indicate to the community and to the committee that the Waurn Ponds community hospital will be a 32-bed hospital. It will have same-day surgery operating procedures, a recovery area, chemotherapy service, renal dialysis and other services to meet growing community needs.

The government, as part of its election commitment, made the decision that this hospital should be built on or adjacent to Deakin University. It should be built in a precinct where there is research and where there is education and training; this is incredibly important. What we did not want to do was see the university separate from this hospital, which should sensibly have a role as a teaching hospital. There is a decision to make sure that the links with Deakin are maximised. The nursing school and the medical school will have a clear involvement, as will the research projects. Obviously Epworth nearby as well, and we will look to build sensible linkages there, but in a key sense this is important that the hospital is built in those areas of Geelong where the population is growing, in the south-west of Geelong. But it is built in the precinct with the university where the research and training can be maximised.

Barwon Health is doing a great job representing Victoria's second biggest city and delivering services for Victoria's second biggest city. This is part of the massive construction projects that are on around the state — the $1.1 billion comprehensive cancer centre, the eye and ear, other key health services — but Geelong with its significant enhanced capacity, the 64-bed project, the integrated cancer centre which is in tandem with the commonwealth, the 5 million for improving hospital services, all of these are important steps to make sure that we are getting a Geelong Hospital that delivers the very best for the community, not only the expansion and strength of Geelong Hospital but also with the Barwon service plan, looking to Waurn Ponds, making sure that there is additional capacity built in that area of population growth. I know, as anyone drives down the coast towards Torquay, they will see the enormous population growth there, and the need for this additional capacity, I believe, is obvious.

Ms HENNESSY — Minister, table 1.5 on page 16 of budget paper 3 shows commonwealth funding under the national health reform agreement. It is included in the line item 'Securing Victoria's health system — treating more patients'. In 2013–14 that initiative shows an increase of $176.3 million. Correct?

Mr DAVIS — Yes.

Ms HENNESSY — Then if I could just take you budget paper 5 and the national health reform agreement figures at the top of page 186. They demonstrate that the commonwealth payment has gone up $172.5 million. Would you like to hear the question before you start preparing for the answer? So we have $176.3 million and then we have a commonwealth increase in payment of $172.5 million. Does that not confirm that the contribution by the Victorian government is $3.8 million this year?

Mr DAVIS — No. If you go to page 119 of budget paper 3, you will see the growth of the acute health output.

Ms HENNESSY — Could you just take me through those figures? What is the state contribution?

Mr DAVIS — Page 119.

Ms HENNESSY — Page 119.

Mr DAVIS — You will see the growth in funding of 5.4 per cent of the acute health output.

Ms HENNESSY — Yes, and that is exclusively state funding?

Mr DAVIS — This is the acute health funding.

Ms HENNESSY — Yes.

Mr DAVIS — State and commonwealth funding goes into a pool, as you understand, and the pool is dispersed.

Ms HENNESSY — I do understand — —

Mr PAKULA — It is almost all commonwealth.

Mr DAVIS — No, it is actually not; in fact it is not.

Ms HENNESSY — So could you tell us what the state contribution is then?

Mr DAVIS — The state contribution includes both price and growth, which is not on that initiative list that you have seen, but part of that is captured in this.

Ms HENNESSY — A figure please?

Mr PAKULA — Just answer it. What is the state contribution?

Mr DAVIS — Five point four per cent is the overall contribution. It is in fact greater I think than the commonwealth —

Ms HENNESSY — Feel free to refer to anyone from your department who can answer the question.

The CHAIR — Order!

Mr DAVIS — You can look at the total movement — look at the commonwealth movement and disaggregate that if you wish.

Ms HENNESSY — You are the Minister for Health; I just want to know what the answer is.

Mr DAVIS — I think you might be labouring under a little misapprehension. We do not disaggregate in terms of particular health services and where the money goes — —

Ms HENNESSY — But do you know what the state contribution is?

Mr DAVIS — The state contribution is increasing very significantly.

Ms HENNESSY — Do you know what it is?

Mr DAVIS — We do, and we can work that through, and the key point is — —

Mr PAKULA — Tell the committee.

Ms HENNESSY — Work it through for me very, very quickly and just tell me what the figure is.

Mr DAVIS — We can work it through. It includes price and growth in different components and different wedges. So all of those are there and the increase is very significant. The commonwealth contribution, as you see — —

Mr PAKULA — Ballpark for what the state component is.

The CHAIR — How many questions are we going to have?

Mr ONDARCHIE — Nine so far.

Mr DAVIS — What I can say is that 5.4 per cent is the increase in the acute health output. That is a very significant increase, and by definition the state component must be greater than the 5.2 per cent.

Ms HENNESSY — I would prefer not to live in the world of mathematical probabilities; I would prefer to have an answer from the Minister for Health. How much money is the state putting into the health budget?

Mr DAVIS — You can do the calculations.

Ms HENNESSY — What is the figure?

Mr SCOTT — You do not know? This is extraordinary. You are the minister.

Mr DAVIS — As the secretary correctly points out, the movement goes up more than $500 million on the output summary, and the commonwealth movement goes up by — you can do the subtraction. The rest is state.

Ms HENNESSY — So if I rely on those figures to do those two subtractions, I will have the contribution? Is that your evidence?

Mr DAVIS — The 5.4 per cent figure makes it clear that the state growth is more than the commonwealth growth.

Ms HENNESSY — No, I will rely on those figures.

Mr DAVIS — I also make the point that if you go back to the earlier table in the presentation, the commonwealth share has been falling in recent years, down from 44 per cent to 39 per cent.

Ms HENNESSY — I just want to know what the state contribution is to the state budget. It is not an unreasonable question.

The CHAIR — Order!

Mr DAVIS — It is actually there.

Mr ONDARCHIE — I am delighted to follow my one question after Ms Hennessy's 12.

Ms HENNESSY — I think you will find it was about eight.

Mr ONDARCHIE — I suspect all of Australia is going to know the commonwealth position later this day. Minister, can I refer you to budget paper 3, page 17 — this is an important issue for me, as you know — where it quantifies a $1.2 million cost for the government's community-based rapid HIV testing trial. I wonder, Minister, if you can tell us what impediments exist to further improving this important area of public health protection?

Mr DAVIS — Can I indicate that the government is very much determined to deliver a good outcome on rapid testing. I can indicate to the committee that there is a challenge in improving outcomes in terms of HIV identification and treatment. We know that earlier detection will result in more satisfactory treatment and better treatment for those who are HIV positive and living with HIV. We know there has been a small increase in recent years, but essentially the numbers are static in terms of new notifications. But we also know that international evidence is very clear that earlier detection leading to earlier treatment will lead to less transmission, so it is clearly one of those cases where in a public health sense this is better for those who are HIV positive or living with HIV but also those to whom it may be transmitted.

The evidence is, as I say, clear internationally. For this reason the government is embarking on the creation of a community-based HIV rapid testing centre, and we will make some announcements quite soon; there is a note in the budget to that effect. We believe this will cost around $1.2 million over two years to pilot this rapid testing centre. We are also seeking broader assistance, and this is not just Victoria. We need broader support for rapid testing by the commonwealth and the TGA. We welcome the decision of the TGA in December 2012 to approve one particular rapid testing kit. It is important now to ensure that that testing is available through GPs as well. We want to make sure that the broadest application of the testing is there and that there is PBS support for those steps.

One community-based rapid-testing centre, which I think is a very important step, will not provide accessibility to every person in Victoria. We need to have a broader spread of support. So the rapid testing trial that is part of this community-based rapid testing will involve the Burnet Institute and the Alfred hospital. We are working with them in establishing this, and we will make an announcement about that very soon. The Victorian AIDS Council has also been closely involved in the development of this trial. It is not dependent on MBS listing or PBS listing, but we would welcome that step at a commonwealth level because it would make testing available even more broadly. I think that is to the good in a public health sense.

Mr ONDARCHIE — Agreed. Thank you.

Mr PAKULA — Minister, I just want to drill down a bit into the answer you gave to Ms Hennessy's question. On page 119 of budget paper 3 there is a table 2.8 under the heading 'Changes to the output structure'. It goes to the change in the total budget from 12–13 revised to 13–14 and a variation of 4.8, and then at footnote (b), right under the table, it says:

> The movement in the Department of Health's 2013-14 budget compared with the 2012-13 budget is primarily due to —

and there are a number of factors —

> funding provided for government policy commitments including the full-year effect of initiative funding announced in previous years budgets;
>
> output price increases arising from price escalation …
>
> output price increases for depreciation and capital asset charge costs …

et cetera —

> increased commonwealth funding due to the expansion of a number of programs; and
>
> increases in anticipated income from sales of goods and services.

I am wondering if, Minister, either you or one of your departmental officers could provide a breakdown of each of those elements of the movement in the budget — what contribution they made to that total variation.

Mr DAVIS — Chair, I think this is a fairly broad description — a detailed description — of each of these items. We have tried to be fairly complete in all of the components. We could take that on notice for a more detailed response to that, but clearly there are quite a number of components there, and we can provide that.

Mr PAKULA — All right. If you take it on notice, Minister, you will note that the footnote underneath talks about the movement in the 2013–14 target reflecting increased funding for government policy initiatives and output price increases arising from price escalation et cetera. If you take it on notice, could you also provide us with a net dollar figure that the Victorian government contributed to policy initiatives and output prices that are described in footnote (c)?

Mr DAVIS — There just appears to be a confusion here, Chair. Many — —

Mr PAKULA — You can resolve it with your response, then.

Mr O'BRIEN — He is going to do it, if you give him a chance.

The CHAIR — This is not an opportunity to have a conversation. It is a supplementary question.

Mr DAVIS — We will actually explain that for you in detail, and we are happy to do that, but we do not wristband patients as they move through the system, so it is important to understand that.

Mr PAKULA — I am not asking for that. We are just asking to find out what the Victorian government has put in.

Mr ANGUS — Minister, I refer you back to your earlier presentation and the matter of the carbon tax impost that was raised. Minister, could you advise of the impact the carbon tax has had on health services in the 2012–13 financial year?

Mr DAVIS — There is, I think, a significant challenge for us with the carbon tax coming forward, and this is something I do not think any health system was wanting to see. A number of members of this committee will remember that the government commissioned some estimates prior to the formal implementation of the carbon tax. We had some consultants look at and try to work through the system to find out what the likely impact would be. What is clear, now that the carbon tax has come in, on 1 July, is that it is being applied to energy producers, electricity producers and gas producers and is being passed through in a formal sense to every health-care provider, public or private, in the system in Victoria and indeed nationally.

Mr PAKULA — So are your utility price rises, which are much bigger.

Members interjecting.

Mr DAVIS — What I can say is that the government — and I will even pay tribute to the previous government — is seeking to minimise energy costs inside the health system. That is responsible. It is an energy efficiency measure. The one thing I can say, for whatever price of electricity and for whatever level of energy efficiency, is: if you put a carbon tax on hospitals, a carbon tax on clinics and a carbon tax on ambulances, that will detract from the amount of money — it will subtract from the amount of money — they have available to use directly on services. Whatever level of energy efficiency, whatever base energy costs — when you put a carbon tax on hospitals, on health services and on ambulances it is going to hit them hard, and that is what is occurring here.

What we now know is that the estimates the government obtained through some consultancy work have been largely shown to be broadly accurate. We now know from the actual invoices that are coming into the system — —

Members interjecting.

Mr DAVIS — I have to say that the invoices that are coming in — the carbon tax chickens are coming home to roost.

Mr O'BRIEN — The Labor Party members are running around — chooks without a head. That is what the ad says.

Mr PAKULA — You know the figures you want to know, don't you?

Ms HENNESSY — That is not what you put into the state budget.

Members interjecting.

Mr DAVIS — Chair, can I just be quite clear here? From 1 July to 31 December 6.7 million was the hit on the Victorian public hospital system for the carbon tax, and 5.85 million of that, or 87 per cent, is derived from actual bills. They list the carbon tax on the bills — the Alfred hospital, Bendigo Hospital, it says 'carbon tax', 'carbon tax' —

Ms HENNESSY — But you cannot tell us how many beds are in those hospitals, can you, Minister?

The CHAIR — Order!

Mr DAVIS — Julia Gillard's carbon tax on our bills for our hospitals, and hitting the private sector as well.

Mr O'BRIEN — Disgraceful.

Mr ONDARCHIE — Every Victorian pays that.

Mr DAVIS — Every Victorian is going to pay for this, because there are going to be less resources in our hospital system.

Members interjecting.

The CHAIR — Order!

Mr DAVIS — Ms Hennessy, you might talk about ambulances, but what I can say is more than $650 000 of carbon tax is being put on our ambulances.

Mr O'BRIEN — What a disgrace that is.

Mr ONDARCHIE — Here's your chance; here's your chance to denounce it.

The CHAIR — Order!

Mr DAVIS — Some $650 000 of carbon taxing of ambulances, carbon taxing of air ambulances. I think the idea — —

Members interjecting.

The CHAIR — Order! This is not a debate. There is a clear protocol: a member asks a question and the minister responds. It is not a free-for-all. It is not an opportunity to engage whether you asked a question or whether you are simply waiting to ask your next question. You ask the question, and the minister responds.

Mr DAVIS — Thank you, Chair. What I can indicate is that I do not believe there should be a carbon tax on the air ambulance.

Mr O'BRIEN — Of course there should not be.

Mr DAVIS — I think that is a dumb idea. I do not believe we should be taxing air ambulances, and I think that tax should be removed. What I can say is that the actual bills show major hits on our health services: the carbon price at Monash Health, 684 000; at Austin Health, 601 000 — this is six months, I might add — Alfred Health, $403 329. These are very precise figures, because they come off the bills — it says 'carbon tax'.

Mr O'BRIEN — The bottom line.

Mr DAVIS — That is what the Alfred is being asked to pay. Eastern Health — —

Mr ONDARCHIE — On a point of order, Chair, I am just wondering if we have got a problem with our microphones, because I cannot hear any noises up the other end of the table.

The CHAIR — Mr Ondarchie, frivolous points of order.

Mr DAVIS — The Royal Children's Hospital is having to pay $366 998 in carbon tax, a carbon tax put on the Royal Children's Hospital by Julia Gillard. Eastern Health, 358 000; St Vincent's Health, 311 000; Melbourne Health, 234 000; Peninsula Health, 233 000 — I am rounding these figures now — —

Mr O'BRIEN — All to plug a black hole that is getting bigger by the day.

Mr DAVIS — Northern Health, 215 000. Mr Scott was talking about Northern Health before. They could do something with an extra 215 000; they could actually put some more staff on. They could do a whole series of things. Whatever level of energy efficiency you had at Northern Health, when you put a carbon tax on that hospital it will have to pay more to its energy provider, ultimately going back to the federal government. Peter MacCallum: I do not think there should be a carbon tax on Peter MacCallum. I just do not; I think it is wrong — 194 000. Mercy hospital, 135 000. The Royal Women's: why on earth would you put a carbon tax on the Royal Women's Hospital? The Royal Victorian Eye and Ear, 57 000; Dental Health Services, 38 850.

Members interjecting.

The CHAIR — Order! I will not warn you again.

Mr DAVIS — Major health services in country Victoria: Ballarat, 250 000; Barwon Health, 225 000; Bendigo Health, 220 000. These are major hits onto our health services — unnecessary hits.

Chair, it is important to think back to when the GST came in. The GST had health made GST exempt or free so that providers paid GST but were able to claim the rebate back. Whether they were public health providers or private health providers, there was an arrangement in place so that the GST that was put on at the time came back to health providers. The carbon tax is working quite differently from that; it is a straight tax on every hospital in the state. Even Ballan hospital we know is paying more energy costs because of the carbon tax; that is a bush nursing hospital. Why would you put a carbon tax on bush nursing hospitals in country Victoria? It seems a very strange step to put a carbon tax on a bush nursing hospital, a very strange step to put a carbon tax on ambulance services, a very strange step to put carbon tax on dentists and doctors — —

Mr PAKULA — Do you have a KPI for how many times you say the words 'carbon tax'?

Mr DAVIS — and a very strange step, Mr Pakula.

Members interjecting.

Mr DAVIS — You voted, Mr Pakula, in favour of the carbon tax. You voted in favour of the carbon tax. You got caught on the other side of the chamber voting in favour of a carbon tax on hospitals. You will wear that for a long time. I cannot believe that you voted in favour of a carbon tax on health services. I think it is extraordinary.

I have got to say, Chair, these are significant new imposts on our health services. We have written to the commonwealth minister and made it clear that this was not in contemplation when the health agreement was signed. In February 2011 the heads of agreement was made about the health agreement. The carbon tax came in after that, so this is a scoop-back by the commonwealth through putting a tax on all of our hospitals and health services. Even if you were in favour of putting it on hospitals, there are all those other health services — public and private, including the ambulance service — that Julia Gillard is putting a tax on. Why would you put a tax — a carbon tax — on health care, a carbon tax on hospitals, a carbon tax on ambulances? I think it is wrong, and I think the community does not agree with it either.

Mr PAKULA — So you know the carbon tax for every hospital, but you do not know how much you have contributed to our health system this year.

Members interjecting.

The CHAIR — The Minister for Health has the call.

Mr PAKULA — You have no idea — —

Mr O'BRIEN — How much is the deficit going to be tonight? You should be — —

Members interjecting.

The CHAIR — Order!

Mr O'BRIEN — You should know as much about your own budget.

The CHAIR — Mr Scott, do you have a question?

Mr SCOTT — I do indeed, Chair.

Mr ONDARCHIE — Wayne Swan does not know about his budget.

The CHAIR — Come on, guys!

Mr SCOTT — Minister, I refer you to pages 21 and 22 of budget paper 3, which outlines the asset initiatives for the department. I remind you, Minister, that at budget time in 2011 you released a metropolitan

health plan, which stated that a capital and resources plan 2012–22 would be, I understand, developed over the coming months, and further to your department's website, which currently states it will be available in late 2012. I have checked the website, and it is not currently up. Given the capital plan has been in the works for more than two years, when will we see it?

Mr DAVIS — Soon; very soon.

Ms HENNESSY — What date is 'soon'?

Mr DAVIS — There is a long sweep of capital projects that are in train. We are at a record level of capital projects across the state. The health capital and resources plan also deals with some other key areas, including research and consumer participation. We are very interested to see the federal government response to McKeon, for example, on research which will form a part of our response in the health capital and resources plan. It is an important plan, and you will see this quite soon.

Mr SCOTT — Considering that in 2011 it was defined as 'in the coming months', what is your definition of 'quite soon' to the committee?

Mr DAVIS — Chair, as I have indicated, there are some key components that are obviously very public, and they are the capital projects that are right across the state, whether they be the Box Hill Hospital and Ballan hospital, or the very big, comprehensive cancer centre. All of those capital projects form part of the plan, and they are all deeply public; they are steaming on at a record level — in Bendigo, in Box Hill, or even at the Northern Hospital, Mr Scott, as you I think now understand. But you will not have to wait very long. There are some components that have linkages to other governments, and we are waiting on one or two components there.

Mr O'BRIEN — Minister, I would like to take you to budget paper 4, page 28, which refers to the rural capital support (rural) fund that the government made an election commitment to establish. Can you update the committee on the progress to date with the first two funding rounds?

Mr DAVIS — Chair, this is an important project that we have embarked upon and relates directly to that series of smaller projects. We are not talking about the major capital projects here; we are talking about the next tier of projects at country hospitals and country health services. We have deliberately opened this to services like community health so that they are able to access for support in a number of key areas.

So if I can give you some examples. At Dunmunkle Health Services, a service that I think you are probably very familiar with, a small amount of money, 9500, to line the ceilings of former garage and shed at Minyip, which is currently used for storage; and at Dunmunkle they also provided an archive room at the Rupanyup campus for 11 500. At Bairnsdale we saw existing equipment replaced at the dental clinic, 22 000. At South West Healthcare, installation of a new septic tank. These are all small projects that are important for health services to keep them functioning. At Tallangatta, 37 000 for security fencing to ensure the safety of high-care residents. At Northeast Health Wangaratta, lightning strike and surge protection, 44 000. At Portland health, enhancement of security, functionality and safety at the accident and emergency department, $46 126 — an important step to helping strengthen security at that health service, that I know you are very familiar with, too.

Portland also had 47 000 for Harbourside Lodge, for the replacement of existing stairs and a ramp. At Dunmunkle, improvement of car parking facilities at Rupanyup. At Swan Hill, accident and emergency upgrade works. At Bairnsdale, contributions to the fit-out of on-site GP practice, 50 000. At East Wimmera Health Service, the removal of an underground water tank and water tower to improve patient safety and staff safety. At Mildura, a telemedicine support to the tune of 57 000. At Benalla, standardisation of overhead lighting throughout the hospital to achieve 100 per cent coverage — basic steps making sure that the hospital can deal with key issues, 67 000. At Tallangatta, laundry upgrade, 70 000. At Maryborough, the dialysis unit expansion from four to six dialysis chairs, 80 000. At Indigo, aged-care floor covering, 84 000. At East Wimmera, community health office accommodation, 85 000. At Goulburn Valley Health, the allied health and ambulatory care refurbishment of 88 000. At Beechworth, primary care enhancements of 89 000; and also a further step with Bantick House at Beechworth of 90 000. At Cobaw Community Health, 110 000 for including a number of risk-management and environmental issues. At Terang, recovery suite-urgent care waiting room development of 116 000. At Dunmunkle, the construction of a storage room at Rupanyup of 120 000. The nurses station at South Gippsland Hospital at 280 000. At Bass Coast Regional Health, a public dental clinic redevelopment, $1.192 million. All of these examples are very important in delivering over the last two rounds.

At Bendigo Health there is a mortuary upgrade, with the installation of a hoist system in the autopsy room. At Portland Health, security and safety, a further step there. At Kyneton, local area network wireless. At Gateway Community Health, lighting replacement for 38 000. At Women's Health Loddon Mallee, a refit and upgrade of facilities, 50 000. At Lorne Community Hospital, various infrastructure works.

What you can see, Chair, is all around country areas of Victoria, all around country Victoria, the Rural Capital Support Fund is funding those smaller projects, those little upgrades, the urgent works — things that need to be done — to make sure that our health services can continue to deliver. These are deliberately not aiming to do the large upgrades, the large capital steps, but deliberately aim to target the smaller items that are needed to ensure our health services continue to function at the best capacity.

Ms HENNESSY — Minister, I want to very quickly ask you a question around cervical cancer screening. Budget paper 3, pages 143 and 144, basically set out the targets for cervical cancer screening. The expected number of cervical cancer screens this year is 590 000, in 2012–2013, so that is well above the 550 700 target. But on the following page it also shows that you failed to meet the target of 63 per cent for timeliness of cervical screening for the target population. I am interested to know, at a time when there is significant concern in the health community about national trends being down in cervical cancer screening rates, why have you dropped your target for cervical cancer screening by 39 300?

Mr DAVIS — I do not think we have dropped the target, if you read that across there.

Ms HENNESSY — Yes.

Mr DAVIS — I do not believe that is the case.

Ms HENNESSY — So what will the target be?

Mr DAVIS — We are certainly aiming at that target; that is right. We are certainly very committed to this, and indeed we are certainly working with our agencies to get the very best result. It is my understanding — and I stand to be corrected on this — that Victoria may well be at the top of the national ladder, as it were, on this.

Ms HENNESSY — Yes, we are just above average.

Mr DAVIS — I am just saying that I think we actually do pretty well, but I will come back to you with some exact figures on that.

Ms HENNESSY — That would be terrific; thank you.

Mr DAVIS — It is something that we take quite seriously.

Mr ONDARCHIE — Minister, budget paper 3, page 22, indicates $9.7 million has been allocated in this budget to implement the recommendations of the Elsbury task force's long-overdue review of access issues for the Western Region Health Centre's community dental services. Can you tell us what this will mean for dental patients in the western region?

Mr DAVIS — I can, and I can indicate our strong commitment to the support of the Western Region Health Centre and its services. I probably should step back and say that we are very happy to have provided this money, but there is a long series of steps that sit behind that. Western Region Health Centre's dental services is a service that I think ran down over a long period of time. It has two campuses, both auspiced by Western Region Health Centre, and a very good community health centre I might add as well. It is important to note that this dilapidated set of facilities was not renewed over recent years and was not brought up to speed. I note that a number of members — indeed members of this committee — could have advocated much earlier for those changes but chose not to. I know that when the government changed in 2010 there was a different attitude by some people in finally advocating the need for this upgrade.

I asked Mr Elsbury, one of the upper house members representing Western Metropolitan Region, to work with Sandy Austin, the director of the region at the time; Arden Joseph; Lyn Morgain; Peter Nagel; Mark Sullivan and; Michelle Towstoless, the board president of Western Region Health Centre. That task force came back with a series of options and suggestions on the way forward for Western Region Health Centre. I think this was an important task force. They consulted very widely indeed and were prepared to look for solutions that would

provide the very best outcome. I pay tribute to Mr Elsbury's work and the work of his committee. They came back, as I say, with a series of recommendations that put us in a stronger position in advocating for additional resources at a budgetary level.

I am in possession of a letter dated 3 May 2013 from the president of the board of directors of Western Region Health Centre, following the announcement ahead of the budget of the $9.7 million in funding for Western Region Health Centre. It states:

> On behalf of the board of directors … I am writing to thank you for your continued support for the required improvement to our oral health services.
>
> The announcement and commitment you made of the $9.7 million in funding for the redevelopment of our dental services will enable Western Region Health Centre to develop important dental care and extend dental services for people in the west. We commend the government for making this investment in the west and know it will make a significant contribution toward improving health outcomes. The new facility will make it possible to continue to provide and extend the type of care available to residents of the west into the future.

This is one of our great community health centres, and it provides a huge load of care and support to local residents, to refugees and to a wide range of people who need that care. Indeed I am very grateful for that letter and for the recognition. But I pay tribute to the board of Western Region Health Centre and to Lyn Morgain, the CEO of the centre. I see Ms Hennessy nodding, and I think you may even be quite happy to elicit some support for this initiative. I think is an important initiative.

Ms HENNESSY — It is a terrific service.

Mr DAVIS — And it is a great outcome to have got this $9.7 million.

Ms HENNESSY — Just as Labor committed to it in the last election, Minister.

Mr DAVIS — But it did not deliver it over 11 years, and that I think is a key point.

Ms HENNESSY — You won the election; that is what happened.

Mr DAVIS — In 11 years there was a failure to actually deliver it.

Members interjecting.

Mr DAVIS — I can indicate that the then health minister did not get this measure up in the 2010 budget. That is the clear reality and the clear set of facts behind this. But I think we can all be happy with the outcome here, and the fact that we will see better services for the western region and those in need.

Mr PAKULA — Minister, as you would be well aware by now, page 17 of budget paper 3 outlines the savings — efficiencies, cuts — in the health budget of $210 million over the forward estimates period. We should not really get caught up in the euphemisms. I want to get clear it for the record because there has been some conflicting information on this over the last few days — so I would be happy to hear from Dr Philip to that helps — are the positions in the Department of Health being backfilled when women in the department go on maternity leave?

Mr DAVIS — My understanding is that there was a question in the lower house, as I think you understand, and I think the Premier made it clear that that is not a policy. Dr Philip may well want to say — —

Mr PAKULA — The Premier's answer was very opaque.

Dr PHILIP — Chair, if I could, particularly women who go off on maternity leave are being backfilled in the department.

Mr PAKULA — They are?

Dr PHILIP — Yes.

Ms HENNESSY — So it has not occurred?

Dr PHILIP — No, there are people being backfilled. When women go on maternity leave, their positions generally have been backfilled.

Mr PAKULA — Oh, generally they are being backfilled.

Dr PHILIP — Where there is clearly a case for it to be backfilled, it is. In fact I cannot think of a case, from memory, where it has not been backfilled. But I can take that on notice.

Ms HENNESSY — We can probably provide you with some.

Mr PAKULA — Yes, I think we could provide you with some examples of where it has not — —

Mr DAVIS — There is no policy in that regard, and there is a determination to see that people are treated fairly.

Mr PAKULA — Then, as a supplementary, can you tell us whether women in your department who are on the unpaid component of their 12-month maternity leave were deemed to be ineligible to apply for the voluntary departure packages under the SGI?

Dr PHILIP — I do not think that was the case. There were rules around the people who could apply, but there was no rule that said if you were on the unpaid part of your maternity leave you could not apply. There may have been other reasons in specific cases, but I can double check on that.

Mr PAKULA — Yes, I think it would be useful if you could. It is important that these things are clear.

Mr ANGUS — Minister, I refer you to budget paper 2, page 13, in relation to the population growth statistics and indeed the matter that you touched on in one of your slides in relation to the population growth used by the commonwealth. Can the minister advise the committee if there are any other opinions existing on the growth in Victoria's population other than the ones that are contained on page 13 of budget paper 2?

Mr DAVIS — I thank the member for his question, and I want to return, in the context of the question, to the question of population growth, which is still an unresolved issue between the commonwealth and the states. I note that Queensland put this matter on the COAG agenda and it was not dealt with in any adequate way, and I note that Queensland also put this matter on the Standing Council on Health agenda. The decision by the federal Treasurer last year to slice state funding by a massive amount — in Victoria's case $475 million — on the basis of a fall in the Victorian population is simply unsatisfactory. This applies, I might add, to the other states as well. We might go back to that slide in the original presentation which makes it very clear what occurred and the commonwealth Treasurer's calculations.

One of the points here is that the health agreement is signed, but if the commonwealth is prepared to flagrantly disregard the evidence in front of it — the ABS evidence of population growth — and if the federal Treasurer is prepared to make it up, we are in a very difficult bit of terrain. This slide shows you the previous population trend and the matter of the intercensal error that the ABS was working with. The ABS is quite correct in its approach to most accurately estimate — and I will ask Peter Fitzgerald in a moment to talk through the details of the intercensal error. We have no quibble at all with the ABS and its approach here.

As you can see, there are two distinct time series, and the earlier, upper time series is the one that had been applying. When the intercensal error was brought into play, the new time series is what came into play. The federal Treasurer's basic statistical error was to move between the two time series. He moved on this chart, provided to us by KPMG, from point A, an Australian population of 22 474 000, to point B2 on the new intercensal error-adjusted population chart of a population of 22 482 000 and claimed the Australian population only grew by 0.03 per cent. The ABS meanwhile was arguing that it was growing at 1.4 per cent. What he ought to have done is to use the adjusted figure, which was B1, and move to the 22 482 000 figure. That would have given him a Victorian population growth of 1.364 per cent — around the 1.4 that the ABS was advocating. That would have seen Victoria's funding adjusted back up by 475 000 or thereabouts. There are some other factors in there, and I will let Peter talk about those in a moment.

Suffice it to say that the federal Treasurer to this day has not released the working documents, and the federal health minister will not look at the working documents. In several meetings I have pleaded with her to visit the

Treasurer to ask for the working documents, to spread them out on the table, look at them closely and examine them to satisfy herself that in fact the calculations and the basis for the federal Treasurer's calculation is correct.

The point I make here is that this is still on the agenda at the Standing Council on Health. Remember that last November six health minister — not just the Victorian contingent but six health ministers — agreed that the federal government had got this wrong and passed a resolution that called on the federal government to re-examine this, indicating that they were quite wrong. I might just get Peter to talk through this.

Mr ANGUS — Perhaps the federal Treasurer just does not understand.

Members interjecting.

The CHAIR — Order! I am happy for Mr Fitzgerald to respond, but I will just point out that we are out of time, so a quick response would be helpful.

Mr DAVIS — If he could just explain the intercensal error.

Mr FITZGERALD — If I could just explain it, the intercensal error is the difference on that chart between A and B1, and it is approximately 300 000 people. It arose when the statistician had been providing for persons not accounted for in the census. So he had taken the numbers in the census calculations and said, 'Look, I think there is 1 or more per cent of people who are not accounted for in that census'. He then reviewed as a result of data linkage more accurate information and determined that he had been overestimating the people that he thought he had not been counting. As a result of that, the Australian Statistician has now gone back and said that he should allocate over 20 years the error that he has made in the calculations.

Mr DAVIS — Just to conclude this, it was very hard to disentangle, but we did work through the difficulties of that, and it is important to understand the ABS's recommendation that the intercensal error be put back over 20 years — that is, back into the early 1990s — and be spread over that period. It is also important to understand that the health-care agreement talks about population growth; it does not talk about an absolute population number. It talks about year-on-year growth. As you can see, you could either continue the old time series forward and look for growth, which, if you went forward, would actually give you a figure of about 1.4 per cent.

Mr O'BRIEN — That is B2.

Mr DAVIS — Or you could settle on the new time series.

Mr O'BRIEN — That is B1.

Mr DAVIS — And go from B1 to the second B. But what you could not do legitimately is move between A and B2, mixing two time series.

Mr PAKULA — Chair, we are already into the time for ageing.

The CHAIR — Order! Mr Scott, did you have a quick point of order?

Mr SCOTT — There is a question I would like put on notice, because every other department has managed to answer question 12 in a meaningful manner responding to the actual items within the question; this department has not, so I would be grateful if the committee could be furnished with that material on notice.

Mr DAVIS — I am happy to look at that.

The CHAIR — I thank the relevant departmental officers for health for their attendance.

Witnesses withdrew.