

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **2021-22 Budget Estimates**

Melbourne—Thursday, 27 May 2021

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor



**WITNESSES**

Mr James Merlino, MP, Acting Premier,

Mr Jeremi Moule, Secretary,

Ms Kate Houghton, Deputy Secretary, Social Policy and Intergovernmental Relations,

Mr Chris Miller, Deputy Secretary, Economic Policy and State Productivity,

Ms Vivien Allimonos, Deputy Secretary, Cabinet, Communications and Corporate, and Acting Chief Executive Officer, Digital Victoria, and

Mr Toby Hemming, Deputy Secretary and General Counsel, Legal, Legislation and Governance, Department of Premier and Cabinet.

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

On behalf of the Parliament, the committee is conducting this Inquiry into the 2021–22 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

Please note that witnesses and members may remove their masks when speaking to the committee but must replace them afterwards.

Mobile telephones and computers should be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. Comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

We welcome the Acting Premier, the Secretary of the Department of Premier and Cabinet and officers, and we invite you to make a 10-minute opening statement. Thank you.

**Mr MERLINO:** Thanks very much, Chair and colleagues. Good to be back in the old room. We have not been back here for a while, and we are going to settle in with each other for the next several hours. I would like to start by acknowledging the traditional custodians of the land on which we meet and pay my respects to elders past, present and emerging.

**Visual presentation.**

**Mr MERLINO:** This budget delivers \$19 billion over the next five years in output initiatives and invests \$7.1 billion in new asset initiatives. These investments will build a new mental health system, invest in education, help our hospitals and health system recover, deliver road and rail projects across the state and strengthen our communities. This budget continues the government's fiscal plan to support the state's recovery, laying the groundwork to return to an operating cash surplus and supporting a return to operating surpluses and a stabilised debt level in the medium term.

Victoria is once again the economic engine room of the nation. The budget forecasts Victoria to boast the fastest-growing economy next year, growing at 6.5 per cent—more the 50 per cent higher than the forecast for national growth of 4.25 per cent—and to be higher than the nation for every year over the forwards. Before the pandemic Victoria's economic growth rate surpassed that of the nation, so Victorians can have confidence in these forecasts. We would have to go back to 2012–13 or 2013–14 to find a year in which Victoria underperformed the nation. It is not just economic growth where Victoria has outperformed but jobs as well. More than 200 000 jobs have been created in Victoria since September, ahead of the interim target set out in the government's jobs plan, which seeks to deliver 400 000 jobs by 2025. This budget will support an average of 38 000 jobs per year over the next four years.

This budget delivers a record \$3.8 billion investment to transform mental health in our state. To put the scale of this investment in context, the commonwealth has allocated \$2.3 billion across all states and territories. The major investments are: \$954 million to establish 22 reformed area mental health and wellbeing services to replace current services—these services will have more capacity to treat and support those who serve those with complex mental health challenges; \$370 million for acute bed-based services, which includes \$36 million to operationalise the Hospitals in the Home program to provide an alternative to hospital-based treatment; \$264 million for the first 20 of 50 to 60 new local services focusing on early intervention—the first six sites have been identified in Benalla, Brimbank, Frankston, Greater Geelong, the Latrobe Valley and Whittlesea, and they are due to open in 2022; \$196 million for child and family care, specifically to establish a dedicated service stream for new parents and children; \$173 million for suicide prevention, including continuing support for 13 hospital outreach post-suicidal engagement sites and establishing four new HOPE sites specifically designed for young people; and \$116 million to support the mental health and wellbeing of Aboriginal Victorians, including funding for Aboriginal community controlled organisations, and this builds on last year's investment of almost \$869 million in Victoria's mental health system. In all, these investments will support around 3000 new jobs.

In this budget the government is continuing to invest for the double benefit of supporting Victorians in need and creating good, stable jobs. The \$3.8 billion package for mental health, as I mentioned, is supporting 3000 jobs. \$1.2 billion for child protection and family services, including an expansion of the child protection workforce and out-of-care placements to help vulnerable Victorian families. This will support more than 1045 jobs. \$522 million to end family violence and progress gender equality. This includes \$354 million to support the implementation of all 277 recommendations of the Royal Commission into Family Violence, and this is in addition to \$3.1 billion already invested. This funding will also support about 370 new jobs as well as up to 80 new graduates with training and on-the-job support as they work towards becoming family violence specialists. \$252 million to provide housing support, including targeted initiatives to prevent homelessness and support homeless Victorians. This builds on the \$5.3 billion in last year's budget, the housing build, which will support an average of 10 000 jobs each and every year throughout the program.

Supporting jobs remains our priority as we recover from the pandemic. This budget will support an average of 38 000 jobs each year for the next four years. The government will work with Victorian businesses to support their recovery from the pandemic, including through \$51 million to support our international education sector. This includes continuing the Study Melbourne brand and Study Melbourne Student Centre.

The government will drive innovation by investing \$179 million to deliver the first stage of the transformation of the former GMH site in Fishermans Bend. This includes commencement of remediation works, installation of essential utility services and establishment of road access to the University of Melbourne's future school of engineering campus, scheduled to open in 2024. There is \$33 million for the agricultural industry to grow and protect the sector. This includes funding for a new traceability system to enhance Victoria's reputation for high-quality food and fibre products, driving growth in both local and export market access. This will be achieved by implementing a traceability and product integrity action plan, which will provide increased information on traceability systems and improve biosecurity risk management.

\$41 million will support the creation of local jobs by funding oversight and enforcing compliance with the *Local Jobs First Act 2003* and the Local Jobs First policy and implementing the fair jobs code.

An investment of \$384 million will support the skills sector and make sure Victorians are ready for jobs, including \$86 million to establish a new Victorian Skills Authority. That will be an anchor organisation bringing together industry providers and other stakeholders to produce insights on priority training areas and inform an annual Victorian skills plan to better guide training delivery where it is needed most. \$209 million will support the TAFE and training sector, including up to 12 200 extra subsidised training places in the TAFE and training system and 4800 additional places in digital literacy and employment skills courses.

An investment of \$288 million to reinvigorate Victoria's creative economy is designed to secure jobs and reassert Victoria's position as the creative state: \$121 million for the screen industry; \$79 million to support cultural institutes such as the Arts Centre Melbourne, the Geelong Arts Centre and the Melbourne Theatre Company; \$34 million to invest in cultural institutions, including new immersive exhibitions at the Melbourne Museum that will include a new triceratops gallery; funding to support non-government creative organisations;

extending the Music Works program; supporting affordable creative spaces for artists and enterprises; and support for Victorians from First Peoples, youth and diverse backgrounds to obtain secure, well-paid work.

One hundred and sixty million dollars will support our tourism industry to bounce back after a year of bushfires and pandemic, including a \$43 million business events program to attract a strong pipeline of business events to our state, a \$10 million distillery door grants scheme to grow Victoria's distillery industry and \$8.9 million to support our new visitor economy partnerships, and there is \$107 million for the Melbourne City Revitalisation Fund.

Slide seven: the government will invest \$3.5 billion to provide quality education, including \$716 million in school programs and teaching support. The government is investing \$1.6 billion for school infrastructure, including 13 new schools and 52 upgraded schools. We are also investing \$185 million to support the teaching workforce, including the establishment of the Victorian Academy of Teaching and Leadership. \$277 million has been allocated to reform student health, mental health and wellbeing, including \$218 million for a School Mental Health Fund.

The budget invests \$7.1 billion to support health services, including \$3.7 billion to help the health system recover from the challenges of COVID-19. This funding will be used to meet demand for hospital services, including more emergency department staff and extra highly specialised therapies and support for new wards as they open. It will also provide targeted funding to improve the flow in our busy emergency departments and open new beds across the state. The funding also meets demand for more elective surgeries and supports a \$136 million Elective Surgery Improvement Fund to reduce the elective surgery waiting list. This funding is in addition to the \$300 million provided in the budget for an elective surgery blitz six months ago. There is \$1.3 billion to support the public health response to COVID-19, maintaining investment in contact tracing and supporting the vaccine rollout. There is \$1.2 billion to build and upgrade hospitals and healthcare infrastructure across the state, including 10 new community hospitals.

There is \$759 million to take a whole-of-system approach to improving ambulance response times, which have declined Australia-wide due to deferred care and the ongoing impacts of the COVID-19 pandemic. This funding will employ more paramedics, more triage care and support staff, as well as provide funding to improve flow in business and emergency departments. There is \$91 million for community health; \$94 million for public aged-care facilities and services, including funding to rebuild the Glenview community aged-care facility at Rutherglen to deliver 50 new beds, along with planning and design work for the redevelopment of Cohuna and Camperdown; and \$70 million to establish a public fertility care service, which will be free for up to 4000 Victorian patients each year.

**The CHAIR:** Thank you very much, Acting Premier. Deputy Chair.

**Mr RIORDAN:** Thank you, Chair. Thank you, Acting Premier. Just for your benefit, you might be pleased to know that the opposition was keen for you to have plenty of time this afternoon to deal with, obviously, the unfolding drama in the state. We did offer to let you have time to do that rather than spending 6 hours with us. So we thank you for your time this afternoon. And I guess I go to the first question, which is: we heard this morning that the current budget was set up and has been factored in for short and localised shutdowns. We know that this shutdown is not localised, and I guess we have to wait until next week to see whether it is a long or a short one. How much capacity does the state have to go beyond next Thursday?

**Mr MERLINO:** Thank you, Mr Riordan, for your question, and your comments at the outset. I appreciate you are thinking about my welfare, but I would not have missed this for the world.

**Mr RIORDAN:** We are actually more conscious of the welfare of Victorians who are probably keen to get a lot of answers from this government this afternoon.

**Mr MERLINO:** Indeed, Mr Riordan. It was a very long press conference answering all the questions from the media, and now I am prepared in the spirit of transparency to sit down with you for many, many hours to answer any questions you may have, noting of course that the former Victorian Premier Mr Kennett, I do not think appeared at PAEC once in the seven years that they were in government—anyway.

**Mr RIORDAN:** What a legacy. Like a pyramid it just keeps on coming up.

**Mr RIORDAN:** In terms of your question, Mr Riordan—and I understand that this was a question that was asked earlier today with the Treasurer, and the Secretary, DTF, answered this question as well—as you know in budget paper 2 it makes a reference in terms of the key forecast assumptions, making a reference both in the Victorian and the national context:

Any further onset of COVID-19, in Victoria and nationally, is contained and only results in localised, short-term restrictions.

As I was standing up with the Minister for Health and Professor Sutton announcing this circuit-breaker lockdown, that is precisely what it is. We have got in times of need and based on public health advice if there is a need for a very short, sharp, snap lockdown to ensure our community can avoid a wave—

**Mr RIORDAN:** What if the public health advice next Thursday says it is still not safe to open?

**Mr MERLINO:** Well, the public health advice that we have received and the advice that we have acted on is in order to get ahead of these cases and, for the benefit of the committee, we are at a point where there are more than 150 exposure sites. We have got about 10 000 primary and secondary contacts and 26 individuals are positive with coronavirus, including one who is not well in an ICU and on a ventilator. In terms of getting ahead of this current outbreak which, by the way, originated out of a hotel breach in South Australia, the advice, Mr Riordan—

**Mr RIORDAN:** No, we do not need the soliloquy. I am just asking about what if the advice next Thursday says it is still not safe to open?

**Mr MERLINO:** I am not going to deal in hypotheticals. We deal in the reality of the situation and the public health advice that we receive.

**Mr RIORDAN:** We are dealing with the budget.

**The CHAIR:** Mr Riordan.

**Mr MERLINO:** The public health advice is that we need a seven-day circuit-breaker lockdown. If we can ease the restrictions earlier, Mr Riordan, we will. The advice that we have received is that we need this short, sharp lockdown, which is precisely the assumption that the budget is based on.

**Mr RIORDAN:** Okay. So Victorians will well remember this time last year. Your predecessor—is that what he is yet? I am not sure whether he is a predecessor yet—

**The CHAIR:** Mr Riordan.

**Mr RIORDAN:** made it really clear to Victorians that unless we got below five active cases, we could not open the state up again. Now, I think today we are at 20-something active cases. Are you saying to Victorians that the health advice has changed this year; that we can open up in seven days, even if it is above five active cases?

**Mr MERLINO:** No, that is not what I am saying. I am saying that we respond to the public health advice that we receive, and it is based on a whole range of epidemiological inputs to public health. Their advice is that to get ahead of this outbreak requires around seven days. If we can do it earlier, that is exactly what we will do, and—

**Mr RIORDAN:** So an active case is not a measure this time around.

**Mr MERLINO:** There is a whole range of measures and inputs that public health consider when they are providing advice to the government, Mr Riordan.

**Mr RIORDAN:** So for Victoria—

**Mr MERLINO:** It is the number of cases; it is the type of cases. So, for example, in this current scenario one good thing is that all the cases that have been identified can be linked to each other and ultimately linked to the outbreak in South Australia; that is a good thing. But the speed of this particular variant, the scale in terms of the number of exposure sites and the number of primary and secondary contacts—so there is a whole range of inputs that public health consider before they make advice to government, as you would have heard when—

**Mr RIORDAN:** Now, one of the frustrations last time. I get in trouble for summarising what you have said, but you have said there are no hard and fast rules on numbers, so Victorians do not have to wait till next Thursday to find that there is a new magic cut-off figure. So is that what you are saying—active cases?

**Mr MERLINO:** You are putting words in my mouth, Mr Riordan. I am saying that we take action based on public health advice.

**Mr RIORDAN:** No, Acting Premier, it is a really specific question I am asking. We have determined from both you and from treasury that Victoria can do short and sharp.

**Mr MERLINO:** Yes.

**Mr RIORDAN:** Short, sharp and localised, right? We have learned today it is not localised; it is the whole state. So, you know, people in Mallacoota and Mildura are probably scratching their heads wondering what is going on. We have broken that first rule in the budget. The second rule is, you said, they are short. Now, once you go past a week I think most people will be beginning to think that is not that short. So Victorians will quite rightly want to know, have some clarity, about what ‘short’ means. So you have indicated to me that, short and sharp, the health advice today is that is okay. Is that the same? Are you going to lock that in, Eddie, you know? Locked in—next Thursday we have got it in hand. Is that what you are saying?

**Mr MERLINO:** Well, Mr Riordan, firstly I reject your characterisation in terms of the assumption that is outlined in page 22 of budget paper 2. It is clearly in the context of our state and our nation in regard to ‘localised’, and it is short. And everyone understands that a circuit-breaker lockdown required to keep our community safe, to keep individuals and their loved ones safe, to get ahead of this outbreak, is a localised, short, sharp lockdown, and that is understood in the assumptions within the budget. You know, we will not get out of this pandemic—and the budget is formulated in this sense—Mr Riordan, until we have a successful rollout of the commonwealth’s vaccine program and until we have alternative quarantine facilities, particularly for our highest risk individuals, cohorts, countries around the world.

**Mr RIORDAN:** Possibly contact tracing determining the difference between various supermarkets.

**Mr MERLINO:** Well, I am happy to talk about contact tracing.

**Mr RIORDAN:** But anyway, the next question is: under your leadership, when are you going to tell small business leaders, community, events organisers right across Victoria when they can expect to understand compensation, because there are a lot of people right now as we speak going, ‘What the heck are we going to do?’. You know, we copped this in February. Allegedly it was a billion-dollar cost to small business. When are you going to tell them how they are going to be compensated for this?

**Mr MERLINO:** Yes, I understand the question, and I was asked this earlier today. There is no doubt, as you think about the pandemic, our last 16 months in Victoria and in our nation, it is a health crisis but it has also been at times an economic and a social crisis. So there is no doubt that whenever we need to go into a period of a short lockdown, a circuit-breaker lockdown, this does have an impact—a significant impact—on businesses and also event organisers. There will be people, whether it is the Rising festival, whether it is the—

**Mr RIORDAN:** I know all the things. I am just wanting to know when you are going to give them an answer.

**Mr MERLINO:** I am happy to give you an answer, Mr Riordan.

**Mr RIORDAN:** No, you are telling me about the events.

**The CHAIR:** Mr Riordan.

**Mr MERLINO:** Whether it is the supercars at Winton or whether it is individual businesses, we understand that there is a cost. As we announced the circuit-breaker lockdown I committed that we will provide further support to businesses, and I will have more to say in coming days, Mr Riordan. As you would appreciate and as you said in your opening comments, the immediate focus is the outbreak and what our public health response needs to be, but there will be—

**Mr RIORDAN:** There are a lot of small businesses whose immediate focus is how they are going to stay open after a week.

**Mr MERLINO:** And there will now be significant work in terms of what additional support. We have got the runs on the board, Mr Riordan, in terms of—

**Mr RIORDAN:** Just before you tell me about your runs, I want to ask you about your runs. The runs are: I just received as you were talking an email from your colleague Martin Pakula with regard to the small business grants, responding to correspondence from a business from December last year. Do you seriously think, as leader, that 169 days to wait for an answer on whether you are going to get small business support from the last lockdown or two lockdowns ago—is that getting people the information in a timely fashion? And do you commit to getting people and businesses and small businesses and all those affected by the decisions today some sort of timely advice?

**Mr MERLINO:** In terms of the immediate support, additional support, as I have said on the public record, Mr Riordan, I will have more to say about what support the government can provide in coming days. In terms of our record, our record is \$1 billion in payroll tax refunds and waivers in 2019–20—

**Mr RIORDAN:** No, we are talking about this budget.

**Mr MERLINO:** No, no—

**The CHAIR:** Mr Riordan.

**Mr RIORDAN:** The Chair might pull you up. The Chair is very strict on talking about this budget, not last time.

**Mr MERLINO:** Well, the question was business support and your supplementary question went directly to previous grants—

**Mr RIORDAN:** But in light of your point that you would be timely, I am asking: what is ‘timely’? I mean, the Ombudsman—

**The CHAIR:** Mr Riordan, could you allow the Acting Premier to answer your question.

**Mr RIORDAN:** The Victorian Ombudsman was scathing in the way small business support was handled last time—not just a little bit critical but scathing, pages and pages.

**Mr MERLINO:** I am happy to answer your questions, Mr Riordan, in terms of that question and the one previously if I have the opportunity to answer the question. Our record is second to none in terms of supporting business: a billion dollars in payroll tax refunds, saving businesses up to \$114 000 and an average of \$29 000; \$1.7 billion in payroll tax deferrals for the full 2020–21 year; \$2.6 billion in business support grants, freezing all fees that were due to be increased on 1 July 2020; forgiving liquor licence fees; and many, many, many—

**Mr RIORDAN:** Premier, Acting Premier—

**The CHAIR:** Mr Riordan.

**Mr RIORDAN:** It is last year. I have not asked—

**The CHAIR:** Mr Riordan, the Acting Premier is answering your question, and you are not affording him the opportunity to do that.

**Mr RIORDAN:** No, he is clearly not.

**The CHAIR:** You have two questions remaining outstanding that he is attempting to answer.

**Mr RIORDAN:** On a point of order, Chair, I ask you to bring the Acting Premier back to the question. I did not ask what we did last year. I am asking very clearly: he is now the boss, he is the big kahuna, he is in charge—give us a date.

**The CHAIR:** Mr Riordan, you asked about previous grant—

**Mr MERLINO:** I hope we are not going to play this game for the next 2½ hours.

**Mr RIORDAN:** Well, if you are not going to answer—

**Mr MERLINO:** Mr Riordan, I am the Acting Premier, and I want that understood. In terms of the Ombudsman's report, which your question went directly to, the Department of Jobs, Precincts and Regions has accepted all of the Ombudsman's recommendations and, as I have said in the chamber of the Assembly, is reassessing about 12 000 applications with the criteria identified by the Ombudsman to ensure fairness to all applicants. But our record is in the billions in terms of supporting business that have suffered through the period of the pandemic. I acknowledge today as we announced the circuit-breaker lockdown that there will be further impacts on business and event organisers, and there will be further support that I will be able to announce in coming days. I am working with the Treasurer, working with the minister for industry, who you just received an email from, and a number of departments—through DTF, DPC and DJPR—and I will be able to announce further support in coming days.

**Mr RIORDAN:** Okay, Premier, not in coming days but immediately can you indicate in your capacity as Premier: already in the media and certainly in my local press in western Victoria there are calls for people to have exemptions tomorrow on funerals; will you be making those exemptions personally yourself?

**Mr MERLINO:** Yes. I was asked this question today. So in terms of the restrictions that we announced and similar to the earlier circuit-breaker lockdown in summer of this year, the restriction for funerals is up to 10 people and no weddings other than if it is for very compassionate reasons. There are at all times via public health the possibility of exemptions, and you may well be referring to that very tragic incident of the young lad who drowned on a school camp. I have already spoken to the chief health officer, and I have asked that the public health team engage with the boy's mum and family to see what can be done in terms of providing some sort of exemption.

**The CHAIR:** Thank you, Deputy Chair. Mr Maas.

**Mr MAAS:** Thank you, Chair. Thank you, Acting Premier, and your departmental team for your appearance this afternoon. Obviously, Acting Premier, today's announcement of the circuit-breaker lockdown is pretty difficult news for all Victorians. But I note that in budget paper 3 at page 106 the government seems to have done some work towards, quote, 'Alternative quarantine accommodation hub' and planning works for that. I was hoping you would be able to take the committee through where plans for such a facility are up to and how negotiations are going with the federal government.

**Mr MERLINO:** Thanks, Mr Maas, for your question. This is one of the critical elements of our path out of the pandemic—no doubt about it—a successful rollout of the commonwealth's vaccine program and an alternative quarantine facility, particularly to deal with high risk. If we had the ability to have low-risk individuals through hotel quarantine, for example, and high-risk individuals—so it might be the part of the world that they are coming from or other vulnerabilities—being able to go into a bespoke, purpose-built single-storey quarantine facility similar to the Howard Springs model would be a great outcome for our state and our nation.

So over a year ago the states and territories stepped up when it was clear Australia needed to establish a large-scale quarantine program. Unfortunately without the commonwealth having a large-scale quarantine accommodation set-up across the country, states and territories were required to look at alternative accommodation, which resulted in the use of hotels. That was the only way to have a large-scale system set up quickly. Hotels are not designed for quarantine purposes and so they are not designed to manage highly infectious viruses such as COVID-19. We have seen outbreaks across the country as a result of hotel quarantine, and we are learning every step of the way how to improve our systems, processes and controls to manage this risk as much as possible. With the delayed vaccine rollout here in Australia and an increasingly dire situation around the world, it is clear quarantine will continue to be part of our protections for some time. That is why we set out to develop a proposal for a purpose-built quarantine facility for Victoria. This hub will help guard against COVID-19 and better protect Victorians from the risk of international arrivals.

Quarantine, as everyone knows, is a federal government responsibility, and so we have commenced productive and very positive conversations, can I say, with the commonwealth regarding the cost of construction and long-term ownership. While discussions are underway the Victorian government intends to get on with the planning work to ensure the project does not lose any time. The design of the new hub is fully informed by experts in public health and infection control and is based on the existing standalone facility currently operating at Howard Springs, with its cabin-style outdoor accommodation. Howard Springs has been widely acknowledged as the safest and most functional design for quarantine in Australia.

The master plan for the new hub includes dedicated onsite services, including catering, that will support strong infection control and prevention measures. It is also designed with the ability to increase up to 3000 beds as part of a scalable build if a larger facility is determined to be required at any point. The new hub will also be designed with relocatable cabins so it can be utilised for alternative and future needs, including ongoing quarantine arrangements, crisis accommodation and other emergencies. So we have allocated \$15 million in the Victorian state budget 2021–22 to continue this planning work, and we look forward to productive discussions with the commonwealth regarding funding required for the construction.

So whilst those negotiations are happening and we are waiting on the commonwealth to give the green light in terms of its construction and funding, two important steps forward: we have had the commonwealth agree for the state to have access to the two sites, so the Mickleham, which is our preferred site, and Avalon, which is our alternative site—both are commonwealth land, and the commonwealth have agreed that we can go on site and do that detailed site assessment and design work; secondly, tomorrow we will release an expression of interest for the project which provides information around the project and proposed procurement processes and invites market participants to register their relevant experience, expertise and capability. So this is what we committed to do: \$15 million on the table, do the design and planning, do all of that work while concurrently engaging with the commonwealth on what I hope will be a very positive outcome.

And to that end I have spoken to the Prime Minister a couple of times this morning and yesterday, and just before this hearing he was speaking to the media and he said, quote:

I discussed this yesterday with James Merlino. We are highly favourable towards this.

So, as I say, I want to acknowledge and welcome and commend the commonwealth on their engagement. They have said that this is a comprehensive proposal, and I very much look forward to cracking on and getting this thing built.

**Mr MAAS:** We all do. Thank you very much, Acting Premier. If I could take you now to the broader topic of mental health, namely the royal commission which recently handed down its 65 recommendations that plan out a way to fix our broken mental health system. It recommended a mental health levy to guarantee the sustainability of funding for mental health into the future. Budget paper 3, page 14, details a \$3.8 billion investment in mental health and wellbeing. Could you explain what that investment will deliver and why this specific and dedicated revenue stream is so crucial?

**Mr MERLINO:** Thanks, Mr Maas, for your question. This is the biggest social reform in our state's history, and one I think we are all very proud of. Mental health impacts all of us. If not directly, it is the experience of someone we love, a parent, a partner or a mate. Yet for too long that suffering just was not being taken seriously enough. People were either not sick enough for help or they were too sick to be treated outside a hospital. That is why we established a royal commission into mental health, and we are now delivering a record \$3.8 billion investment to truly transform the way mental health and wellbeing support is offered in our state.

This is going to be a long road. We have said we will deliver on every single recommendation of the royal commission, so that will require rebuilding the system from the ground up. The work to transform our system will take a decade or more. That was clear in the royal commission, and this significant investment needs to be not just a once off in this budget but needs to be significant investment in the many years ahead.

But back to this budget. It delivers \$954 million to deliver community-based care, providing health and wellbeing support for Victorians wherever they live. This includes 22 reformed area mental health and wellbeing services to replace existing services. We are investing \$310.8 million in acute care, including \$101.8 million for 104 new beds and ongoing funding for a further 96 beds. This includes 35 acute mental health beds specifically for Victorian women. We are investing \$264 million for new local services for adults

and older adults, providing early care where people live. We are investing \$842 million in mental health and wellbeing support for children and young people. This investment will see two dedicated streams of support, one for children and infants and one for young adults, with 13 area-based services across our state. We are investing \$173 million for suicide prevention and response to continue our support for 13 hospital outreach post-suicidal engagement services. We are investing \$116 million to support the mental health and wellbeing of Aboriginal Victorians, including funding for Aboriginal community controlled organisations.

In terms of the levy—you mentioned the levy, Mr Maas—this historic investment will be supported by the introduction of the mental health levy. This budget not only funds mental health, it ensures that there will be sustainable funding for mental health in the future. The mental health and wellbeing levy will begin from 1 January next year. It will be implemented as a payroll tax surcharge on wages paid in Victoria by businesses with national payrolls of \$10 million a year or more. A rate of 0.5 per cent will apply for businesses with national payrolls above \$10 million, and businesses with national payrolls above \$100 million will pay an additional 0.5 per cent. The surcharge rates will be paid on the Victorian share of wages above the relevant threshold. Existing payroll tax exemptions for private schools, hospitals, charities, local councils and wages paid for parental and volunteer leave will apply for the levy. The government will legislate that revenue from this surcharge will be spent on mental health services, supporting the substantial increase in investment in Victoria's mental health.

For more than 95 per cent of employers Victoria continues to have one of the lowest payroll tax rates in the nation. Regional employers continue to have by far the lowest payroll tax rate in the nation at 1.2125 per cent. We are asking the largest 5 per cent of employers, around 9100, to increase their contribution to funding government services so that all Victorians, including businesses, can benefit from mental health reform. A business with a payroll of \$11 million, for example, will pay an additional \$5000 in tax. This is a modest, fair, appropriate contribution to make to this most critical of reforms.

The cost of inaction is higher. The royal commission found that the economic cost of poor mental health to Victoria is \$14.2 billion a year. This reform requires a dedicated funding source to make sure it is properly funded and delivered. Do not listen to me in regard to why the levy is required; go straight to the source, go straight to the commission. As Commissioner Penny Armytage said when we released the final report:

... it wasn't a problem that came about overnight. It's been decades in the making ... any of you who've walked through some of our mental health facilities will be shocked by the state of some of the ... infrastructure. Some of those facilities ... they were very confronting to walk in and see old, institutional-style behaviours in ... otherwise modern hospital facilities ... So we recommended the levy because we felt that was the only way to ensure ... an enduring ... financial source that would make sure that mental health stayed a priority over the longer term—

And that is the critical thing for opposition members. She went on:

... we didn't do that lightly. We knew it would be difficult, introducing any new financial obligation on the community ... but we did not believe there was any other way that you would maintain the momentum behind the investment and that ... would be ... able to withstand competing priorities, other tensions ... we acknowledge that the stigma and discrimination that we felt had led to this ... underinvestment ... won't go away overnight.

And Professor Allan Fels said:

Quite apart from its high social merit, the tax is an economic investment that will pay for itself over the next five to 10 years.

...

A 20 per cent improvement in mental health system performance could boost GDP by 2 to 3 per cent a year, dwarfing the benefits of other commonly discussed microeconomic reforms.

He went on:

Employer gains from the mental health reforms will be considerable: there will be reduced absenteeism and reduced "presentee-ism"—that is, the inability of people with mental illness to perform productively in the workplace.

He went on:

No one likes a levy but to fund the much-needed reforms without this revenue Victoria would need to heavily cut spending on hospitals and other areas of health and welfare spending. This is not desirable nor feasible.

...

Not only do I support the mental health levy for Victoria, but other states need a levy to enable them to lift their performance.

You just hear so clearly why we need a mental health levy. We are talking about mental ill health, a \$14.2 billion impact on our economy every year, \$1.9 billion direct cost to employers. This is appropriate, it is proportionate and it is modest. But both Professor Fels and the chair of the royal commission, Commissioner Penny Armytage, made it absolutely clear why we need a mental health levy, and I look forward to its support as it moves through the Parliament.

In terms of staffing, not only is our mental health system completely overburdened, it is chronically understaffed. This demands a massive boost to our dedicated mental health workforce. We are investing \$206 million to build our mental health workforce: more mental health nurses, doctors, allied health professionals and support staff. Together these investments will support around 3000 jobs, ensuring more Victorians are getting the care they need and thousands more have the security of a job. The royal commission recommended a system designed and delivered by people with lived experience, and that is what we will deliver with a further \$40.7 million to expand and support Victoria's lived experience workforce. I could go on and on. There is a rewrite of the *Mental Health Act*. It is making sure that we keep central lived experience in terms of the services we provide and in terms of the direction via the new Act. Thanks, Mr Maas.

**Mr MAAS:** Thanks, Acting Premier. I will leave it there. Thanks, Chair.

**The CHAIR:** Mr Limbrick.

**Mr LIMBRICK:** Thank you, Chair, and thank you, Acting Premier and team, for appearing today. I did not think we were going to be talking about circuit-breakers and transparency and stuff; that has not been pulled up, so I am happy about that.

When we have these public health directions that happen, like the circuit-breaker that you were talking about earlier, one of the things that happens is they have a human rights charter assessment, which I am sure you are aware of. Recently the coalition put through a documents motion in the upper house regarding associated documents for one of the previous public health directions, and to my surprise—the first time that I had actually seen this—when it came back the government claimed executive privilege over the human rights charter assessments. So my question to you is: with something like the circuit-breaker, do you read the charter assessments? Is it something that you look at? And secondly, why are they secret? Why can't people read these?

**Mr MERLINO:** Thanks, Mr Limbrick, for your question. In terms of deliberations in the Council and the reasoning, I would have to defer to the Leader of the Government in the upper house—

**Mr LIMBRICK:** I asked her about it too.

**Mr MERLINO:** and the process, so I would encourage you to work through with Minister Symes.

**Mr LIMBRICK:** I have asked her and she said she does not read them.

**Mr MERLINO:** In terms of the charter of human rights, Professor Sutton, the chief health officer, actually went to that point this morning when we talked about the timing of the announcement, the consideration, the work that needs to happen. First and foremost, there are the epidemiological circumstances in terms of the outbreak, its nature, its pace et cetera, et cetera. The question was: why are you announcing it today, why not do that yesterday? In terms of delivering on the public health advice, it is via directions from the public health team and it is at that point and through that process that they respond to the charter. I am not sure if the Secretary of the department has anything further he can contribute to that question, but it is part of the deliberation and the settings that we set.

**Mr LIMBRICK:** But it is not something that you read? It is not something that you read to give yourself reassurance that the actions are proportionate and the least restrictive of rights?

**Mr MERLINO:** I might get Mr Moule, the Secretary of the department, to respond first, and then I might add a few comments.

**Mr MOULE:** Thanks, Acting Premier. I will actually defer to Ms Houghton, who is familiar with this material and this process.

**Ms HOUGHTON:** Thank you for the question. In the process the public health team would provide advice in to the chief health officer, and alongside that advice they would look at the various different objectives of the *Public Health and Wellbeing Act*, including proportionality, as well as doing a human rights charter assessment. The audience for the human rights charter assessment and the proportionality and the objectives of the Act is the chief health officer, so in regard to decision-making and assessments, it is with the CHO, Brett Sutton. In terms of executive privilege, I am not aware of—

**Mr LIMBRICK:** I am aware that he is responsible for it and that he has to read it and be satisfied, but the problem is that no-one else can read these human rights charter assessments. Who claimed executive privilege? I asked Professor Sutton, and he said it is not his decision about that, so I guess someone in government must have claimed executive privilege on this. I am just trying to get to the bottom of this. The rights of Victorians have been severely limited many, many times now, and no-one has been given any evidence as to what sort of considerations on human rights have actually existed. Now, the few times that we have actually had some investigation into this—there was a court case around the curfew, and they said that that was okay in the end. But there was also an investigation into the tower lockdown, and the Ombudsman herself said that there were numerous human rights breaches—

**The CHAIR:** Sorry to interrupt you, Mr Limbrick. I have allowed broad-ranging questions given the circumstances of the day, but I think we are straying way beyond the terms of the estimates inquiry and the events of the day into different territory. So I would ask if you could frame your questions in the context of the budget, please.

**Mr LIMBRICK:** Okay. All right. The current circuit-breaker lockdown is going to have an effect on your plans in the budget, right? I want to know what is happening—I think the people of Victoria want to know. What sort of consideration to human rights has happened with this? Because we do not know. I have never seen one of these assessments, and when we tried to see it, it was, ‘Secret. It’s not for you guys to look at’. Who claims that it should be secret?

**Mr HEMMING:** Mr Limbrick, I can answer just generally in relation to the question. In terms of orders for production of documents which are made by the Council, the relevant department seeks legal advice, generally through the Victorian Government Solicitor’s Office, around potential claims for executive privilege.

**Mr LIMBRICK:** Yes.

**Mr HEMMING:** And so the department will then respond on that basis, armed with that advice from the VGSO. I cannot speak to this particular order, but that is in general the process around executive privilege claims. So it is the department that is responsive to the order. It seeks the legal advice, and then based on that legal advice either produces documents to the Council or maintains a claim of executive privilege.

**Mr LIMBRICK:** Well, the description basically said that the reason given was that it is not in the public interest, so they must have had legal advice that it is not in the public interest to talk about this or to disclose this.

**Mr HEMMING:** I cannot speak to that particular matter. I have not been advised in relation to that.

**Mr LIMBRICK:** Okay. Thank you. With regard to looking at some of these objectives on the slides, if we go back to the slide—it doesn’t have a slide number on it—‘Building our mental health system’ and the one after that, where we are spending \$3.8 billion on mental health—

**Mr MERLINO:** Yes.

**Mr LIMBRICK:** The objective here of course is to improve over the long term the mental health of Victorians. I get that; that is totally fine. But how does something like a lockdown such as has been announced today affect the mental health of Victorians?

**Mr MERLINO:** Thanks, Mr Limbrick, for the question. We have had long conversations about this in earlier hearings. I think as I said at the time, and I say again, whenever we announce a circuit-breaker lockdown or other periods of restrictions we know that it is going to have an impact, whether it is an economic impact, whether it is a social impact or an impact directly on mental health. We understand that there will be an impact,

but the broader community health benefit in terms of saving lives, protecting our community, must take precedence. But it does not mean that we are not cognisant of the impact in various parts of our society, mental health being one of those.

We saw that through some of the toughest times last year. We saw it particularly with young people—a greater proportion of young people presenting at emergency departments with self-harm, suicidal ideation. A number of young people presenting at emergency departments with eating disorders—quite a significant increase. So there was some immediate response that we could make, either directly to Eating Disorders Victoria, for example, in terms of acute care, in terms of additional funding, whether it is to Lifeline, Beyond Blue, other organisations. So there is the immediate support that we can provide, and then there is the broader reform that is responding to the recommendations of the royal commission into mental health.

I was putting the royal commission reports on my bookshelf just yesterday—it is about that much. If I was to sum all of those pages into one sentence, it is about local care early before it is too late in hospital. And all of those elements are in the slide deck on the screen and in front of you, whether it is the 22 reformed area mental health services or the first 20 of up to 60 local services. The local services are about early intervention, prevention, coordination of services. The area services are about providing 24/7 crisis care, suicide prevention. We have got the negotiations with the federal government at the moment, Mr Limbrick, on a bilateral agreement and a national agreement. It is all about supporting people not only to reform mental health, which is completely broken and has been for decades, but particularly to respond to the impact acutely of the last 16 months of the pandemic. We have also seen it in our schools, so we will have a School Mental Health Fund. The focus on schools both term 4 as kids returned last year and the start of this year has been on students' mental health and wellbeing. We have got 5600 tutors in our school in addition to teachers and education support staff—5600 tutors directly working with and supporting students that were most impacted by that period of remote learning.

**Mr LIMBRICK:** Thank you. You mentioned before when you do one of these lockdowns that it is to save lives, that is the objective. Now, I get that. But on the other hand you just said before that lockdowns cause, for example, suicidal ideation. I assume there must be some sort of balancing there, and I think a lot of people have questions about, 'Well, is the cost worth what the government is doing?'. And when we cannot see the underlying health evidence that is being considered and we cannot see these human rights charter assessments, it appears to me no-one outside the public health team can satisfy themselves that this balancing has been done well. We just have to sort of, you know, trust the experts and trust the government and just trust. You know, I get questions about mental health issues, and lots of people say, 'These lockdowns aren't worth it'. And I don't know; I do not see any of the evidence. I mean, do you have visibility of that balancing? Are you absolutely confident that that balancing is done right? And mental health is just one effect. I mean, other things that you have got here—helping families stay together. I mean, I assume that lockdowns cause all sorts of family problems and family violence. I mean, we heard during a previous inquiry it causes issues with family violence and stress. I mean, how do you balance these things up and make sure that you are actually not doing more harm?

**Mr MERLINO:** Yes, look, it is a great question. And that is the challenge not just to the Victorian government but every government in this country, every government around the world: what is the balance in terms of the advice that we receive from public health? But the bottom line, Mr Limbrick, is there is no economic recovery, there is no social recovery if you fail in your response to the public health emergency, and you see that in parts of the world that are literally on fire with the pandemic. And the mental health, the economic impact, the devastating health impact if you do not get on top of a potential wave or do not defeat the existing wave that you are in, these are the challenges we had when we were in the midst of the second wave and getting up to the 750 daily number. You know, if that wave had succeeded, the impact in terms of the health and wellbeing—in every sense of the word—on our community would be far, far greater. And it is worth pointing out that, whilst I am absolutely transparent and up-front about some of the really difficult challenges with young people in particular around ED presentations, the overall suicide rate last year compared to previous years was actually slightly lower. So that is an indication that our focus on supporting the mental health and wellbeing of Victorians and supporting those organisations, the many organisations that we supported last year, made a difference.

**Mr LIMBRICK:** Thank you. I am almost out of time. There was one other thing I wanted to ask about. With the behavioural insights team, what sort of insights are you actually getting? This was to do with

behaviours and coronavirus, but it is not clear to me what sort of behavioural insights are actually being developed. Is this something that you can provide some guidance on?

**Mr MERLINO:** I might ask the Secretary, who is a bit of a guru in this space, to respond.

**Mr MOULE:** Mr Limbrick, I think you asked me a similar question when I appeared last. I am happy to provide you with some information on notice, given the time.

**Mr LIMBRICK:** We might have to do it on notice.

**Mr MOULE:** Yes. Absolutely.

**Mr LIMBRICK:** Thank you very much. I appreciate it.

**The CHAIR:** Thank you very much, and I will pass the call to Mr O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Good afternoon, Acting Premier and team. Acting Premier, can I reiterate Mr Riordan's commentary. I am actually a bit surprised and disappointed that you are here this afternoon. As much as I am for transparency—you know, I have been on this committee for two terms now—and this is a vital part of it, we did give you the opportunity not to appear, to postpone these hearings, and I frankly would have thought you had better things to do on this day. But be that as it may, one of the things that I would have hoped you would have been doing is working on a package of business support for this lockdown that you just mentioned. For example, I have already got emails, and I have just got one from Bob from a place near Yarram. He has lost \$6000 plus in bookings just for this weekend alone as a result of this, and he is already emailing me saying, 'Can you let me know if you hear of any support packages?'. I am sure all other MPs are getting the same. Why wouldn't you be out preparing that, and what sort of support do you think you can flag at this point?

**Mr MERLINO:** Thanks, Mr O'Brien, for your question. I am a bit surprised at your introductory remarks. You know, PAEC is an important element—

**Mr RIORDAN:** You have just locked the state down.

**The CHAIR:** Mr Riordan, you have had your turn.

**Mr MERLINO:** of our state's democracy, the ability to be absolutely transparent about the decisions we make, the initiatives that we invest in and to be held to account. You know, I have got a—

**Mr D O'BRIEN:** I just think on a day that you have locked the state down, 6 hours in PAEC could have been postponed.

**Mr MERLINO:** I can tell you, Mr O'Brien, I worked late into the evening last night with my colleagues and with the public health team. Early in the morning we made a significant and critical intervention with the circuit-breaker lockdown that we announced today. The public health team, and particularly the contact tracers, are doing an outstanding job. They are working at a pace faster than we have ever seen, identifying first, second and third ring—

**Mr D O'BRIEN:** I acknowledge all of that. Can we get to the question about business support?

**Mr MERLINO:** Yes. I am just making the point, Mr Riordan—

**Mr D O'BRIEN:** O'Brien.

**Mr MERLINO:** that government requires ministers, ministerial offices and departments to work at some speed across a range of issues. So I do not begrudge at all the time that I am here before this committee to answer your questions, and once this committee hearing is over, I am sure I will be getting an update from the public health team in terms of the activities through the—

**Mr D O'BRIEN:** Can I get to the question about business support?

**Mr MERLINO:** course of today to get ahead of the outbreak. I can only repeat my answer to Mr Riordan in terms of, one, acknowledging of course, just as I did with Mr Limbrick in terms of mental health, that any set of restrictions, any circuit-breaker lockdown, will have an impact on individual businesses, an impact on our broader economy and an impact on event organisers, and our record is that we support our business community and industry. That record is there before you all, and I outlined the previous investment we have made.

**Mr D O'BRIEN:** Okay.

**Mr MERLINO:** In terms of new support we will do two things, Mr O'Brien. In terms of new immediate support, I will be announcing that in the coming days, and central agencies, DJPR, the relevant ministers and the Treasurer will be working with me on what that package of support will look like. You know, we are in an environment where the commonwealth is no longer providing JobKeeper support—and wage subsidy, wage support, is a responsibility of the commonwealth, not of the state of Victoria. So the second thing we will do, which I am sure will happen, is that there will be engagement between Mr Pallas, Victoria's Treasurer, and Mr Frydenberg at the commonwealth level.

**Mr D O'BRIEN:** Given the hit that Victorian businesses will take from this at least seven-day lockdown, will you reconsider the new and increased taxes, particularly on payroll tax, that actually threaten jobs in Victoria in this budget?

**Mr MERLINO:** No, we will not reconsider the modest, appropriate changes to revenue that we have outlined in the budget just recently. We will not, Mr O'Brien.

**Mr D O'BRIEN:** Okay. That answers the question. Thank you, Acting Premier. On 27 November here at PAEC last year the Premier spoke about a new tax credit, which he said was about lower payroll tax for people who rehire staff. He said, and I quote:

That is just a commonsense way that we can promote employment and stimulate the economy.

Has the government policy changed on reducing payroll tax to stimulate the economy and create jobs now that the Premier is indisposed?

**Mr MERLINO:** No, not at all. We have got a proud record in terms of reducing payroll tax, and the changes that we have made, Mr O'Brien, are targeted, are appropriate and are modest. I think they need to be put into context. You know, if someone—

**Mr D O'BRIEN:** The context of 38 new or increased taxes introduced by the government?

**Mr MERLINO:** Mr O'Brien, if I can finish—in the context of a \$2.5 million home, that purchaser currently pays around \$137 500 in stamp duty. Under the new arrangements—

**Mr D O'BRIEN:** Sorry, Acting Premier. On a point of order, my question was about payroll tax, not about stamp duty. And I think you have answered the question—that the government policy clearly has changed from when the Premier said that reducing payroll tax was a commonsense way to promote employment and stimulate the economy. I mean, Acting Premier, do you accept that payroll tax is a tax on jobs and increasing it will cost jobs?

**Mr MERLINO:** Mr O'Brien, for 95 per cent of our employers our payroll tax system is one of the most competitive in the nation. In regional Victoria it is the lowest in the nation. What we have done in terms of the—

**Mr D O'BRIEN:** Not the threshold, Acting Premier.

**Mr MERLINO:** What we have done in terms of companies—less than 5 per cent of companies—with a national payroll of \$10 million or \$100 million, but more than \$10 million, is a very modest increase in payroll tax to help assist and help make a contribution to the biggest social reform in our state's history. I just take you back to the comments I made earlier in the hearing in regard to both the economic cost of mental health of \$14.2 billion to our state's economy and the direct cost to employers of \$1.9 billion.

**Mr D O'BRIEN:** Acting Premier, that is not in question. We understand the need to act on mental health—

**Mr MERLINO:** Well, frankly you do not, Mr O'Brien. Frankly you do not.

**Mr D O'BRIEN:** No, Acting Premier. You could also say there are \$22 billion of cost overruns on Victorian government projects as we sit here right now. That would pay for a hell of a lot of mental health support in this state. Can I just move on to universities, who the Treasurer seemed to find out last week would actually be included in this increased payroll tax, because he did not seem to know. For Victoria's universities, Monash and Melbourne universities will pay about \$12 million extra in payroll tax under these arrangements; RMIT \$7 million; Deakin about \$5 million; and La Trobe, Swinburne and Victoria all between \$2 million and \$3 million more. Given the Treasurer did not seem to even know they would be paying this and given how struggling the university sector already is, will you reconsider levying this charge on universities?

**Mr MERLINO:** Thanks, Mr O'Brien, for your question. I will answer it in a couple of ways.

**Mr D O'BRIEN:** Directly would be good.

**Mr MERLINO:** Yes, indeed—directly, and I will give you a short and long answer. The short answer is no. Alongside the very large, targeted businesses—very large businesses—we are asking universities, as large institutions with both public and private revenue streams, to help assist in delivering this generational reform.

**Mr D O'BRIEN:** They are already on their knees, Acting Premier. They have already gone 12 months without international student revenue.

**Mr MERLINO:** Yes. And, Mr O'Brien, I will tell you what we have done about that, because you are absolutely right—the pandemic, and particularly the impact on international education, has been particularly hard on our university sector. So what we have done as a government is invest over \$1 billion to support the sector, dwarfing support levels from any other state or territory in this country.

**Mr D O'Brien** interjected.

**Mr MERLINO:** No, no. Let me—

**The CHAIR:** Mr O'Brien, could you allow the Acting Premier to answer the question, please.

**Mr MERLINO:** Mr O'Brien, I am going to finish my contribution because you asked the question.

**Mr D O'BRIEN:** Well, you said no. That is all I wanted.

**The CHAIR:** Mr O'Brien.

**Mr MERLINO:** There is \$350 million for the Victorian Higher Education State Investment Fund; \$45 million for international student emergency relief; \$84 million to directly supporting international education trade channels; \$228 million in medical research, bolstering university medical research; and our recent \$50 million commitment to mRNA research and manufacturing. In the last two weeks we have also announced a commitment of up to \$400 million for the Australian Institute for Infectious Disease, in partnership with Melbourne and Monash universities, and a \$101 million commitment to La Trobe University sports park. Universities will also benefit from the \$2 billion Breakthrough Victoria Fund. Our support far, far exceeds any obligations that we put in place in regard to the mental health and wellbeing levy, and it far exceeds—in fact I cannot point to one—

**Mr D O'BRIEN:** Okay, sorry.

**Mr MERLINO:** No, no. Mr O'Brien.

**Mr D O'BRIEN:** No, no, you have answered the question.

**Mr MERLINO:** I cannot point to one thing—

**Mr D O'BRIEN:** You are now just chewing up time.

**Mr MERLINO:** that the federal government has done to support our university sector—

**Mr D O'BRIEN:** We are not here to ask you about the federal government.

**Mr MERLINO:** through this period of the pandemic.

**Mr D O'BRIEN:** Okay. If you want to talk about the federal government—and, Chair, I am going to refer to the minister's earlier answer to Mr Maas—you said, basically, that the federal government last year refused to establish quarantine. I want to remind you of a quote that the Premier gave us on 12 May last year, and that was that accommodation hotels were set up:

... under a plan put forward by Victoria at the national cabinet to move to a compulsory hotel quarantine model ...

There seems to be a bit of rewriting of history going on and correcting of the record. It suddenly says that it is all the federal government's fault that we have got hotel quarantine. Are you saying that Daniel Andrews did not take hotel quarantine to national cabinet last year?

**Mr MERLINO:** As I said in my earlier answer, Mr O'Brien, hotel quarantine was agreed to be set up by the states and territories in the absence of any large-scale—

**Mr D O'BRIEN:** The Premier said it was his idea.

**The CHAIR:** Mr O'Brien, could you allow the Acting Premier to answer the question?

**Mr D O'BRIEN:** The Premier said it was his idea.

**Mr MERLINO:** Yes, and as I have said on the record in the Assembly, if it was not for the Premier of New South Wales and the Premier of Victoria, we would be deep—forget about second waves, forget about circuit breaker lockdowns; if it was not for the leadership from Victoria and from New South Wales in those early days of the pandemic—

**Mr RIORDAN:** If only we had copied New South Wales—

**The CHAIR:** Mr Riordan, it is not your turn.

**Mr MERLINO:** It was by the advocacy of the states, particularly Victoria and New South Wales, that we had action on border control—

**Mr D O'BRIEN:** But now you are trying to rewrite the record and say that you always wanted the federal government to—

**The CHAIR:** Mr O'Brien.

**Mr MERLINO:** It was through the advocacy and the leadership of the states that we had a quarantine system put in place, and as I have said ad nauseam, hotel quarantine was put in place in the absence of any large-scale national approach to quarantine. Hotel quarantine has never been and never will be, Mr O'Brien, a no-risk—it is not purpose-built. It has inherent risks. And as we have seen a number of hotel breaches, including the outbreak that we are dealing with in Victoria right now, is as a result—

**Mr D O'BRIEN:** Chair, how long do I have to sit here and listen to it?

**The CHAIR:** Mr O'Brien, you asked the question.

**Mr D O'BRIEN:** The Acting Premier has answered the question.

**The CHAIR:** Mr O'Brien, you asked the question.

**Mr D O'BRIEN:** He has answered the question. I want to move on. I do not want to sit here for 10 minutes and let him keep waffling.

**The CHAIR:** Mr O'Brien, could you please not yell. The Acting Premier is attempting to answer your question.

**Mr D O'BRIEN:** No, he has moved on. He has gone way past the question that I asked, Chair, and you should allow me to interrupt. If you are not going to allow us to interrupt, then give us as much time as we want. If you are going to limit the time we have—

**The CHAIR:** Mr O'Brien, it is you that is running your clock down.

**Mr D O'BRIEN:** Acting Premier, at a time we need to diversify our export markets away from China, given the trade sanctions it has been imposing on us, why is there a 63 per cent cut to the 'Trade and Global Engagement' output in DJPR? And—I am going to run out of time—likewise, the question about the Victorian government's involvement with China and the Belt and Road Initiative: do you have a view on the federal government's decision to cancel that agreement?

**Mr MERLINO:** Thanks, Mr O'Brien, for your question. As I have said in other forums, the foreign relations Act is entirely a matter for the commonwealth government. It is a—

**Mr D O'BRIEN:** Were you upset that they cancelled that agreement?

**Mr MERLINO:** Are we going to talk about feelings at PAEC? It is a federal government Act and a federal government decision, and we will comply with our obligations under the Act. In the meantime we will continue hard to deliver jobs, trade and economic opportunities for our state.

**The CHAIR:** Thank you, Acting Premier. Ms Richards.

**Ms RICHARDS:** Thank you, Acting Premier and officials. I would like to continue to explore some of the areas that were being pursued by Mr Maas, and in particular take you to budget paper 3, page 8, and the table 1.5 specifically. The royal commission into mental health in its final report—of course tabled at that extraordinary sitting—noted the importance of community-based care, and you spoke before about local care early and having access to mental health services locally and as part of the community. I understand recommendations 3, 5, 6 and 23 of the report go to those issues particularly. I am wondering, I am hoping, you can perhaps help us explore how the government has funded community-based care and the rationale for the community-based model of care.

**Mr MERLINO:** Thank you very much for the question. The royal commission did indeed tell us that when it came to accessing care, some Victorians—in fact many Victorians—do not know where to turn or who to turn to. That is why we are delivering new mental health services across the state in our local communities. In particular, \$790 million of this package will flow to the regions, making sure that Victorians no longer have to travel away from their homes, communities and support networks in order to get care.

So let me take you through the rationale for local care. \$264 million is being provided for local care, providing a front door for care with the first 20 of up to 60 new local services to be delivered across Victoria. These services will focus on early intervention, ensuring Victorians get the care they need much sooner and much closer to their families and communities. The first six of these 20 sites have been fast-tracked, with local services in Benalla, Brimbank, Frankston, Greater Geelong, the Latrobe Valley and Whittlesea opening in 2022. This means that Victorians will no longer have to travel to access the care they need. As part of the community care model we are also investing \$954 million to establish 22 reformed area mental health and wellbeing services to replace current services. Our model is deliberately local and is designed to deliver care where it is needed most. Thank you.

**Ms RICHARDS:** I am going to again take you to the same budget paper reference—so budget paper 3, page 8 and that table 1.5 again—but this time I would like to explore recommendations 8, 10 and 11 of the royal commission's report as it relates to funding for acute care. I am interested in exploring and understanding how that funding will impact on the community.

**Mr MERLINO:** Thank you. We recognise that if you are in need of serious support, you should not have to wait for help, and yet right now that is the experience of thousands of Victorians. The budget is investing \$370 million in acute mental health services, making sure that Victorians are getting the ongoing support they so desperately deserve. Funding of \$36 million will operationalise 24 Hospital in the Home beds which have been commissioned throughout 2020 and 2021. These are an innovative alternative to acute hospital-based treatment, providing wraparound care for Victorians in the comfort of their own homes. This investment builds

on the 179 additional beds funded in last year's budget. Funding will also ensure the nine hospital outreach post-suicidal engagement sites funded in last year's budget can continue to provide care to their communities, including locations in Warrnambool, Shepparton, Mildura, Box Hill, the Royal Melbourne, Monash Medical Centre, Austin Health, Broadmeadows and Epping. There is funding of \$5.1 million to develop and trial an intensive 14-day support program for adults who are expressing psychological distress. And we will also start planning work to establish a new statewide trauma service to bring together mental health practitioners with lived experience of trauma to support our mental health workforce to deliver trauma-informed care. The royal commission told us that huge damage was being done to Victorians who have had to wait for acute care, and these measures will go some way to addressing that.

**Ms RICHARDS:** Thank you, Acting Premier. Again, budget paper 3, and table 1.5 on page 8—this time I would like to understand particularly recommendations 19 and 25 of the royal commission report and the failure of the system to care for children and young people. Can you take me through the funding for children and young people and again perhaps help the committee understand how the government intends to implement those recommendations?

**Mr MERLINO:** Thank you. We are investing \$842 million in mental health and wellbeing support for children and young people, ensuring we are providing support to them and their families as early as possible. We are investing \$138 million to deliver 13 reformed infant, child and family mental health and wellbeing services, providing local support that is specifically designed around the needs of children and young people. We are also investing \$266 million to reform and expand 13 youth area mental health and wellbeing services across Victoria and support organisations providing mental health care to young people. This will deliver more hours of care for young people, including extended and after-hours support. A further \$41 million will establish three new multidisciplinary community-based hubs, which will take a one-stop approach to children's health, including emotional, developmental and physical health, integrated with a range of other services and paediatricians. The budget also invests \$114 million to deliver five new youth prevention and recovery care units, totalling 50 beds specifically for young people, delivering subacute care. Services will be located in Melbourne's north-eastern metro region as well as Barwon south-west, Gippsland, Grampians and Hume regions.

**Ms RICHARDS:** Thank you, Acting Premier. Again, budget paper 3, table 1.5 at page 8—this time I would like to explore a little bit more recommendations 27(1)(c) and 33, which cover the provision of culturally safe care for Aboriginal Victorians. I am interested in understanding the funding for Aboriginal Victorians and how government intends to implement the royal commission's recommendations in that context.

**Mr MERLINO:** Thank you. We are investing \$116 million to support the mental health and wellbeing of Aboriginal Victorians, including for Aboriginal community controlled organisations. This includes expanding social and emotional wellbeing teams to Aboriginal community controlled health organisations across Victoria as well as funding the Victorian Aboriginal Community Controlled Health Organisation to establish an Aboriginal social and emotional wellbeing centre of excellence. ACCHOs will also be funded to commission the delivery of culturally appropriate social and emotional wellbeing services for children and young people, and funding is also provided to resource infant, child and youth area mental health services to support Aboriginal community controlled organisations with the creation of Koori mental health liaison officer positions. As I have said, Ms Richards, a number of times, this is the first year of what will be a decade-long reform, so there will need to be continued investment in these areas and provision of additional services in the years ahead. I am particularly excited about the truth and justice commission as well and the findings and recommendations, some of which will head to treaty negotiations. But other findings and recommendations will go directly to government for response, so I anticipate in the years ahead not just continuing the investment—the first step that we have outlined in this budget—but also some other initiatives, or priorities, that may emerge out of the truth and justice commission.

**Ms RICHARDS:** Thank you, Acting Premier. I am going to take a change of tack now and explore a little bit more around some of the issues around jobs and the recovery. In this context I will take you budget paper 2, page 1. Now, some have criticised the government for having no plan for the state's recovery. Could you please tell us what the government's plan is to create jobs for Victorians?

**Mr MERLINO:** Thanks, Ms Richards, for your question. This has been, as we all know, a challenging period for the many Victorians who have been stood down or lost their jobs as a result of the coronavirus

pandemic, and I want those Victorians to know that this government puts Victorian jobs first, and our record on this is absolutely clear. Before this crisis this government had created more than 523 000 jobs. That is more than any other state or territory over the same period. That is why both in last year's budget, where we invested \$49 billion, and this year's budget, we have a jobs plan to ensure not only a job for Victorians but certainty and security for them and their families.

So we set a really ambitious target in the jobs plan to create 400 000 new jobs by 2025 and 200 000 new jobs by 2022. The latest jobs figures show that not only are we on track to meet that target but we are surging towards it. Victoria's unemployment rate has fallen to 5.5 per cent—the recent ABS statistics had us going from 6.1 to 5.5—and more than 240 000 Victorians are back in work since September of last year. Our jobs plan is dedicated to getting more Victorians back to work while at the same time building an economy that is fairer and more inclusive for everyone.

So we have invested in getting Victorians back to work by funding \$1 billion in TAFE and training to give Victorians the skills to get back to work, including providing up to 80 000 new training places over four years. Our Working for Victoria initiative was an emergency response to the pandemic, and it has created over 12 000 jobs. It was a success in providing meaningful work and an income for people who had lost their jobs through no fault of their own. Now, as we have transitioned into the economic recovery, the focus has evolved to sustainable job creation through the new Jobs Victoria employment service. A \$619 million investment in Jobs Victoria will maximise jobs and help Victorians into work by providing that extra support many disadvantaged jobseekers need. Our \$836 million new jobs tax credit encourages small and medium businesses to increase employment by rehiring staff, restoring staff hours or supporting new jobs as they recover from the effects of the pandemic. We believe in building opportunity by investing in our state's infrastructure through the jobs plan.

Our \$6 billion Big Housing Build includes \$5.3 billion to build more than 12 000 new social and affordable homes and \$678 million to make housing more accessible and affordable for Victorians. We are also investing \$1.9 billion to upgrade 162 schools and \$100 million to continue the renewal of Victoria's TAFE system, funding the redevelopment at Chisholm Institute's Frankston campus and the redevelopment of Melbourne Polytechnic's Collingwood campus, and there is a further \$55 million that will be provided towards a maintenance boost across the TAFE system.

Supporting our industry and leveraging our strengths to create growth is a critical element of the jobs plan. The \$2 billion Breakthrough Victoria Fund will drive investment in research, innovation and the next great breakthroughs over the next 10 years. This investment will play to our strengths, focusing on industries, including health and life sciences, agrifood, advanced manufacturing, clean energy and digital technologies. We are establishing Digital Future Now, a comprehensive \$626 million package to support Victoria's transition to a digital economy, removing more black spots, connecting regional communities and allowing unemployed Victorians to undertake digital skills training or take part in a digital internship. At the same time we are providing ongoing recovery support for Victorian businesses through grants, tax deferrals and waivers, and funding \$189 million to promote business investment in Victoria. The investments in the jobs plan will touch every corner of our state, ensuring no community and no Victorian is left behind.

The Victorian tourism recovery package provides a \$465 million suite of initiatives to restart the sector, on top of the \$45 million of initiatives provided to support the sector during the pandemic. There is an extension of the Regional Jobs and Infrastructure Fund totalling \$156 million, that will support local priorities, businesses and regional investment in recovery. Systemic reforms to the planning system and the streamlining of the environment protection statutory approval process will unlock investment and support economic recovery. There is a Growing Suburbs Fund receiving \$75 million to build and upgrade community facilities, along with \$65 million for a landmark agriculture strategy to put Victorian farmers and produce first.

We are also helping regional Victorians and those seeking a sea change with a new 50 per cent stamp duty concession for commercial and industrial property transactions in regional Victoria. Our jobs plan has already delivered strong results thanks to the incredible investments we made in both last year's and this year's budget, and we are on track to 400 000 jobs by 2025.

**Ms RICHARDS:** Thank you. Chair, just in interests of time I think I will leave it there.

**The CHAIR:** Thank you very much. Mr Hibbins.

**Mr HIBBINS:** Thank you, Chair. Thank you, Acting Premier, and to your secretaries and your team for appearing this afternoon. I want to ask a specific question about budget paper 3, page 3, and the new initiative preventing Aboriginal deaths in custody and the funding that goes towards that. We have been advised that the Victorian Aboriginal Legal Service, who operate as custody notification centre when Aboriginal people are taken into police custody, have stated that because of the budget they do not actually have the funding to manage the increasing demand on their services and they have actually had to freeze on taking new clients for at least three months—it potentially could be more—which is likely to leave some vulnerable Aboriginal clients without adequate safe legal protection. How are you preventing Aboriginal deaths in custody when Victoria's Aboriginal Legal Service does not actually have enough funds to represent new clients?

**Mr MERLINO:** Thank you, Mr Hibbins, for your question. I will try and answer the question as best I can, but there may be elements, particularly in terms of the legal service, for which if I have got more information, I will come back to you. We know that all deaths in custody have an impact on family members, friends, victims of crime and the Aboriginal community. We hear the pain and anger from Aboriginal and Torres Strait Islander people that they have 30 years since the recommendations of the royal commission. We know that we can and we must do better. Just a moment ago I mentioned the Yoo-rook Justice Commission in partnership with the First Peoples' Assembly of Victoria. We established that commission to compel us to confront what has come before and to acknowledge that the pain in our past lives lives on in our present. We also know that more needs to be done to address the over-representation of Aboriginal Victorians in the justice system. We are working with Aboriginal communities and the Aboriginal Justice Caucus to reduce these rates and improve outcomes for Aboriginal youth, including through the Aboriginal Justice Agreement and the upcoming Aboriginal youth justice strategy. In terms of what we are doing to address over-representation, we are working with Aboriginal communities to listen, support and deliver real and lasting change, building a stronger, fairer and more accessible justice system.

As I mentioned, we established the Aboriginal Justice Agreement. It is now in its fourth phase and the longest running agreement of its kind in Australia, which has self-determination at its core. We have invested \$40.3 million over five years towards this first core phase, with initiatives including \$12.3 million for a range of court-based initiatives to enable greater Aboriginal participation in civil, criminal and coronial settings; \$10.8 million to target over-representation in Victoria's youth justice system by extending the community-based Koori Youth Justice Program; \$2.2 million to expand the statewide Indigenous arts in prison and community program; and \$15 million to expand existing community-based programs and develop new community-designed and led approaches to reduce Aboriginal involvement in the justice system. The Aboriginal Justice Agreement also reflects Victoria's targets for closing the gaps in the rates of Aboriginal and non-Aboriginal young people and adults under justice supervision by 2031. We were the first jurisdiction to set justice targets, and we are currently on track to meet the youth justice target.

So there are a range of things that we are doing, Mr Hibbins. In terms of the legal service, I will defer that to the specific minister but endeavour to come back if I have got any further to add.

**Mr HIBBINS:** Thank you. I mean, in follow-up to that: VALS, the Victorian Aboriginal Legal Service, have publicly stated they needed more than 10 times the amount of the \$2 million provided to meet the needs of the Indigenous community and their clients. Given that there are no changes to the policy settings that are actually leading to the record rate of Indigenous incarceration that we are seeing under this government, will you be working with the Aboriginal Legal Service to ensure that their needs can be met, their clients' needs can be met and they can continue to take on new clients instead of having to put a freeze?

**Mr MERLINO:** Thank you for the supplementary question. I would dispute the first part of your question, with respect, Mr Hibbins, that we are not trying to resolve these issues or seek to reduce Aboriginal over-representation in our justice system—that is exactly what we are seeking to do with some passion. And in terms of Victorian Aboriginal Legal Service, they received, as I understand it, \$2 million of new extra funding for a pilot program to establish the first of their new regional centres and to lay the necessary groundwork and evidence for future expansion. This is on top of \$2.16 million of one-off funding provided in last year's budget for first steps in planning and implementing the model. So that is the advice that I have got to hand, and I am happy if there is anything further to provide, but it probably goes back to the discussion I had earlier with

Ms Richards in terms of the Yoo-rook Justice Commission, the truth and justice process, and the findings and recommendations that may emerge out of that nation-leading process.

**Mr HIBBINS:** Thank you. In terms of another initiative on budget paper 3, page 3, ‘An advanced Aboriginal cultural heritage protection system for a growing economy’, I ask whether any of the \$14.2 million funding over the next two years will go towards restoring—you would be well aware of the destruction of the sacred eel, which is of significance to the Djab Wurrung people, of significant heritage status to them—that site and returning it to the traditional owners and protecting that and other similar sites that face similar risks?

**Mr MERLINO:** Thanks, Mr Hibbins, for your question. I can outline for the committee what this funding is earmarked for: \$3 million to continue to employ Aboriginal heritage officers to lead compliance and enforcement in registered Aboriginal parties; \$9.4 million over two years to deliver nation building, particularly in areas without formally recognised groups; and \$1.8 million for the Federation of Victorian Traditional Owner Corporations. I am happy to take on notice if there is any support directly to the matter that you have raised.

**Mr HIBBINS:** Okay, thank you. Moving on to a different topic: budget paper 3, page 36, there is \$10 million towards progress towards the emission reduction targets. Now, in terms of the emission reduction targets, the Combet report that the government commissioned to advise them on what those targets were indicated that an emissions reduction target by 2030 to Victoria’s share of keeping global warming under 1.5 degrees would be around the 60 to 75 per cent mark, but the targets that were announced by the government, or the targets that the government adopted, were the 45 to 50 per cent reduction. Why is there a discrepancy between what you have adopted and what was needed to be adopted as advised by the Combet report?

**Mr MERLINO:** Thanks, Mr Hibbins, for your question. I would disagree with that categorisation. Firstly, in terms of the Combet report, it provided a recommendation in terms of a range, and we are absolutely on track with that. I will go through what we have committed to. So, firstly, we are within the range. In terms of the Combet report, the assumptions in terms of the top end of that range assumed national input and national leadership as well. Now, you well know that we do not have national leadership in terms of emission reduction targets.

There is no better example both in the letter and the spirit of the Combet report and the commitments that this government have made than when I was standing next to Mr Combet and Ms D’Ambrosio as the minister when we announced these emissions targets, and Mr Combet was absolutely complimentary of the national leadership and on an international stage as well in terms of the commitments that we made. We are positioning Victoria as a leader in tackling climate change and creating new jobs and industries of the future. Our ambitious climate change strategy and interim targets will keep Victoria on track to meet net zero emissions by 2050.

**Mr HIBBINS:** Obviously there is a clear difference if we are aiming for 1.5 degrees of warming or 2 degrees of warming. Where does the Victorian government land?

**Mr MERLINO:** Where we are landing, Mr Hibbins, is to meet net zero emissions by 2050 and looking at the best way to get there in terms of setting achievable yet ambitious targets in the interim. We have got 2500 megawatts of renewable energy already delivered. Between now and 2028 we have got a further 5000 megawatts of renewable energy.

**Mr HIBBINS:** So you have not landed—the government does not have a position in terms of wanting to do its share to limit global warming to 1.5 degrees or 2 degrees?

**Mr MERLINO:** Mr Hibbins, our ambitious climate change strategy is to get to net zero, and based on the Combet report, based on environment reports nationally and internationally, the faster we can get to net zero, the better we are going to impact on global warming.

**Mr HIBBINS:** Thank you. On budget paper 3, page 36 as well, there are a number of initiatives but relatively small amounts allocated to biodiversity, particularly in light of the fact that there is also \$12 million to carry out the regional forestry agreements—logging. The last state of the environment report was pretty damning in terms of the state of Victoria’s environment. I mean, the indicators were all heading south pretty rapidly. Obviously the bushfires had a devastating effect on biodiversity as well. Given all this, do you think the

funding available in this budget is enough to actually meet the scale of that challenge and why wasn't there a greater priority placed on biodiversity in this budget?

**Mr MERLINO:** Thanks, Mr Hibbins. It is an interesting budget context because our previous state budget was only six months ago. So I think for these hearings often when we talk about investment in any particular area it is worth keeping in context what we did just six months ago. I know that these hearings are focused on the 2021–22 budget, but in terms of responding to the massive and tragic impact on biodiversity of the bushfires, the bulk of that effort, as you say, was in the measures that we put through in our last budget. All in all, there is \$60 million towards dedicated biodiversity measures in response to the bushfires, and we needed to act immediately. We have continued recovery efforts with critical habitat restoration and pest management.

Last year we delivered the largest forest restoration effort in the state's history. There was more than 4.5 tonnes of eucalypt seeds spread by helicopter across nearly 11 500 hectares of fire-ravaged country—an area equivalent to about 5650 MCGs. There is a \$17.5 million biodiversity recovery package that we announced in January of last year. There was an additional \$5 million announced in August of last year. In October we announced the largest forest restoration effort in the state's history with the eucalypt seeds—\$7.7 million. There was further funding of \$29 million in the 2021–22 budget to continue various measures in DELWP's bushfire biodiversity response and recovery program. I think that is one where, given the circumstances at the time, the investment was predominantly through 2020.

**The CHAIR:** Thank you, Mr Hibbins. Ms Taylor.

**Ms TAYLOR:** Thank you, Acting Premier and department officials. I would just like to explore the issue of jobs and employment further. Obviously it is incredibly important. If I can refer you to budget paper 2, page 3, would you say the 'Jobs Plan' is working? Are jobs recovering?

**Mr MERLINO:** Thank you, Ms Taylor, for the question. As I said, our record on jobs is clear. Before this crisis the government had created more than 523 000 jobs—more than any other state or territory over that same period—and our record on jobs is underpinned by our record of strong economic management. From 2014–15 to 2018–19 Victoria's economic performance led the nation. Economic growth averaged 3.3 per cent and employment growth averaged 3.1 per cent a year over the five years to 2018–19—the strongest growth of all the states. Consistent with this the Victorian unemployment rate had fallen to an 11-year low of 4.6 per cent in 2018–19 and remained below 5 per cent in December 2019 before the impacts of the 2019–20 bushfires.

In 2020 of course the pandemic had a significant impact on the Victorian economy, as it did on economies around the world, with the first economic downturn in 28 years and a fall in employment of 241 000 from March to September 2020. A once-in-a-generation pandemic needed a once-in-a-generation plan for economic recovery, and that is what we delivered in November with our 'Jobs Plan'—as I have said before, the ambitious target of 400 000 jobs by 2025 and 200 000 by 2022.

To go directly to your question, it is working. The state's economic recovery is now well underway, with employment and workforce participation both already recovered to pre-coronavirus levels. More than 240 000 jobs have been created in Victoria since September, well ahead of the interim employment target of 200 000 new jobs by 2022. That is almost twice as many jobs as the opposition created in four years between 2010 and 2014. And indeed, despite a longer period of public health restrictions in Victoria during 2020, essential to save lives and underpin sustainable economic recovery, Victoria's employment recovery has caught up with that of the rest of Australia.

The ABS April labour force figures show that Victoria's unemployment rate has fallen to 5.5 per cent from the peak of 7.5 per cent in June of last year. It is now the same as the national unemployment rate and that of New South Wales and lower than Queensland, South Australia and Tasmania. That is better than the rate of 6.7 per cent when those opposite last left government—rather to my right—

**Mr D O'Brien** interjected.

**Mr MERLINO:** and they were not dealing with a once-in-a-century pandemic. And this is the stat that I am most pleased about: we are creating more jobs than New South Wales. Since February 2020—

**Mr Riordan** interjected.

**Mr MERLINO:** Victoria's total employment is up 18 500 and New South Wales's is down 34 200.

**Mr Riordan** interjected.

**The CHAIR:** Mr Riordan!

**Mr MERLINO:** Full-time jobs are up 18 300 in Victoria and down 54 900 in New South Wales.

Our jobs plan is not just about getting more people back to work but making it fairer and more inclusive for everyone, and it is working. Employment among women has rebounded to pre-coronavirus levels despite women being disproportionately affected by job losses throughout last year. The proportion of young people in employment has now also recovered to around pre-coronavirus levels. In April 2021 Victoria's labour force participation rate was at a new high of 62.9 per cent—1.3 per cent higher than New South Wales. Economic activity also rebounded strongly in the December quarter of 2020 with the easing of public health restrictions. Momentum has continued into the March quarter, with retail spending at elevated levels, business conditions at around three-year highs, elevated consumer and business confidence and a strengthening housing market. Our jobs plan is working, and the economic outlook for Victoria is positive. With employment already back at pre-pandemic levels we are well on track to create 400 000 new jobs by 2025.

**Ms TAYLOR:** Thank you. We know the pandemic has been hard on many working Victorians, particularly those in the hardest-hit sectors, so I think it would be helpful for the committee to understand a bit more about what employment support is being provided to Victorians to help them find work.

**Mr MERLINO:** It is an important question. Thank you. As we make strong strides on our economic recovery we are making an unprecedented investment in employment supports to help the people most affected by the pandemic find a job. Our \$619 million Jobs Victoria program is a landmark initiative to help people in the community who need extra assistance getting back into work. Since being launched in March this year Jobs Victoria advocates, mentors and counsellors are already in our communities helping hundreds of people get that extra support. Jobs Victoria advocates have hit the street, connecting with jobseekers to advise them about the services available to get back to work, including local training, counselling or mentoring support. Jobs Victoria advocates are assisting jobseekers who need help finding or preparing for employment or who are struggling with the impact of unemployment to know where they can go to the information, advice and support they need.

Jobs Victoria has partnered with 44 organisations right across the state to host up to 112 advocates, including local government, community sector organisations, organisations focused on supporting women and people from culturally and linguistically diverse backgrounds, Aboriginal community controlled organisations and traditional owner groups. There are currently 37 advocates on the ground, and a further 35 will be hitting the streets shortly after finishing their training. In addition to advocates, Jobs Victoria mentors are helping people at risk of long-term unemployment who need extra support. The support that mentors provide will depend on the needs of jobseekers, but many include job search support and support with appropriate clothing, grooming, travel to interviews and job-specific skills training. Once they are placed in a job, up to 430 mentors will provide post-placement support and advice to both the jobseeker and employer to help the jobs stick.

Jobs Victoria also includes 36 careers counsellors, who will provide expert career and vocational advice, including exploration of interests, vocational assessment, development of career options pathways and guidance on setting goals and plans. Taken as a whole, Jobs Victoria advocates, mentors and counsellors will be based across metropolitan Melbourne and regional Victoria to support all Victorians. The program is a crucial step to inclusively help people who need that extra support get back into the workplace. These supports are complemented by the Jobs Victoria Fund, which will provide \$250 million over two years in subsidies to assist businesses in taking on at least 10 000 people who are currently looking for work. I might leave it there. Thank you.

**Ms TAYLOR:** Thank you. And if we can stay on budget paper 2, page 3, obviously this once-in-a-century pandemic has been really hard on the economy and jobs. What has the government done since the pandemic started in March 2020 to actually create jobs for Victorians?

**Mr MERLINO:** Thank you, Ms Taylor, for the question. Since the very start of the pandemic in early 2020 we have worked to support employment and create jobs for Victorians right across the state. Our building works package provided \$2.7 billion towards shovel-ready projects, big and small, to get thousands of people

into work. The package tackled the biggest economic challenge in generations by creating 3700 direct jobs for construction workers, painters, plasterers, gardeners, engineers and many others. Thousands more were created across the supply chains, including manufacturing, logistics, transportation, warehousing and retail, while also pumping extra dollars back into our economy.

At the centre of the package was \$1.18 billion in infrastructure projects that created space for more students in our education system and jobs for construction workers. Through this investment we built 10 schools, delivered four further stages of new schools and upgraded or modernised 57 schools. Another key plank of our response was Working for Victoria, a \$500 million initiative to create thousands of jobs for people who had lost their jobs because of the pandemic. These jobs helped people find work and also supported the Victorian community and, as I said, this has now created over 12 000 jobs.

They were created right across the state and involve diverse work, such as the cleaning of public spaces during the pandemic, vital flood mitigation work and upgrading town entrances, removing weeds, painting posts and bollards and clearing open drains. The program has been a success in providing meaningful work and an income for people who had lost their job through no fault of their own. Now that we are in the economic recovery phase the focus has evolved to sustainable job creation, supported by our record investment and the new Jobs Victoria employment service.

As we have begun the economic recovery our investments have turned to encouraging Victorians to holiday at home this year and support local jobs. Our regional tourism voucher scheme and the Melbourne tourism voucher scheme provided over 140 000 vouchers towards tourism in metropolitan Melbourne and regional Victoria and supported jobs across the state, with most people claiming for vouchers having spent around \$1000 on accommodation, tours or attractions on their trips. This spending was put right back into our local economy and helped Victorians see more of our great state. The regional tourism voucher scheme was part of our \$465 million Victorian tourism recovery package, which provided almost \$300 million to improve infrastructure in iconic locations, including Gippsland, the Great Ocean Road, Wilsons Promontory and the Grampians, and to invest in new tourism projects for future Victorians.

**Ms TAYLOR:** Thank you. We know the pandemic has had a disproportionate impact on women. What is our government doing to get women back into jobs?

**Mr MERLINO:** Thanks for the question. Not only are women more likely to have lost their jobs, they are more likely to have taken on the bulk of unpaid work and care at home. Women are also more likely to be employed in part-time and casual work, putting them at greater risk. Women have been on the front line of the pandemic—in our hospitals, in our supermarkets, in aged care and in schools. And as we begin to recover, we have an opportunity and a responsibility to redress embedded inequalities that have existed for too long and create a fairer future. That is what we did on the 2020–21 Victorian budget, and that is what we have done in this budget.

In the 2020–21 Victorian budget we invested \$630 million for free TAFE and subsidised training places, plus an additional \$155 million to provide access to those most impacted by the pandemic, with a focus on getting more women back into the workforce. We have provided \$619 million for the Jobs for Victoria initiative to help hundreds of thousands of Victorians looking for work, including \$150 million to support 6900 women into job placements, of which \$50 million was for women over 45. We provided \$238 million for wideranging family violence prevention and response measures to continue our support for women and their children; \$170 million to support women's workforce participation by providing free kindergarten in eligible services in 2021; \$82 million to increase the availability of outside-school-hours care, giving parents, particularly mums, more flexibility when it comes to work, study and care; \$33 million to expand opportunities for apprenticeships and traineeships through our flagship Big Build training pathway, with a particular focus on supporting more women into the construction sector; and \$30 million for a range of gender equality initiatives, including the implementation of the *Gender Equality Act 2020*—and it goes on, but I want to come to this budget.

This budget includes \$4.3 million to ensure the needs of women are being considered at the heart of government, including by establishing a gender-responsive budgeting unit to ensure outcomes for women are measured as part of the budget decision-making process. We are also investing \$354 million for wideranging family violence prevention and response measures to continue our support for women and children experiencing family violence and increase perpetrator accountability. This is on top of the \$3.8 billion to build a

mental health system and \$259 million to remove barriers to women's workforce participation, recognising the disproportionate impact of caring responsibilities on women by supporting universal three- and four-year-old kinder and continuing outside-of-school-hours support for students with disability and additional needs.

In 2016 we launched *Safe and Strong: A Victorian Gender Equality Strategy*, an ambitious plan to achieve gender equality and reduce violence against women. Five years on and as we recover after the pandemic, we are continuing to deliver on that vision for a fairer, more equal Victoria. Thank you.

**Ms TAYLOR:** Very good, thank you. I would just like to shift gear a bit, looking at the issue of bushfire preparedness, if we could go to budget paper 3, page 36. We all know that the 2019–20 bushfires were just catastrophic and had a huge impact on Victorian communities, particularly those when we think about East Gippsland, Towong and the Alpine regions. I am noting that this budget makes a significant investment in our state's bushfire preparedness. Can you explain that in more detail? I think a lot of people want to know about that.

**Mr MERLINO:** Yes, thank you. And in the short time I have left for this question, in the largest funding package ever for forest fire and regions the 2021–22 Victorian budget allocates \$517 million to protect lives and property, critical infrastructure, the environment and local economies from the growing bushfire threat. A \$384 million component of this record investment is 'Reducing bushfire risk in a rapidly-changing climate', which supports critical initiatives which I am happy to provide at a later time.

**The CHAIR:** Thank you, Acting Premier. Mr Newbury.

**Mr NEWBURY:** Thank you, Acting Premier. It would concern me greatly if you had not spoken to Premier Andrews recently. Did you let him know about the restrictions announced earlier this week or the lockdowns announced—

**The CHAIR:** Mr Newbury, I remind you this is a budget estimates hearing.

**Mr NEWBURY:** Absolutely, and the lockdowns—

**The CHAIR:** As I said to Mr Limbrick, this has been a broad-ranging conversation, given the proceedings of the day, but I think you are straying beyond the mandate of this committee.

**Mr NEWBURY:** The Acting Premier is in an acting role. I think it is perfectly reasonable—

**The CHAIR:** If you could frame your questions in relation to the budget papers, that would be appreciated.

**Mr NEWBURY:** Your position as Acting Premier, has it been formalised through an executive order?

**The CHAIR:** Mr Newbury, again I fail to see how that question relates to the budget papers.

**Mr NEWBURY:** Chair, I am sorry, but the status of the person sitting before us is a completely reasonable question to ask, and whether that person is sitting in a formal capacity or otherwise.

**The CHAIR:** Mr Newbury—

**Mr RICHARDSON:** He didn't stumble in.

**The CHAIR:** This process—

**Mr NEWBURY:** No, I am sorry—

**The CHAIR:** Mr Newbury, this process—

**Mr NEWBURY:** I am sorry, I think it is totally reasonable for the Acting Premier to confirm his status.

**The CHAIR:** Mr Newbury, if you could allow me to speak without speaking over the top of me, please. This committee is considering the budget estimates, and I would ask that you relate your questions to the budget estimates, please.

**Mr NEWBURY:** I am totally entitled to ask the status by which he sits here, because he is making decisions. If he is sitting here in a formal capacity and signing briefs, I think that is—

**The CHAIR:** Mr Newbury, I appreciate it was before you were on this committee, but this committee invited the Acting Premier, as the Acting Premier, to appear before this committee on behalf of the Premier. So this committee has already considered the status of the witnesses sitting opposite—

**Mr NEWBURY:** He either is or he is not. Secretary, you might be able to assist. Is he sitting here as the Acting Premier through a formal executive order?

**Mr MOULE:** The standing convention for the appointment of acting ministers and premiers has been followed in appointing the Acting Premier to his current duties.

**Mr NEWBURY:** Terrific. Thank you. So is he being paid a Premier's salary?

**The CHAIR:** Mr Newbury, I would ask that you return your questions to the consideration of the budget estimates.

**Mr NEWBURY:** Well, Victorians are paying for the salary, if he is being paid the Premier's salary.

**Ms RICHARDS:** On a point of order—

**Mr NEWBURY:** I think that is completely within the budget.

**The CHAIR:** Mr Newbury, there is a point of order. You are out of order. Ms Richards.

**Ms RICHARDS:** Chair, I am just interested in trying to ascertain a budget paper reference or a reference to the inquiry before us.

**Mr NEWBURY:** There is absolutely no requirement for a budget paper reference as to whether or not the Acting Premier is paid the salary.

**The CHAIR:** Mr Newbury, I did not invite you to speak. Ms Richards took a point of order. Are there any other contributions on the point of order? Mr O'Brien.

**Mr D O'BRIEN:** On the point of order, Chair, the objectives of the committee inquiry as listed on the website include to promote 'the accountability, transparency and integrity of the executive and the public sector'. This question goes directly to that question. It does not need a budget reference. It is entirely in line with the committee inquiry objective, and I ask you to let the question stand.

**The CHAIR:** Thank you, Mr O'Brien. Are there any further contributions on the point of order? No? On the point of order, I would ask that the member return his question to a frame that fits within the budget estimates process, and I am sure those sitting opposite will be pleased to answer them in that context.

**Mr NEWBURY:** Given that if the Acting Premier is being paid an additional salary that salary will need to be funded from the budget, is the Acting Premier being paid additional salary?

**Mr MERLINO:** Through the Chair, thank you, Mr Newbury, for your question. I am being paid the salary of the Deputy Premier. And as the Secretary outlined, through the conventions that have been in place for decades, when a minister or indeed the Premier is absent, either on leave or due to illness or injury, there are acting arrangements in place.

**Mr NEWBURY:** Without reflecting on Premier Andrews, the last social media he posted about his welfare was on 18 April, six weeks ago. Has Premier Andrews indicated to you the date he intends to return to work?

**The CHAIR:** Again, Mr Newbury, I would ask that you frame your questions in the context of the budget estimates process.

**Mr NEWBURY:** I think it is completely reasonable for the Victorians who are paying for our salaries to understand what arrangements are in place and until what date.

**Mr MERLINO:** Thanks, Mr Newbury, for your question and your concern about the welfare of the Premier and his return. As I think the Premier has indicated in a statement, he hopes to return in June. That will be subject of course to his doctor's advice. I am in regular contact with the Premier and all of this is very much on the public record. I am often asked at doorstops in terms of the Premier's welfare and return and engagement. So on the big issues, Mr Newbury, as you would expect and as anyone would expect, I am in regular contact with the Premier, but in terms of the day-to-day business of government we want the Premier to focus on his recovery. Fractured vertebrae, fractured ribs—this was a nasty, nasty injury, and anyone who has had a serious back injury knows both the pain involved and also the time required for a full recovery.

**Mr NEWBURY:** Do you think that Victorians know members of Parliament have no cap on leave and no requirement to provide a reason for leave?

**Mr MERLINO:** I could not speak to—

**Mr NEWBURY:** What do you think? Do you think they know?

**The CHAIR:** Mr Newbury, again, this is not a forum to talk about what people might think or, as the Acting Premier said earlier, feelings.

**Mr NEWBURY:** But Victorians are paying for it.

**The CHAIR:** Mr Newbury, I would ask that you return your questions to the context of the budget.

**Mr NEWBURY:** Well, I think it is entirely within budget that Victorians are paying for our salary. I think it is absolutely within budget. All I asked was: do you think Victorians know that there is no cap on a member of Parliament's leave—that is—

**The CHAIR:** Mr Newbury, your question is out of order. This is not the forum for pursuing those. There are other committees that would consider questions such as that, and that is the appropriate place for them to be considered. This is an examination of the budget papers to inform the Parliament's decision-making and contributions on the legislation before the house to deal with the budget.

**Mr NEWBURY:** Acting Premier, are you aware of any Victorian workers who cannot attend work as long as they post a photo on Instagram?

**The CHAIR:** Mr Newbury, again, you are straying well beyond the remit of this inquiry process. I appreciate that you are new to this process and this is your first opportunity to participate. Perhaps you might like to take the counsel of your colleagues, but what we are doing is considering the budget papers.

**Mr NEWBURY:** Look, it is quite disappointing that you are acting to protect the Acting Premier. I do not think that is an unreasonable question.

**The CHAIR:** Mr Newbury, I am acting to ensure this process is a quality one that examines the budget papers rather than your political pointscoring. If you could please frame your questions around the budget papers, that would be appreciated.

**Mr NEWBURY:** Acting Premier, the Department of Health has posted on social media, quote: 'callers are currently having difficulty accessing the coronavirus hotline' and that calls to the service 'may not connect'. Do you think it is good enough for the central advice line to be offline today?

**Mr MERLINO:** Thanks, Mr Newbury, for your question. We want to ensure, whether it is websites or call centres, that things are running as optimally as possible. What we saw yesterday, for example, was a remarkable number of people that had gone out and got tested—over 40 000 people, the most ever processed—and almost 13 000 people got vaccinated over the last couple of days. There is nothing great about the pandemic whatsoever and particularly about the necessity via public health to go into a circuit-breaker lockdown, but there have been challenges around complacency and challenges around compliance. We have not got the vaccination rates that we would hope, whether that is via the commonwealth supply of the vaccine or indeed—

**Mr NEWBURY:** And when it comes to the hotline being offline—

**The CHAIR:** Mr Newbury—

**Mr MERLINO:** Yes, I am answering your question—or indeed reticence of people to get vaccinated. So the one good thing out of recent times is the number of people that are keen to get vaccinated. This morning I made an announcement. We were keen to look at how we can expand the eligibility of people who are able to get vaccinated. This morning I announced that we are expanding, because we do have enough supply of Pfizer, to the 40- to 49-year-old age—

**Mr NEWBURY:** I am not sure your vaccination plan is the answer that I can give constituents who are asking why they cannot get through to the hotline.

**Mr MERLINO:** I am answering your question, Mr Newbury. Both the circumstances with the outbreak and the announcement that we are going to expand eligibility mean that we have had a massive, massive uptake in interest—in people wanting to book and to get vaccinated—and that is a great thing. The Minister for Health responded to questions in terms of additional capacity that will go towards the call centre. We had something like 30 000 calls yesterday. There are 100 additional people today. There will be I think north of 500 people over the weekend. I am just seeking people's patience in terms of that massive upswing in calls to the hotline and people seeking to book. We need people in the 40- to 49-year-old age group to book for Pfizer. In terms of AstraZeneca for people 50 and over we can have both bookings and walk-ups, but because of the nature of Pfizer they need to book. So both in terms of queues for people to get tested, like physical queues to get tested—

**Mr NEWBURY:** I think you have answered the question.

**Mr MERLINO:** as well some challenges around getting through on the hotline, I want to acknowledge and ask for people's patience. But we are ramping up significantly the number of staff to cater for that demand.

**Mr NEWBURY:** Okay, and the line is still down. In your announcement today you noted that the current virus strain is still moving faster than the state's contact tracers. Earlier this week the government confirmed that the contact tracing team, quote, 'fell down'. Do the acknowledged failures in our contact-tracing system concern you?

**Mr MERLINO:** Okay, I think we need to separate two things. In terms of the specific issue where the Minister for Health rightly said on that issue it could have been handled better, that was in regard to the receipt. It was a banking receipt that said 'Epping Woolworths' when in fact it was Epping North. That is absolutely acknowledged, Mr Newbury, but I want to put the performance of our contact-tracing team in context. Through this current outbreak, which, again, originated from a hotel breach in South Australia, the contact-tracing team have never been as hard and fast and efficient as they are right now. So within a 24-hour period our contact-tracing team have been able to identify and lock down three generations of cases. They have never done that before in a 24-hour period—identifying and locking down three generations. Particularly when we are talking about this particular variant stream, which is quite virulent, the performance of our contact-tracing team has never been quicker. Despite performing at a level that the contact-tracing team has never performed at before, this particular strain and this outbreak is outpacing it to the extent that we have got north of 150 exposure sites and 10 000 primary and secondary contacts.

**Mr NEWBURY:** Just quickly, Star Entertainment has announced a takeover proposed bid of Crown. In their statement to the market on 10 May Star stated that a successful bid would allow streamlining of services. What are your views on the proposal to shift the executive of the state's largest employer to New South Wales?

**Mr MERLINO:** Thanks, Mr Newbury, for your question, and I appreciate the question. I just do not think it is appropriate, given that we have got a royal commission into Crown, to use this forum or any other forum to talk in detail or to provide a commentary on governance, on ownership, on operations. I do appreciate the question and the public interest in the casino, in Crown, but given that we have got a royal commission I just think it would be inappropriate if I was to speak in any more detail.

**Mr NEWBURY:** Perhaps I could ask then whether any unions have raised concerns about job losses or entitlement losses—so without reflecting on the proposal, whether you have been contacted as a government by unions who are concerned.

**Mr MERLINO:** I cannot off the top of my head, Mr Newbury. I am not aware of any contacts in regard to concerns about job losses. The issue first and foremost for government, particularly in response to what came to light through the New South Wales processes, is around the governance, the operations, making sure that anyone who owns a licence operates in the most appropriate way possible.

**Mr NEWBURY:** And finally, I do want to note that I received a response from the Minister for Industry Support and Recovery myself in regard to a representation on 11 August, 282 days ago. Do you consider nine months for the government to respond on a small business matter a record of support?

**Mr MERLINO:** Mr Newbury, I would need to look into the specifics of that matter, which I am happy to do.

**The CHAIR:** Thank you, Acting Premier. Mr Richardson.

**Mr RICHARDSON:** Thank you, Chair, and thank you, Acting Premier and departmental officials. We might come back within the scope of the 1100 pages of the budget and take you back to the matters you were going through with Nina Taylor, my colleague, about the bushfire season in 2019–20. I had the opportunity to see Clifton Creek Primary School coming back out of the ground, and I know, Acting Premier, you have been substantially involved in that. But to take you back to the budget's significant investment in our state's bushfire preparedness, are you able to elaborate in a bit more detail for the committee's benefit?

**Mr MERLINO:** Thank you, Mr Richardson. I am pleased to come back to where I just left off with Ms Taylor in terms of detailing the investment that we are making in terms of reducing bushfire risk, and that includes, out of that \$384 million, continued funding for the Safer Together program supporting our forest firefighters, planned burning activities and work with communities to understand and manage bushfire risks; increasing mechanical treatments such as slashing and mowing to reduce fuel near communities where planned burns are not appropriate; establishing the Office of Bushfire Risk Management to coordinate fuel management across public and private land throughout Victoria, responding to the recommendation of the Inspector-General for Emergency Management's Phase 1 Inquiry into the 2019–20 Victorian Fire Season; and \$44 million will be invested in firefighter safety equipment, road maintenance and fire tower replacement. An additional component called 'Enhanced communications during emergencies' will provide \$133 million to replace outdated radios used by Forest Fire Management Victoria. This means our state firefighters can avoid radio blackspots and communicate better with other first responders, including CFA volunteers, when fighting fires and responding to remote emergencies.

This year's funding builds on the record investment of \$1.66 billion in the 2020–21 budget towards Victoria's emergency management capability, which included \$124 million to boost Victoria's bushfire response and recovery capacity. The 2020–21 budget provided additional resources to manage bushfire risk, such as more firefighters and field equipment as well as fuel breaks so our firefighters can suppress fires faster and move safely. That funding implemented key time-critical fire-preparedness recommendations from the IGEM's bushfire inquiry to ensure our emergency management personnel were as equipped as possible heading into the 2021–22 fire season. This year's additional budget allocation into fire preparedness fulfils our commitment to implement all the IGEM's recommendations as well as key findings from the recent royal commission into national natural disasters.

**Mr RICHARDSON:** Acting Premier, I might take you now to budget paper 3, page 41. A number of recent reports, including IGEM's and the Victorian Auditor-General's Office's, have recognised the value of cultural burning. How will the Victorian government be engaging with traditional owners on bushfire preparedness?

**Mr MERLINO:** Thanks, Mr Richardson, for your question. As part of the 'Reducing bushfire risk in a rapidly changing climate' initiative our government is investing \$22.5 million to reinvigorate traditional owner led cultural land and fire management practices. The funding will support Aboriginal Victorians to use their expert knowledge to care for country and implement the Victorian Traditional Owner Cultural Fire Strategy. Ensuring access to country and enabling traditional owners to practise cultural fire and other land management activities plays a key role in supporting self-determination. It is also vital in helping to keep our state safe.

The IGEM inquiry into the 2019–20 fires, the 2020 VAGO report into reducing bushfire risk and the royal commission into natural disasters all identify the importance of cultural burning in land and fire management. The important \$22.5 million investment we are making through this budget acknowledges that First People

have been using fire as a tool to manage land and reduce the risk of bushfires for tens of thousands of years. Cultural burning can also help to rejuvenate local flora, protect native animal habitats and respond to weeds and pests. Under the strategy, an Aboriginal-led cultural fire leadership group will be established, helping to bring together traditional owners and land managers in delivering local cultural fire plans. This investment will also support traditional owners in sharing cultural burning techniques with our state's emergency services and conservation groups and identifying areas that are well suited to cultural burning, and it will support traditional owner groups to create jobs that bring their people back into country, ensuring knowledge and practice of our fire is sustained through generations. Thank you.

**Mr RICHARDSON:** I know you played this out a little bit with Mr Hibbins, but I take you back to budget paper 3 at page 41 and the investment in bushfire preparedness and its importance in relation to climate change. What is the Victorian government doing to address the challenges of climate change more broadly in that context?

**Mr MERLINO:** Thanks for that question, and it does go to an earlier question from Mr Hibbins so I am pleased have the opportunity. The science is clear: climate change is happening. The only real choice we have is how we respond. Our government has chosen to take action, setting us up for success as a leader in tackling climate change, and the benefits will not just be a healthy environment and safer communities. We know we will also be creating new long-term jobs and futureproofing our economy. As part of our government's commitment to take action, I recently announced Victoria's emissions reduction targets for 2025 and 2030 to demonstrate a clear pathway to net zero emissions by 2050. This includes a commitment to reduce statewide emissions by a 45 to 50 per cent reduction by 2030, which represents one of the fastest reductions in emissions intensity in Australia, is almost double the national 2030 target and is consistent with international action to limit average global temperature rises to between 1.5 and 2 degrees. Our 2030 target will have the biggest impact on Australia's emissions of any state, compared to the targets of New South Wales, Queensland, the ACT or South Australia. Just so you know, WA, Tassie and Northern Territory do not have 2030 targets. This is also a more ambitious comparative target than Canada, New Zealand or Germany. These targets are underpinned by the release of our climate change strategy and pledges for actions across six key sectors of our economy.

**Mr RICHARDSON:** In that context, and taking you to budget paper 3 at page 37, the Victorian government's emissions reduction target you alluded to is 50 per cent for 2030 and is ambitious, particularly when we consider it with the commonwealth's current targets. What measures has the Victorian government undertaken to meet our targets as we move towards net zero emissions by 2050?

**Mr MERLINO:** Thanks for the question, Mr Richardson. To demonstrate how we will achieve our ambitious targets to reduce emissions by up to 50 per cent by 2030, six pledges have been developed across the key sectors of our economy. These are energy, transport, agriculture, industrial processes, waste and land use forestry. The pledges build off our nation-leading policies and programs already delivering significant emissions reductions and creating thousands of new jobs, including: our 50 per cent by 2030 Victorian renewable energy target; our Solar Homes program, delivering solar and batteries to more than 770 000 homes across the state, making power bills cheaper; and \$515 million for recycling reforms to drive waste out of landfill to be made into new products.

The 2021–22 budget includes a number of new initiatives that will contribute to meeting our emissions reduction goal of net zero by 2050, such as \$20 million to help position Victoria as a leader in low-emissions agriculture. This provides \$3.9 million for groundbreaking research, innovation and deployment, including flagship trials of methane-inhibiting feed additives that will help our farmers reduce emissions while maintaining productivity and profitability; and \$15.4 million for information, tools and services to support adaptation and climate risk management across the agricultural sector, including grants to support on-farm action. Another \$66 million has been allocated to accelerate the uptake of zero-emissions vehicles across residential, commercial and government fleets, and importantly we are leading by example, guaranteeing that all government operations from schools and hospitals to police stations and Metro Trains will be powered with 100 per cent renewable electricity by 2025. This is an Australian first.

This builds on a strong foundation of more than \$2 billion committed by our government in the last year alone to support climate action, including \$1.6 billion for clean energy in the budget six months ago, the biggest commitment of any state government ever. This investment is supporting thousands of Victorian households to

lower their energy costs and carbon emissions while creating new jobs, like our \$335 million program to upgrade old and inefficient heating and cooling in 250 000 low-income households, or our \$190 million boost to accelerate and expand the Solar Homes program, making 17 500 battery rebates available over the next three years to help transform our grid. We have also committed a total of \$100 million to accelerate the uptake of zero-emission vehicles and help meet our target for 50 per cent of new light-vehicle sales to be zero-emission vehicles by 2030 and \$92 million for statewide land restoration and carbon farming, working with landowners and traditional owners to create more fertile and productive land through actions such as revegetation or planting strategic tree breaks that protect crops, all while creating thousands of new jobs in sustainable industries across the economy but particularly in regional Victoria, which will become a powerhouse for new renewable energy projects.

**Mr RICHARDSON:** Acting Premier, I want to take you to the topic of our transport network and particularly rolling stock and refer you to budget paper 3, page 118, which details the \$985 million investment the Victorian Andrews Labor government has made in 25 new trains, which will have a significant benefit for a number of lines, including the Frankston line, of which I am a member, and goes on top of the \$7.5 billion in rolling stock since coming to government. Are you able to explain for the committee's benefit what this investment will mean for the entire network?

**Mr MERLINO:** Thanks very much for that question, and I am really excited about this. We are proud to stand on our record investment in the public transport network, and our massive program of works speaks for itself—Metro Tunnel, airport rail, Suburban Rail Loop, our level crossing removal program, increased services across the network. This is a government which is not afraid to invest in ensuring our transport network is world-class. We are matching that significant infrastructure boost with crucial investments in rolling stock so that our trams and trains are modern, reliable and efficient and communities in our fastest growing regions get the best public transport journeys. So design work for X'Trapolis 2.0 is well underway, with construction set to start in late 2022, with the first trains on the network by 2024 and progressively rolled out until 2026.

Building these brand-new modern trains will refresh Victoria's train fleet and facilitate the gradual retirement of ageing Comeng-fleet trains, which started to come into the network in the 1980s. We are also investing in critical Comeng life-extension work while we design and build these new trains before their eventual retirement as the new trains enter service. These trains will run on the Craigieburn, Upfield and Frankston lines, gradually replacing the Comeng trains in service. These trains will add the capacity of around 1200 passengers so passengers on lines in some of Melbourne's fastest-growing committees will be able to use the transport network more easily. The funding also includes upgrade works at the Craigieburn train maintenance facility to support the maintenance and operation of these new trains, which will be a fixed six-car configuration.

**Mr RICHARDSON:** Acting Premier, I want to take you to the topic of regional employment under that part of budget paper 3, page 118. Regional employment is so important for our community and Victorians, particularly as we build back better after the impacts of the pandemic. Does this investment make a difference to regional employment?

**Mr MERLINO:** Thank you. This government has always been deeply and genuinely committed to the growth of our regional workforce, and this announcement shows that—and we made the announcement in Ballarat. This announcement will support about 750 local rolling stock manufacturing and supply chain jobs, with at least 150 of those being based in the Ballarat area. That means at least 150 Ballarat families having stable, secure and ongoing employment, and it also means trains being built in Victoria by Victorians. It is a good regional outcome.

**Mr RICHARDSON:** And I take you in the time I have got left to budget paper 3 again, at page 119. It is good to stay within the budget papers for this hearing. A key feature of running a really efficient and modern public transport network—

**Mr RIORDAN:** You could just submit the answers you are reading out.

**Mr RICHARDSON:** When you are in government, mate, you can ask the questions—is managing stock as they age and require maintenance. What works will be done to ensure Comeng trains remain reliable and safe?

**Mr MERLINO:** Thank you. These trains are expected to replace, as I said, the Comeng trains on the Craigieburn, Upfield and Frankston lines. As part of the funding under the 2021–22 state budget, \$97.7 million

is being invested to extend the life of some of our oldest trains and trams on the network, including our Comeng fleet. This will ensure that these trains continue to operate safely while we build and deliver the new X'Traps over time. Like all trains, trams and buses on the network, we continue to invest in and conduct regular maintenance work on our rolling stock to ensure safe operation and efficient journeys for our passengers.

**Mr RICHARDSON:** Good timing. Thanks, Acting Premier.

**The CHAIR:** Thank you very much, and that concludes the time we have available for consideration of the budget estimates with you in relation to the Acting Premier role. We thank you for appearing before the committee today in this capacity, and thank you to you, Secretary, and your officials. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

The committee will take a short break and resume at 4.30 with you in your capacity as Deputy Premier and Minister for Education. Thank you. I declare this hearing adjourned.

**Mr MERLINO:** Thank you, Chair.

**Witnesses withdrew.**