

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Friday 15 May 2026

MEMBERS

Sarah Connolly – Chair

John Pesutto – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Richard Riordan

Meng Heang Tak

WITNESSES

Jaclyn Symes MLC, Treasurer;

Chris Barrett, Secretary,

Chris Hotham, Deputy Secretary, Budget and Finance,

Paul Donegan, Deputy Secretary, Economic,

Camille Kingston, Deputy Secretary, Commercial, and

Kate O'Sullivan, Deputy Secretary, Infrastructure, Department of Treasury and Finance;

Paul Broderick, Chief Executive Officer and Commissioner of State Revenue, State Revenue Office;

Michael Larkin, Chief Executive Officer, Treasury Corporation of Victoria; and

Kate Galvin, Chief Executive Officer, Victorian Funds Management Corporation.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee, and I ask that mobile telephones please be turned to silent.

I will begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting, the lands of the Wurundjeri people. We pay our respects to them, their elders past, present and emerging, as well elders from other communities who may be here with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2026–27 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard, and it is broadcast live on the Parliament's website. This broadcast includes automated captioning, so members and witnesses should be aware that all microphones are live during hearings and anything you say may be picked up and captioned, even if you say it quietly.

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

As Chair I expect that committee members will be respectful towards our witnesses today, the Victorian community joining the hearing via the live stream and other committee members.

I welcome the Treasurer of the Victoria the Honourable Jaclyn Symes – you are very welcome here – as well as officials from the Department of Treasury and Finance. Treasurer, I invite you to make an opening statement or presentation of no more than 10 minutes, and after this time the committee will ask you questions. Your time starts now.

Jaclyn SYMES: Thank you very much, Chair, and good morning, committee members. I do have a presentation to take you through. At the outset, I of course also acknowledge the traditional owners and pay my deep personal respects to elders past, present and emerging.

Visual presentation.

Jaclyn SYMES: This is my second budget and an important budget because it really comes at a time when the world is unpredictable and fast paced, and many Victorians are on edge about what comes next. The budget is all about making life easier, safer and more affordable, bringing together all the pieces so that we can provide immediate household relief and invest in frontline services while continuing to build a more productive and fairer state. We are doing this very responsibly. We are the only state on the eastern seaboard paying for

government operations without borrowing, and net debt as a share of the economy remains on track to decline from next year.

Strong economic management is of course not separate from but critical to helping families and delivering frontline services, which is what you see in this year's budget. When we add this year's budget spending to our existing investments, as you can see from the pie chart, you can see exactly where our priorities are. The majority of the \$88 billion of output expenditure by departments in the 2026–27 financial year consists of 58 per cent on health and education – initiatives such as \$2.2 billion for the disability inclusion program in schools, \$551 million to support early childhood education, \$249 million for maternity services in Melbourne's booming western suburbs and a range of other measures that make up that blue component there.

We are also investing heavily in keeping the community safe, backing Victoria Police with more resources, better tools and more officers where they are needed and boosting our violence reduction unit with an additional \$33 million to support local initiatives, because of course we know it is better to stop crime before it starts.

The budget also makes it easier for Victorians to get where they need to go with public transport investments – more trains, more trams, more buses, more services and accessible tram stops. We have also invested nearly \$3 billion in road maintenance over the past three years, the largest sustained investment in road maintenance in Victoria's history. This budget continues to build on that, with a record \$1.04 billion in 2026–27 rebuilding, repairing and resurfacing our roads. Seventy per cent of that is for regional Victoria.

In all, the government's operating expenses total \$114.5 billion in 2026–27; importantly, this is below total revenue of around \$115.5 billion, which of course contributes to maintaining the surplus. Our strong budget position means that we can also provide real and immediate help to Victorian families struggling right now with the cost of living. That is why the budget invests \$2.5 billion in helping to make life more affordable, with half-price PT, rebates on car registrations, food relief, financial counselling, direct support for families with children and support for Victorians dealing with homelessness. This budget is about making life easier, helping with the cost of living and giving Victorians back precious time, while helping the economy grow and create jobs.

On that, the Victorian economy remains strong and resilient, despite everything that is going on in the world. More people are choosing Victoria to be their home, more businesses are opening up or expanding and more people are in jobs than ever before. Over the past decade our economy has grown faster than any other state in the country. It is estimated to be almost 15 per cent larger in real terms in 2025–26 than it was before the pandemic. While households are feeling the brunt of inflation, we still expect the economy to continue growing – slightly lower at 1.5 per cent in 2026–27, compared to previous forecasts of 1.75 per cent. Though the impact of the conflict in the Middle East remains uncertain, we do expect that in the outer years these global pressures will ease and inflation will stabilise, with the Victorian economy set to grow by 2.5 per cent after year 2028–29.

We are seeing this growth because we are focused on making sure the economy works for everyday people. Over the past three years 300,000 Victorians have found work. This is a higher percentage than any other state. Our participation rate has also averaged historically high levels of 67.7 per cent and has been higher than the rest of Australia for the past few years. This is certainly driven by a higher participation of women entering the workforce, averaging 63.7 per cent since last budget, which is attributed to many of the policies that our government has championed, such as free kinder, free TAFE and our commitment to protecting working from home. We are expecting the growth to continue. We are forecasting that over the next four years over 300,000 more jobs will be created across the state.

It is this focus on a fair and growing economy that is driving a record number of businesses to choose Victoria. Since 2020 business investment under our government has continued to grow, and it is growing strongly at 44 per cent. More than 123,000 net new businesses have been created in Victoria. This is again greater than anywhere else in the nation.

With this year's budget our government is firmly on track to deliver the five-step fiscal strategy. I have taken this committee through this before, but it is a good opportunity to revisit this, because the 2025–26 surplus that we forecast last year will be delivered, and the budget remains in surplus in 2026–27 and every year of the forward estimates, with average surpluses of \$1.7 billion. We are, as I said earlier, the only state in the eastern

seaboard delivering a surplus in 2025–26 and 2026–27 and one of only three jurisdictions in the whole country. The fact that we are delivering surpluses across the board is quite impressive when you consider and acknowledge that Victoria is at a persistent structural disadvantage compared to other states when it comes to revenue. Despite persistent commentary asserting that we are the highest taxing state, the latest ABS data shows that Victoria collects less revenue per capita compared to every other state. This is partly because Victoria, unlike other states, has very little capacity to raise mining royalties. Of course this is on top of historically having been duded by the Commonwealth with inadequate investment in our transport infrastructure compared to other states.

In terms of the fiscal strategy, we remain firmly on track to deliver steps 4 and 5. Net debt to GSP will be stabilising at 24.9 per cent in 2026–27, before declining every year and reaching 24.4 per cent of GSP in 2029–30. Again, we are improving on previous forecasts. The net debt as a proportion of the economy is lower in every year compared to December's budget update.

Touching on infrastructure, Chair, Labor budgets have been building the productive infrastructure that Victoria needs and certainly have created thousands of jobs as a result of this effort. Metro Tunnel, West Gate Tunnel, Frankston and Footscray hospitals, Nyaal Banyul Geelong convention centre and schools and kinders are just some of the projects that generations of Victorians will benefit from because of our government. A sustainable and balanced infrastructure program is important as it keeps and creates jobs, it increases the productive capacity of the economy and it gives investors a pipeline.

Over the budget and forward estimates period borrowings are solely used towards our asset investment and infrastructure pipeline, as you can see from the graph, moderating GII to \$15.3 billion by 2029–30. But of course we continue to still deliver billions of dollars to keep our state moving, with new metro trains and carriages; upgraded lines, like in Melton; new generation trams and more accessible tram stops; regional and metropolitan road upgrades, duplications, interchanges and intersections; billions of dollars to continue to keep our state healthy, with investments for hospitals, equipment and health infrastructure; investment of over \$2 billion in social and affordable housing; as well as the continuation of signature projects. Construction on the North East Link continues at pace, which is closing a critical missing link. Melbourne Airport rail is turning Sunshine into a superhub, and the SRL of course will transform the way we move around the city and create thousands of new homes.

This is the way that a responsible government living in the real world manages its budgets. It invests responsibly in infrastructure to keep up with population growth, and it manages that spending over time in a way that does not self-sabotage its own economic growth or cause massive job losses right across supply chains. Chair, this is a budget that has been brought about by a government making careful choices and disciplined decisions, guided by the fiscal strategy that I took you through on one of the slides, but of course has been underpinned by values and purpose. It is hopefully helping people navigate a really difficult time but also plan for the future. At the end of the day the budget is about people. It is about their lives and real help right now, making it easier, safer and more affordable and building Victoria for a strong future.

The CHAIR: Thank you, Treasurer. The first 21 minutes is going to go to the Deputy Chair.

John PESUTTO: Thank you, Chair. Good morning, Treasurer, and good morning, officials. Can I begin by directing my questions to Secretary Barrett. Secretary, can I take you to page 12 of budget paper 5, please. I just want to take you in particular to the bottom of the consolidated general government cash flow statement and the line there titled 'Cash surplus/(deficit)'. Can we establish just for our viewing audience that that is often referred to as the fiscal cash result?

Chris BARRETT: Yes – with a caveat that I will come to, but yes.

John PESUTTO: Sure, but I am going to refer to that as the fiscal cash result, which many commentators and various stakeholder groups refer to. Can we establish that in the next financial year, 2026–27, we have a cash deficit of \$7.7 billion, and while dipping slightly in the following financial year, that rises in the third year to \$7.5 billion and then in the final year of the forward estimates is slightly over \$8 billion?

Chris BARRETT: Those are the numbers that are in that table, yes.

John PESUTTO: And can we establish, just for the record, that a deficit result – what I would call a fiscal cash deficit – requires the state to borrow money to fund that deficit?

Chris BARRETT: Yes, that is correct.

John PESUTTO: Can I cite a statement from the Auditor-General. I just want to get you to comment on the Auditor-General's report – I will source it in a moment – in light of those results. The Auditor-General, in its annual financial reporting for the 2023–24 year, said this:

A fiscal cash surplus is a sign of good financial health because it means there is available cash for the state to use to invest in public services, pay down debt or build financial resilience for future uncertainties.

Now, do you agree, Secretary, with that statement?

Chris BARRETT: I do not entirely, Mr Pesutto – Deputy Chair – and the reason why I do not is because if you were to hold yourself to never borrowing for infrastructure, which is what that statement effectively says, I think you would very substantially underinvest in infrastructure in the state, and it would not just be in Victoria, it would be across the Commonwealth. We have a situation where in this Commonwealth the federal government does not largely or has not historically funded urban infrastructure in a highly urbanised country like Australia the way that you might expect if you were looking at it from outside, and while that is the case, state governments are required to do that. If state governments were required to do that entirely on their own balance sheet without adding any debt, you would hugely underinvest. I think I have said this in letters to the Auditor-General before. I would also like to go to –

John PESUTTO: Can I – sorry to interrupt you.

Chris BARRETT: Sure.

John PESUTTO: Can I then just establish on the basis of what you have just said that the Victorian people should expect fiscal cash results like this into the future because that is okay?

Chris BARRETT: The amount that you borrow for infrastructure is a policy choice. I guess what I am saying is I think in terms of how you run an economy and how you provide infrastructure services for a state that is, after all, growing in terms of population, it requires some significant spending on infrastructure, and if that is not done by the Commonwealth government, then it needs to be done by state governments.

John PESUTTO: So on the basis of that, with population growing, with demand across various sectors of government growing, you are then asserting to this committee that deficits like this are a necessary part of delivering infrastructure?

Chris BARRETT: I agree. That is exactly what –

John PESUTTO: Is that what you are saying?

Chris BARRETT: That is what I am saying, and the amount of that is obviously a policy choice for government.

John PESUTTO: Is it fair to say then, Mr Secretary, that we can expect these deficits to continue and in fact, as the forward estimates demonstrate, that they will increase – they will not actually go back, these fiscal cash deficits? They will actually increase to \$7.5 billion in the third year of the forward estimates and then in excess of \$8 billion in the final year of the forward estimates – is that something we should expect, with no sign that that will abate or ever get to zero?

Jaelyn SYMES: If I may, Deputy Chair, as the Secretary has indicated, infrastructure decisions are a matter for government of the day. What he has indicated, and what I would certainly support, is that a government that fails to invest in infrastructure means that there is no job creation, means that there is no productive infrastructure, means that the economy goes backwards, projects stall and people are unemployed – do not even think about wanting to be an apprentice. They are the consequences of no productive infrastructure investment. Again, it is a choice for governments. The alternative government have made it very clear that they do not wish to invest in productive infrastructure –

John PESUTTO: Okay. I have allowed some latitude, Treasurer.

Jaclyn SYMES: which you are trying to draw out. What happens if you do not invest versus what happens if you do invest? If you do invest in productive infrastructure, then the economy grows and there is jobs creation. The alternative is everything stops.

John PESUTTO: Treasurer, let me let me then put to you – thank you for your intervention; I was going to come to you, but thank you for your intervention.

The CHAIR: Deputy Chair, she is not intervening. She is answering your question.

John PESUTTO: Well, it was a question to the –

The CHAIR: She is answering a question. I will say this once to kick us off: you can ask the question. If there are multiple witnesses that have evidence to add to our inquiry, the committee does need to hear that.

John PESUTTO: Treasurer, in light of what you have just told this committee, is it right to assume that you have no plan and your government has no plan to reduce that fiscal cash result and our deficits, according to your own budget papers – that you have no plan to reduce that fiscal cash result to zero or to a surplus at any time?

Jaclyn SYMES: Mr Pesutto, if you had paid attention to my presentation, particularly the infrastructure slide, moderating GII across the forwards is something that this government has committed to doing, moderating to around pre-pandemic levels. As I explained in my exchange with you earlier –

John PESUTTO: Can I ask if that includes the full costs of Suburban Rail Loop?

Jaclyn SYMES: The costs of Suburban Rail Loop across the forwards are factored into the budget.

John PESUTTO: All contracts signed are all in that GII figure?

Lauren KATHAGE: Some are; some are operating –

John PESUTTO: Hang on, I am asking the Treasurer.

Jaclyn SYMES: Correct. Absolutely.

John PESUTTO: So all \$13 billion worth of contracts are in the GII?

Jaclyn SYMES: All projects across the forwards that have been announced are absolutely representative of the forwards.

John PESUTTO: About \$13 billion – we can find that in the budget papers – of contracts signed?

Jaclyn SYMES: The SRL –

John PESUTTO: Because you have only got about –

Jaclyn SYMES: If you look at –

John PESUTTO: Sorry, I might just explain why I am asking that. It seems that budget paper 4 only has about \$7.5 billion for Suburban Rail Loop, but there is in excess of \$13 billion of contracts signed. It is difficult to ascertain where in the budget papers, whether it is GII or the public non-financial corporation sector, that money is found.

Jaclyn SYMES: Mr Pesutto, this is a long-term project.

John PESUTTO: No-one is doubting that.

Jaclyn SYMES: It has started. Have you been out there? There are thousands of workers on that worksite. If you look at budget paper 4, pages 15 and 154, you can look at the expense for SRL. But SRL goes beyond the

forwards. So in terms of the expenditure – we can go back to the to the chart I showed you if you would like to see the infrastructure spend – SRL is factored in to the end of the forwards in those numbers.

John PESUTTO: And just for the record, the full amount of contracts signed to date is in the budget papers?

Jaclyn SYMES: Any expenditure between now and the end of the forwards is in the budget.

John PESUTTO: Okay. Can I go back to the nub of the question about any plan to reduce the fiscal cash result to zero or surplus. Can I just confirm that the government has no plan to reduce that figure to zero or a surplus figure at any point in the future?

Jaclyn SYMES: Well, I think it is important when you are talking about surpluses, which is where you started with your commentary earlier, that every state in Australia measures whether they are in surplus or deficit based on their operating result. Here in Victoria we have an operating surplus, which means the only borrowing that we do in Victoria is for productive infrastructure. That productive infrastructure – again, I can go back to the very informative table that starts to peak and moderate our expense on infrastructure – is a responsible decision. When I came to the role of Treasurer I said that we would be producing a sustainable and moderating infrastructure spend, but if you do not borrow to invest in productive infrastructure, if you bring that to zero, it means no new schools, no new hospitals, no new roads and thousands of jobs on the cutting block.

John PESUTTO: Treasurer, can I ask you then, in light of what you have just said – and you have spoken about choices: can Victorians afford this debt?

Jaclyn SYMES: Mr Pesutto, the Victorian economy is around \$700 billion. We spend in our state around \$115 billion a year, and we have a debt profile of about \$165 billion at the moment. We continue to grow the economy. The five-step fiscal strategy, which was on the screen, very clearly demonstrates that when we invest in a state and we grow our economy, we are meeting the promise that we made to the Victorian community in reducing net debt as a share of the economy. That is the promise that we have made to Victorians. That is what is clear in the five-step fiscal strategy, and we are on track to deliver that. In fact we have met every promise that we have made.

John PESUTTO: The Reserve Bank in its statements on monetary policy, the IMF in its *World Economic Outlook* and various other international and domestic agencies have said that growth is likely to dip in the coming years. We saw in 2024–25 your own growth estimate come in at roughly half of what you said it would be. Don't you agree that there is a serious risk that your forecasts for points 4 and 5 of your fiscal strategy, where you say that you will reduce debt as a share of GSP, are seriously in question and will not be achieved?

Jaclyn SYMES: No, I do not agree with what you are saying, Mr Pesutto.

John PESUTTO: You think growth will be higher?

Jaclyn SYMES: As the budget papers forecast, our economy is expected to grow. Yes, it moderated this year, and I took you through that presentation. We know that there are global shocks. We have had a war in Iran that is impacting particularly oil prices. That has all been factored into the budgets and accommodated for. Interest rates have been factored into the budget and accommodated for, and our economy is still forecast to grow. Do you want to add anything to that?

Chris BARRETT: I am happy to add to that. If the concern is that our forecasts might be too rosy, if you compare them to the ones that came out from the federal government this week, we are actually a bit below the federal forecasts. We are about where the RBA is, and that is particularly for 2026–27. There has been lower growth in 2024–25. In 2025–26 it recovered a little bit, and obviously in 2026–27 we are projecting it to slow again. That is largely due to the impact of monetary policy and a bit due to the conflict in Iran. But the profile that you can see of net debt as a share of the economy declining is from all of those things factored into the budget.

John PESUTTO: Treasurer, can I take you to page 80, table 2.17 of budget paper 5. I want to clarify something for the record: table 2.17, midway down, 'Deposits held and advances received' and 'Borrowings' –

can I establish that the addition of those two entries usually produces the gross debt figure? Would you agree, Treasurer? ‘Deposits held and advances received’ plus ‘Borrowings’ two rows down.

Chris BARRETT: Mr Hotham may wish to add to this, but it would generally be the ‘Borrowings’ line, Mr Pesutto, which is the whole-of-state borrowings.

John PESUTTO: I am talking about the state of Victoria in light of the discussion we have just had. You can see that in terms of deposits held and advances received it is nearly \$2 billion and borrowings are nearly \$299 billion. For the state of Victoria, when all is said and done, when we add in general government sector, public non-financial corporations and public financial corporations, all put together, the Victorian people are borrowing over \$300 billion in 2029–30. Can I ask again, just for the record: are you aware, Treasurer, of any time in Victoria’s history where we have borrowed more than \$300 billion?

Jaclyn SYMES: Mr Pesutto, comparing numbers now to, say, 20 years ago on raw figures is probably unwise given the size of the economy compared to many years ago, but we are certainly in a position now where we have a lower net debt to GSP than we had in previous years under Liberal governments. Growing –

John PESUTTO: I am asking, though, in light of the discussion with you –

Jaclyn SYMES: You have got to have relativities here.

John PESUTTO: The reason I am asking is, regardless of our own state’s history in terms of borrowings or comparisons with other jurisdictions, your evidence –

Jaclyn SYMES: You literally asked me about the historical comparison.

John PESUTTO: No, I asked you whether Victoria had ever borrowed more than \$300 billion gross debt.

Jaclyn SYMES: I was giving you the relativities.

John PESUTTO: Can I ask: you have given evidence before this committee that you have no problem – I am paraphrasing – that you do not seem to have any problem with a fiscal cash deficit, so we can expect those borrowings –

Jaclyn SYMES: Mr Pesutto, we are not in court, and if we were there would be an objection about leading the witness. Perhaps ask me a question rather than telling me what you think I think.

John PESUTTO: Those borrowings and our debt are going to continue to grow year on year – yes?

Jaclyn SYMES: Mr Pesutto, what is important to look at is what you spend on those borrowings, the infrastructure that a growing population needs –

John PESUTTO: Isn’t it how you spend it?

Jaclyn SYMES: You are literally saying that if you do not borrow – if you want to live in a state that does not have the Metro Tunnel, West Gate Tunnel, new Footscray Hospital, new Frankston Hospital and removal of level crossings, then that is a decision that a government can make.

John PESUTTO: But if you had done it well, couldn’t we have built more?

Jaclyn SYMES: It is not a decision that this government has taken. We have taken a decision to borrow to invest in productive infrastructure, which is creating jobs, growing the economy and setting us up for the future. In relation to the figures that you have brought to attention and asked me to comment on, that includes both the PFCs and the general sector, and you are sort of inflating it in relation to making sure –

John PESUTTO: I am not inflating anything. I am bringing them all together.

Jaclyn SYMES: Water authorities are self-funded, Mr Pesutto, so you are creating a round figure.

John PESUTTO: It is the state’s liability.

Jaclyn SYMES: Liability versus borrowings – which would you like to discuss?

John PESUTTO: Were you trying to pretend that it is not a liability? We are on the hook for these.

The CHAIR: Deputy Chair, if you have a question that you wish to ask the Treasurer, she is genuinely trying to answer. You are spending quite a bit of time talking over the top.

John PESUTTO: I do not think so, but anyway.

The CHAIR: Deputy Chair, you may not think so, but that is certainly how it appears to me.

Jaclyn SYMES: I am very happy to answer your questions, but when you conflate things it is prudent for me to break it down so that the answers I give have context. What you have done is create a figure that includes water corporations, which are self-funded, and then tried to connect it to state borrowings for productive infrastructure. It is not really giving a clear picture, to people listening, of what you are trying to extract. But at the end of the day I think the argument you are trying to prosecute is whether a government should borrow to invest in productive infrastructure or not. We are clearly a government that wants to provide the services, wants to provide the infrastructure for this generation and the next. That is why we have borrowed, and that is why you will see over the forwards we continue to make sure we have money for new schools, new hospitals and the road infrastructure that the growing population needs. If you do not do that, going to your concern about the adequacy of our forecasting and the advice that I receive, if you do not invest in productive infrastructure, those forecasts would certainly go backwards and halt.

John PESUTTO: So debt will increase year on year?

Jaclyn SYMES: Debt is reducing as a net share of the economy.

John PESUTTO: We are not certain of that, because no-one can be certain of the forecasts. I pointed out in my questions before, didn't I, Treasurer, that for 2024–25 you got it wrong by 50 per cent and growth came in at half the number.

Chris BARRETT: We can talk to that. I might ask Mr Donegan to expand on that, because there were some quirks in how it was measured. Do you want to talk about state final demand, Paul?

Paul DONEGAN: In 2024–25, firstly, the point about weak growth is true – there were 13 interest rate rises washing through the economy. That result was not as strong as we were forecasting. It did catch us by surprise on the downside. On forecasts for domestic demand, so things like household consumption, dwelling investment, business investment and public demand: together the result was 1.8 per cent – pretty close to what we had been forecasting. Once a year the ABS also releases state accounts. We lost 0.6 percentage points on the ABS's balancing item, which they release once a year, and that number caught Victoria by surprise. It did also catch other states by surprise. New South Wales, Western Australia, Tasmania and the Northern Territory experienced forecast misses of similar magnitude to us.

Looking ahead, though, thinking about the economy now and the forecasts, the runway into the forecasts, looking at 2025, private demand did grow. The labour market was healthy, investment was healthy, so the position that the Victorian economy approaches those forecasts in is, as the Treasurer outlined, one of resilience and momentum.

John PESUTTO: Treasurer, can I ask then, and I think we have established this: if the fiscal cash results, and in this case the fiscal cash deficits we see across the forward estimates, are to continue and add significantly to borrowings – I think that is a fair point to say because of the numbers there – can I just ask, given that the fiscal cash deficit drives increases in debt to fund that deficit and steps 4 and 5 of your fiscal strategy refer to debt, why you did not include that as a step in your fiscal strategy? Why was it not important?

Jaclyn SYMES: Mr Pesutto, step 4 is stabilising net debt as a share of the economy. Step 5 is reducing net debt as a share of the economy. Future steps may be added.

John PESUTTO: Okay. Thank you.

The CHAIR: Thank you, Deputy Chair. We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Good morning, Treasurer, Secretary, officials. Thank you for joining us today. Treasurer, the budget is hugely important; so are the household budgets of millions of Victorians, many of which are under pressure right now. You have already mentioned the war in Iran, and indeed as well we saw the RBA increase interest rates again just last week. I would like to focus on what you have highlighted as the key part of the budget, which is providing meaningful cost-of-living relief for Victorian families. Budget paper 2, page 8 outlines some of these. Could you please detail what you see as most important and why it is important that the government focuses on household budgets right now?

Jaclyn SYMES: Thank you, Mr Galea, for your question and certainly picking up on the sentiment that I left in the presentation. At the end of the day the budget is about Victorian people. That is what the people of our state expect from their government to focus on – what they think is important and their needs. You have touched on cost of living, and certainly we know the impact on most household budgets is quite significant at this point in time for a number of reasons. As you flagged, we have had two interest rates in the first part of 2026, and the impacts of the war continue to be felt basically right across the world and do create significant pressure. We have got fuel prices going up, we have got more expensive household bills, particularly groceries, and obviously it is costing more to get around, and that is flowing through to business impact as well.

As we discussed a little bit with Mr Pesutto, we have put in place the five-step fiscal strategy, which is about growing our economy and bringing the budget back into surplus, and that plan is on track and it is working. We have delivered the first operating surplus in seven years. As I indicated, if it was easy, everyone would do it, and there are only three states that are doing so. We have helped grow the economy in real terms. This is even despite some of the shocks and the uncertainty that, again, was a bit of the commentary in the previous session. Our strong economic management, though, because we are delivering a surplus, has meant that we could make decisions with the headroom to be able to provide direct and immediate help to families. We did not want to wait till things got better. We did not want to wait for 2032, for example. We certainly wanted to make sure that we could help Victorians right now.

Our strong budget position meant that we were able to look at the things that were really at the hip pocket of Victorians. We provided instant relief with \$155 million for the public transport announcement, so making public transport free for everyone in April and May. That action has taken some pressure off the pump, which is good for demand but also good to save some people money. We invested a further \$278 million to continue on the public transport benefits and that theme, so to have half-price transport fares until 1 January. That will obviously apply right across the state to trams, trains, buses. On top of this, a very popular announcement from last year's budget was the free public transport for kids under 18, which started on 1 January, which is really providing families significant savings. Mr Galea, I am sure you would agree with me that it has been well received in the Victorian community, the announcement of 20 per cent off your rego.

Michael GALEA: It certainly has.

Jaclyn SYMES: It is something that –

Jade Benham interjected.

Michael GALEA: Do you talk to real people, or do you talk to Facebook bots, Ms Benham? Do you actually talk to real people in the community? Because they love it.

The CHAIR: Order! Come on, it is early in the day; it is a bit early in the day for this.

Jade BENHAM: 'Well received' is a bit of a stretch.

Michael GALEA: Go talk to your Russian Facebook bots and see what they say. Talk to Victorian voters and you will see a very different story. Every single person I have spoken to has been very happy about it. Come to the south-east. I will take you –

Members interjecting.

Jaclyn SYMES: Just to be clear, I will just take up Ms Benham's interjection. It is not compulsory to apply for the 20 per cent rebate. If you do not want to apply for it, you do not have to. But I think many Victorians will, and I am sure that in next year's budget estimates we will probably have figures of how many people have

applied and taken up the benefit of that cost-of-living thing, which will probably be a good indicator of how well it has been received. All Victorians that are registered and have paid their light vehicle registration between 1 July and June 2026 will be eligible for the rebate. You can claim up to two vehicles if you have got a two-car family, for example.

The other initiative, which has not necessarily got as much attention because it has flown through automatically, is the agreement with the Commonwealth and other states to deliver a three-month 61 per cent reduction on the fuel excise, which is actually providing \$0.32 off the litre at the pump. That is something that was announced some time ago, but it has been good collaboration around the country.

That probably leads me on to the other initiatives in relation to really trying to help Victorians access the cheapest fuel through the fair fuel plan and the Servo Saver app. Again, lots of people are using that to see where their cheapest local petrol is, but it has also got those mandatory requirements on petrol stations to report their prices and not up their prices in a 24-hour period. There are 15,000 registered fuel retailers, which means there is a lot of information that people can access, and my advice is that more than 380,000 Victorians have downloaded and are using the Servo Saver app, which of course is available on the Service Victoria app. The daily fuel cap price, as I said, is now a legal requirement, and it also is accompanied with anti-price gouging laws, which are really trying to make sure that people are getting the fairest prices possible and have the full knowledge of how to make those choices.

We know that these are not going to solve every problem of course, but they are measures that we think will make a difference, putting money back into family budgets and easing the cost of living in a small way. Mr Galea, I said at the outset of developing this budget, as the Premier did, that it would contain cost-of-living measures, and we certainly have been able to come good on that promise.

Michael GALEA: Indeed. The feedback from street stalls and doorknocks is that the rego relief is going to be very useful for a lot of Victorian households – certainly in my electorate at least. The same budget page, Treasurer, also talks to supports for young families and for those with kids in both school and preschool in the ECE sector. Certainly from the evidence that we continue to hear in various LC inquiries into the sector, the importance of a good education at that age is so fundamental. What will the budget measures that you have outlined on this page do towards ensuring that every Victorian kid has that access of opportunity to their education?

Jaclyn SYMES: Thanks, Mr Galea. I think it goes without saying that every parent wants the best for their kids. We know that that can be difficult for parents to achieve when they are struggling with cost of living, having to make those choices and balances. But at the outset, as you have indicated, a good education is a fantastic leveller. We want to make sure that kids, regardless of where they live in the state of Victoria, have great access to a free education. Under our government we certainly acknowledge that education starts at a very, very young age. That is why our free kinder for three- and four-year-olds is so important. It makes a huge difference to a child's trajectory and certainly picks up on our view that every child should have the opportunity for a best start in their life. It ensures that those foundational skills needed to succeed in their future schooling – like socialising, playing and learning together in a group – are picked up and nurtured. I am pleased that we have one of the highest rates of kindergarten attendance in the country, and a lot of that would be attributed to the free kinder program, because it saves families up to \$2700 per child per year on their fees. Again, this budget continues to fund that initiative. We have also got kinder kits, not just making sure that kinder is a good environment to learn but encouraging some learning at home through play and reading.

We are also helping to take the pressure off the family budget with an initiative that I talked about earlier, which is the free public transport for under-18s. That saves families around \$755 per child per year, or up to. Again, that is a very popular initiative with families. We are also helping families to reduce other school costs. A simple measure, but something that made a big difference, was banning unnecessary logos on government school clothing so that families could take the opportunity to get plain shorts or a plain polo and save significant money on those items. This budget does continue to support families with other costs in relation to raising kids. There is the affordable school uniforms program, which is providing uniforms for eligible families, and \$24 million for outside of school hours care for young people with a disability – again, a really important initiative for those families. We continue the school breakfast clubs and we continue the glasses in schools program, which, Mr Galea, I think is so important because you often do not pick up sight issues at home until a little bit later. Making sure that kids are getting checked and have the ability for free glasses in schools is really

making a huge difference. My advice is that there have been 13,700 pairs of glasses that have been distributed to kids through that program, so that makes a huge difference, because obviously your learning can be impacted if you cannot see the board in the classroom, for example.

There is also the fun stuff that we are continuing to help with the cost of living. We are investing \$15 million for the continuation of free admission for under-16s to Melbourne Zoo, Healesville Sanctuary, Kyabram Fauna Park and Werribee Open Range Zoo on weekends, public holidays and during school holidays, which are great opportunities for families to get out and about and be able to afford to do so. The Get Active Kids vouchers – I think it goes without saying they are very well received, because they provide eligible families the ability to make sure that there are no cost barriers for kids to play their favourite sport or activity. These are just some of the initiatives that the government has been investing in in this budget or indeed continuing to invest in because they have been really popular and helping families from previous budgets.

Michael GALEA: With that figure, indeed, from the Glasses for Kids program –

Jaclyn SYMES: It is huge, isn't it?

Michael GALEA: That is a huge number, yes. That is really interesting to hear. In terms of supports for the most vulnerable Victorians, what are the measures that you are providing in this budget to ensure that those doing it the toughest have some support?

Jaclyn SYMES: Thanks, Mr Galea. It is really important to acknowledge that while the cost-of-living pressures are affecting everyone, there are certain people that are doing it really, really tough, so ensuring that our budget identifies and picks up on that as a priority has been really important. Some of the vulnerable members of our community, whether they are senior Victorians, people living with a disability or people on very low household incomes – we have really picked up to support those cohorts with around \$566 million in concessions for energy rates, water and sewerage bills, which is saving households in excess of \$600. We have got concessions that include further discounts on electricity bills and council rates, and \$15 million – actually this is one of my favourite initiatives in the budget this year – to boost allowance for kinship, foster and permanent carers to keep pace with the cost of living. We know that there are those amazing individuals that step in and assist with the most vulnerable kids to give them safe and stable housing and, more, a home, really, so I am really pleased that we are able to acknowledge those people in the budget.

There is \$5 million to ensure more Victorians with disability can continue to access the aids and supports that they need to continue to live their lives with dignity, and we are also investing in those really local initiatives that are helping people basically right where they live. There is \$2.7 million to expand financial counselling services. We have got \$1.1 million towards the energy assistance program. Again, an impressive figure of 15,000 households have been helped to save almost \$3 million through access to bill relief and advice on accessing those concessions. And one really important thing and a growing thing, a growing need and something we acknowledged particularly in last year's budget but have supercharged in this year's budget and in fact made announcements about before the budget is strengthening food security right across the state. There are grants for community organisations to deliver food relief, really trying to reach as many places as possible, and I am sure every member here has a relationship with their local food relief providers. There is also support for the Country Women's Association being able to ensure that they can continue to do the good work they do, particularly with vulnerable families.

I think, Mr Galea, when we talk about the most vulnerable, those that are experiencing or at risk of homelessness are certainly people that we want to make sure are not left behind. So we have investments in breaking the cycle of homelessness, including \$26 million of additional emergency accommodation and nine new outreach teams to expand support for rough sleepers and connect them to the help that they need, \$15 million to provide stable long-term housing with flexible wraparound supports for people and \$6.1 million to support vulnerable renters to maintain their tenancies and help prevent them from indeed becoming homeless.

Michael GALEA: Thank you, Treasurer. You touched on earlier as well the \$2700 per child that is saved by free kinder for Victorian families. That is in relation to obviously four-year-old kinder but also free three-year-old kinder, which is being rolled out. Combined with other cost-of-living relief measures that are outlined in

this budget that you have already talked to, how does that put Victorian families in, say, comparison to interstate, and does it make Victoria the cheapest place to raise a family on those measures?

Jaclyn SYMES: That is a great question, Mr Galea. We certainly believe that Victoria is the best place to live, to work and to raise your family. We have led the nation in a lot of the reforms and a lot of the initiatives in the cost-of-living space. In terms of the free public transport, we were the first to announce that when the petrol prices started to peak. We have got the 20 per cent rego that we talked about, which a lot of families that are car-dependent are benefiting from. We talked about the public transport for kids in relation to the savings, but free public transport for seniors on weekends continues as well.

We talked about free kinder, but at the other end and something, again, that is very popular in ensuring that people get the skills that they need to get the jobs they want is the free TAFE initiative. We have certainly led the nation in relation to more courses that are available for families. I think there is \$459 million – we might as well say \$460 million – in this budget to invest in skills and training. Since its introduction free TAFE has saved more than 245,000 students more than \$816 million in tuition fees. Basically it is around \$3000 to \$4000 that it saves every TAFE student when they access a free TAFE course. We are building on that investment again, and in this budget an additional 15,000 students will be supported to develop the skills that they need for the career path that they may choose. The budget position, as I talked about, did enable us to make these choices. It did enable us to provide these new initiatives and some of the ongoing support, which was all about picking up on what I think you would all agree is the number one issue impacting most Victorians at the moment – cost of living.

Michael GALEA: Indeed it is. Thank you, Treasurer. Returning to the government's fiscal strategy, which we talked about a little bit earlier with the Deputy Chair, pages 4 through 7 of budget paper 2 outline the operating surplus of \$700 million forecast in this financial year, which I believe is then rising to \$1 billion the year after, with an average of \$1.9 billion over the forward estimates. Treasurer, can you talk to me about the government's progress in achieving the fiscal strategy but also what has taken place to get to this point?

Jaclyn SYMES: Thank you, Mr Galea. As you pointed out, this is a budget that is confirming the operating surplus of – it is actually \$727 million –

Michael GALEA: It is \$727 million? I stand corrected.

Jaclyn SYMES: Well, it rounds, so it appears as \$700 million in the budget papers, but it is \$727 million, which is higher than we had forecast at budget update. But importantly, as your question indicated, the budget does include five consecutive operating surpluses. This is the first surplus in seven years that will be achieved, but importantly it will be maintained. As I indicated, this should not be dismissed as something that is not important, because if it was easy all the states would be in an operating surplus, and as I indicated, there are only two others – that is South Australia and Western Australia – and we certainly would be alive to the fact that Western Australia are in a significantly different situation with us about the ability for them to raise revenue to support their spending.

Michael GALEA: They get more GST as well.

Jaclyn SYMES: That was just to put that in a little bit of context. But it is a great opportunity to again talk about fiscal strategy, because these are the guardrails, these are the commitments that we have made to the Victorian community, and it is what guides our budget preparation each and every year. I am going to run out of time, but there are five steps. We have delivered three; we are on track to deliver the final two.

Michael GALEA: Well covered. Thank you.

The CHAIR: Thank you. Right on time. We are going to go to Ms Benham.

Jade BENHAM: Thank you. Secretary, Mr Barrett, could we talk about the operating surplus and cash deficit? Do you agree that, all else equal, running a larger operating surplus allows us to then fund infrastructure with less borrowing?

Chris BARRETT: Correct.

Jade BENHAM: Thank you. Secretary, you agree therefore that it is possible to fund infrastructure without borrowing, as you said earlier?

Chris BARRETT: Well, as I said earlier, it is absolutely theoretically possible to do it; whether it is an economically wise thing to do is a separate question.

Jade BENHAM: Okay. So there is no problem running a cash deficit, so therefore you accept that the net debt will keep rising and there is no real plan to pay it down?

Lauren Kathage interjected.

Chris BARRETT: Sorry, did you want to respond to –

The CHAIR: Excuse me. The question that has been asked by Ms Benham. Are you up –

Chris BARRETT: No. I am happy to go. That was just an interjection.

Jade BENHAM: Back to the question, Mr Barrett: you therefore agree that it is possible to fund infrastructure without borrowing, as you said?

Lauren KATHAGE: Not much.

Jade BENHAM: You have said though, Secretary, there is no problem running a cash deficit and therefore you accept that net debt will keep rising and you have no plan to pay down net debt.

Jaclyn SYMES: Sorry, Chair, I have just got a slight issue with both the Deputy Chair and Ms Benham's approach to questions. They are proposing positions and saying, 'This is what you said.' They are actually verballing us as witnesses.

Jade BENHAM: I am just going back over questions –

Jaclyn SYMES: Please ask questions; that is what we are here to do. But when you –

Jade BENHAM: I am going back to question to answers that were given by the Secretary in the first session with the Deputy Chair. I would like some further clarification on them.

The CHAIR: Excuse me, Ms Benham. Let me just say it – and I will say it early in the day, and I have said it before: please do not put things into the mouths of witnesses that they have not said or that you think they have said. Just put the question to the witnesses. That is what the Treasurer is saying.

Jade BENHAM: Thank you, Chair. I was just clarifying what was said in the first session, leading to my next question.

The CHAIR: Then you can ask for the clarification, Ms Benham. I am asking you not to put words into the mouths of witnesses. I made it clear. This is the second time – I do not like interrupting. If you have a question, put it to the Treasurer.

Jade BENHAM: Is there a plan to pay down net debt, Secretary?

Chris BARRETT: Net debt – nominal net debt, so the dollar value of net debt – rises over the forward estimates.

Jade BENHAM: Is there a plan to pay it down? It will keep rising, correct?

Chris BARRETT: It keeps rising within the forward estimates. That is in the budget papers.

Jade BENHAM: Okay. Helen Silver said that borrowing is now so large that interest costs are affecting output capacity. So do you –

Jaclyn SYMES: Would you like to provide a reference to that?

Jade BENHAM: Do you disagree with the government's hand-picked adviser?

Chris BARRETT: I am not going to offer an opinion on government policy.

Jade BENHAM: But you can confirm that net debt will keep rising.

Chris BARRETT: That is in the budget papers.

Jaclyn SYMES: Yes, you can have a look.

Jade BENHAM: Okay. Great. That is all I wanted to get to. We are already familiar with the fiscal strategy. I refer to page 46 –

Jaclyn SYMES: Who are you directing your question to?

Jade BENHAM: To you, Treasurer, thank you. Do you agree now that there is no step in this strategy to return to a cash surplus?

Michael GALEA: She has already answered this question.

Jaclyn SYMES: Well, I have.

Jade BENHAM: It is my time, thank you.

Michael GALEA: If you want to waste your time, go for it.

The CHAIR: Treasurer, if you have an answer to the question Ms Benham has asked.

Jaclyn SYMES: Sure. Ms Benham, as I have outlined in both my presentation and my exchanges with Mr Pesutto and where we got to at the end of Mr Galea's time, the measurement that every state in Australia uses as to whether they are in surplus or deficit is based on an operating result. We are one of three states to be in surplus. What is important about being in surplus, in relation to operating surpluses – and we have indicated that before – is that we are a government that only has to borrow for the infrastructure choices that we make. The choices that we are making were demonstrated on the slide. We have projects such as North East Link underway, which will continue to be paid for over the forwards. We have airport rail, which will continue to be paid for over the forwards. SRL will continue to be paid for over the forwards. Some large hospital investment will be across the forwards. If we do not borrow to invest in productive infrastructure, none of those projects can be finished and no new projects can be added. So that is a choice that this government will continue to make, and that is investing in the productive infrastructure to grow the economy, grow jobs and provide for the Victorian public. But as I indicated on that slide, we are moderating that expenditure, sending a strong signal to the private sector of where they can step in and start to pick up the slack, rather than a blunt instrument of saying, 'We will not borrow, we will stop all the projects, we'll sack all the workers,' and the economy going backwards. That is the decision that we have made.

Jade BENHAM: So this government has made the choice then to not plan to return to a cash surplus?

Jaclyn SYMES: Net debt as a share of the economy will decline over the forwards. That is the promise that we have made to the Victorian people, and that is the commitment that we are on track to deliver.

Jade BENHAM: So no plan to return to a cash surplus at this stage?

Jaclyn SYMES: Ms Benham, today's inquiry is about the budget. The budget is about the forwards. The forwards include producing new hospitals, new roads, new schools and projects –

Jade BENHAM: It includes being accountable for taxpayers money, Treasurer, that is what it includes, and I am asking questions Victorians need answers to and would really like answers to. I am asking about net debt in absolute terms, not as a proportion of GSP. I am asking you if this government has made a very clear choice not to plan to return to a cash surplus.

Jaclyn SYMES: Ms Benham, we are in an operating surplus.

Jade BENHAM: So no.

Jaclyn SYMES: We are one of three states to do so. I can tell you now other states would like to be in operating surplus. The federal government would like to be in operating surplus. Jurisdictions around the world would like to be in operating surplus.

Jade BENHAM: But we also have far more debt, Treasurer, than every other state combined. We have more debt. We have reached the limit of our borrowing capacity. Don't you agree?

Jaclyn SYMES: No.

Jade BENHAM: Okay.

Jaclyn SYMES: We have an economy that is worth \$700 billion.

Jade BENHAM: We have a debt that is rising at a rate of knots.

Jaclyn SYMES: If you stop infrastructure spend, the economy will crash, jobs will be gone. They are the choices that you are literally asking me to describe.

Jade BENHAM: Okay. If we had a global pandemic once again, would this state survive financially?

Jaclyn SYMES: Ms Benham –

Jade BENHAM: It is things in our immediate history that have caused this debt, essentially – and your infrastructure spending.

Mathew HILAKARI: Is this related to the budget at all?

Jade BENHAM: Thank you. This is my time to ask questions to the Treasurer. Would this state financially survive if it had to borrow and support Victorians like it did during the pandemic?

The CHAIR: Excuse me, Ms Benham, I am going to interject, and what I am going to say, which I am sure you are already aware of I am going to say it, is that this is bordering on hypothetical. We do not deal with that here as part of budget estimates, so perhaps you wish to move on.

Richard RIORDAN: It is not hypothetical, it is a recent event that the budget could –

The CHAIR: Mr Riordon, it is not an invitation for you to interject. Ms Benham.

Jade BENHAM: Thank you, Chair. I will move on to a different question. I think I have got the answer. It is fine. Thank you.

Jaclyn SYMES: I did not answer.

Jade BENHAM: Treasurer, I would like to go to the Lottery Corporation. With the 40-year extension of the Lottery Corp's licence, the full \$1.14 billion will be received by the state in the 2026–27 financial year, as per the Lottery Corp statement to the ASX. Is that correct?

Jaclyn SYMES: Sorry, what is your question?

Jade BENHAM: The full \$1.14 billion will be received by the state in the 2026–27 financial year, as per the Lottery Corporation statement to the ASX. Correct?

Chris HOTHAM: Do we have a budget paper reference?

Jade BENHAM: The Lottery Corporation statement – but budget paper five 5, page 213.

Richard RIORDAN: You have only just done the deal. Can't you remember?

The CHAIR: Excuse me. Witnesses are entitled to ask for a budget reference.

Richard RIORDAN: Well, you would think if you had just sold something for a billion dollars you would know what you did with it.

The CHAIR: Mr Riordon, you have been a previous member, and you would know that you should be citing them as you ask questions.

Richard RIORDAN: I also recognise time wasting.

Jaclyn SYMES: You can reset the clock if you like.

Richard RIORDAN: You have only just got a billion dollars. Surely you know where it has come from.

Jade BENHAM: Chair, could we pause the clock while the references –

The CHAIR: Ms Benham, you have been on this committee long enough to know now that the clock never gets paused. If you want to waste your time, go ahead.

Richard RIORDAN: ‘We’ve got to go and see where we got the billion dollars from.’

The CHAIR: Is there a question? You may need to ask it again.

Jade BENHAM: Yes, there is a question. I have just asked the question. I am waiting for the answer. Is it correct that the \$1.14 billion will be received by the state in this financial year?

Jaclyn SYMES: I am very happy to explore this topic, because I was asked about this; it was the one question that I got in question time this week. There is an amount. I am foreshadowing potentially your next question. We have received a record amount for an extension of the lottery licence; that is true. In relation to how it is accommodated in the budget papers and the accounting treatment, that becomes a little more complex, so I am interested in where your next question goes. Because if you are connecting it to surplus, it is not related to surplus.

Jade BENHAM: It is a very simple question: do we receive it in this financial year, like the Lottery Corporation statement to the ASX says, or not?

Jaclyn SYMES: I am very happy to answer the question, because the answer is yes, but the accounting treatment is important for you to understand because it will –

Jade BENHAM: Okay. So if the accounting treatment, in terms of operating balance, is spread over 40 years, this is reflected in the cash flow statement. Correct?

Chris BARRETT: Correct.

Jaclyn SYMES: Yes.

Jade BENHAM: Right. Thank you. So you agree then that the cash deficit is \$1.14 billion less in 2026 than it otherwise would have been without this deal?

Jaclyn SYMES: No.

Chris BARRETT: No. I do not think that is correct.

Jade BENHAM: No?

Chris BARRETT: Operating cash is \$1.14 billion higher, but it does not affect the operating balance. As you rightly said, effectively it is \$28 million over 40 years, in terms of the impact on the operating balance.

Jade BENHAM: Okay. But it does not affect the cash flow statement.

Chris BARRETT: It arrives as cash. This is why it is complicated, unfortunately. Sorry, it is accounting standards. It is quite complicated, and Mr Hotham may wish to add to this. It arrives as cash but does not hit the operating balance, so it affects net debt but it does not affect the operating balance.

Jade BENHAM: Then the cash deficit in 2026–27 is \$1.14 billion less than it otherwise would have been, meaning that net debt is \$1.14 billion less than it otherwise would have been.

Chris BARRETT: \$1.14 billion – yes. Correct. That is right.

Jade BENHAM: Great. So in 2029–30 net debt is \$199.3 billion. Without this deal, you would have exceeded \$200 billion of net debt.

Chris BARRETT: If nothing else changed in four years.

Jade BENHAM: Right.

Jaclyn SYMES: Which is not what happens.

Jade BENHAM: Not what happened because this deal went through without a tender.

Jaclyn SYMES: No. Would you like me to take you through the entire process?

Jade BENHAM: No, because I only have a little bit of time left, and I am just trying to get to the crux of –

Jaclyn SYMES: For you to assert a conclusion is wrong.

Jade BENHAM: No, no – I am asserting that without this deal –

Jaclyn SYMES: That is wrong.

Jade BENHAM: by 2029–30 net debt would have exceeded \$200 billion.

Jaclyn SYMES: It is not a true statement.

Jade BENHAM: That is not a true statement?

Jaclyn SYMES: No.

Jade BENHAM: How is that not a true statement?

Jaclyn SYMES: Because you are confirming a conclusion in four years time without considering all of the inputs that potentially go into the creation of a budget.

Jade BENHAM: This is a significant deal that has been done –

Jaclyn SYMES: It is a great deal for Victorians – a great deal.

Jade BENHAM: and it was done without going to tender. There was a competitor in the market. If this deal was not done, by the 2029–30 financial year we would have exceeded \$200 billion in debt without that \$1.14 billion coming in.

Jaclyn SYMES: But you are asserting that one particular item has an outcome in four years time.

Jade BENHAM: It is a pretty significant item that was done without proper tender processes. Let me put this scenario to you then, Treasurer. Given that it is a competitive market – there was another competitor in the market – could you have got a better deal and exceeded that \$1.14 billion if you had gone to a proper tender process and offered it up as a competitive licence?

Jaclyn SYMES: Thank you for your question, Ms Benham. It is a great opportunity to take the committee through the history of how we got to where we got to.

Jade BENHAM: I do not need a history lesson. We are talking about the forwards.

Jaclyn SYMES: You have asked about a process, and you have asserted an inappropriate process. It is only appropriate for me to put the truth to you.

Jade BENHAM: Please explain how it is not an inappropriate process.

The CHAIR: Thank you. One question at a time. Now, the Treasurer is going to explain.

Jaclyn SYMES: Yes. The public lottery licence extension was undertaken in accordance with the legislative framework prescribed in the *Gambling Regulation Act 2003*. The entire process was overseen by a probity adviser and subject to probity oversight of an independent review panel established under the Act. It was methodically completed over several years. If you like, the timeline is: June 2024, the previous minister for gaming approved a market sounding process of potential interest in the next licence from both domestic and international industry participants and their ability to deliver lotteries; in September 2024, based on the outcomes of the market sounding process, the previous Treasurer approved an engagement strategy, including bilateral discussions with the lottery corporations, which was then approved by BFC in November 2024; also in November 2024, the previous Treasurer approved the reserve price based on a comprehensive analysis by the Department of Justice and Community Safety and DTF of the public lotteries market; in April 2025 the previous Minister for Finance assessed the initial TLC offer and approved the bilateral process with TLC after its offer exceeded the reserve price; in May 2025 the minister for gaming approved entering the bilateral engagement with TLC and issued an EOI; in July 2025 TLC responded to the EOI; in September 2025 TLC provided an updated and improved bid clarification letter; and February and March this year was when the 40-year licence extension was endorsed by BFC.

Jade BENHAM: So the previous gaming minister approved the process, and the former minister's chief of staff is now their lobbyist. Thank you for that timeline. That is okay. I would actually like to ask the Secretary: what advice did DTF provide in relation to this deal?

Chris BARRETT: I am happy to happy to talk to that. DTF provides advice on multiple commercialisations. We provided advice on this one as well. We sat as full parts of the evaluation process. We can go into a bit more detail, and Ms Kingston can take you through that. As the Treasurer said, there were probity advisers sitting across that, and there is also, as I understand it, an independent review panel that is organised by the department of justice. We would have provided advice. We did provide advice on the process, and we were also part of the evaluation process on the way through.

Jade BENHAM: What advice did you provide with regard to that process in 2024?

Chris BARRETT: I will not go exactly to the advice that we provide to government, but what I can –

Jade BENHAM: I am happy to take it on notice.

Chris BARRETT: I do not intend to talk about the advice that we provide directly to government, but I can say certainly from my perspective, looking at this process, it has been a very robust process that I am confident was conducted appropriately throughout and has realised a significant amount of revenue for the government.

Jade BENHAM: Given that Chris Owner of The Agenda Group was the previous minister's chief of staff at the time, do you think that would look appropriate to taxpayers, given this deal and the news that has come out over the past two weeks?

Chris BARRETT: I am a public servant, not a commentator.

Jade BENHAM: Treasurer? Do you think this passed the pub test?

Jaclyn SYMES: Ms Benham, we have taken you through the probity process. We have taken you through the –

Jade BENHAM: And I am talking about someone that is highly involved in both at the time in that process, as the minister's chief of staff and obviously senior adviser, who is now the lobbyist with The Agenda Group. Do you think Victorian taxpayers are okay with that?

Jaclyn SYMES: Victorian taxpayers are benefiting from a significant deal that has been secured within the state of Victoria.

Jade BENHAM: To keep us under \$200 billion of net debt.

Jaclyn SYMES: It is an outcome that is consistent in terms of years with other states but is a record achievement in relation to the amount. What is also important to note is that the proceeds of the lottery licence

extension go straight into the Australian Hospitals and Charities Fund, which supports world-class health care, and really this is what Victorians are interested in. They are interested in –

Jade BENHAM: No, they are not, Treasurer.

Jaclyn SYMES: what the money is spent on. What the deal –

Jade BENHAM: What they are looking at is the lack of transparency between a former minister's chief of staff –

Mathew HILAKARI: Point of order.

Jade BENHAM: , a licence that has gone through –

The CHAIR: Excuse me, Ms Benham, there is a point of order.

Jade BENHAM: without due process, who is now a lobbyist with The Agenda Group.

Michael Galea interjected.

The CHAIR: Excuse me, there is a point of order. Mr Hilakari can be quick. Time is running out, Ms Benham. One moment, Treasurer.

Mathew HILAKARI: On a point of order, Chair, I am hoping we can come back to the actual budget papers. So if there is some relevance to the budget papers and some references, that would be helpful.

Jade BENHAM: There is nowhere in the standing orders that says I have to reference the budget papers –

Mathew HILAKARI: It is not question time; it is an opportunity to inquire into the budget.

Jade Benham interjected.

The CHAIR: Thank you, Mr Hilakari. Ms Benham, if you want to ask the question again and just afford the Treasurer the respect and courtesy of answering the question.

Jade Benham interjected.

Jaclyn SYMES: Thank you, Chair. Ms Benham, in addition to the probity processes that have been outlined by both me and the Secretary, there are also relevant lobbyist register and restrictions on –

Jade BENHAM: What probity arrangements then were put in place to ensure secret government information was not used by the Lottery Corp?

Jaclyn SYMES: I do not have the lobbyist register in front of me in terms of – there are blackout periods, there is prohibition on advice that you might have received, that kind of thing. I can give you that –

Jade BENHAM: I have not got long left, so Secretary, what steps has DTF then taken to ensure that no information leaked that may have compromised the price?

Chris BARRETT: In relation to a lot of that process – I am not seeking to minimise our involvement in it – the actual process was chaired and run by the Department of Justice and Community Safety.

Jaclyn SYMES: Correct.

Jade BENHAM: Okay. I am going to change themes now, in the probably 20 seconds that I have left. The Suburban Rail Loop has a TEI of 'TBC' in the 'State Capital Program'. We are going to budget paper 4, page 154.

The CHAIR: Thank you, Ms Benham. I was impressed with the budget reference. We are going to go to Ms Kathage.

Lauren KATHAGE: Thank you very much, Chair, Treasurer and officials. I would also like to ask about infrastructure. There has been a line of questioning this morning which is a bit frightening in terms of what we can see in the future plan for infrastructure for those opposite. But on page 5 of budget paper 2 we can see the profile of government infrastructure investment for the coming years. So how does maintaining – not cutting, but maintaining – a responsible pipeline of infrastructure investment improve productivity and set Victoria up for future growth?

Jaclyn SYMES: Thank you, Ms Kathage, and I think you have certainly picked up on the presentation and the commentary that I have been making on how important it is to not just stop building for the prosperity of our state. Ever since I was sworn in as Treasurer I have made the commitment to oversee a sustainable and balanced infrastructure program, which is why you saw the flow in that chart that I presented. We do have record capital investment and Big Build projects that have laid the foundation for the future prosperity of the state. Livability is improved and our economic growth has been enhanced as a result of these investments. We still have \$181 billion in new and existing capital projects underway, with many of them in peak construction phase. As I said, this is still taking note of the fact that major projects have recently opened – Metro Tunnel, West Gate Tunnel, they are what is in the graph that contributed to the peak of our infrastructure, because they are big projects, important projects, transformational projects, and we have still got some big ones going. But it is moderating our GII in the future years.

In terms of social infrastructure, the new Footscray Hospital and the Frankston upgrade have opened recently. I think some of you may have been to these hospitals as local members. They have opened to patients. They have certainly been welcomed, because they are communities that have been growing, particularly in western and south-eastern suburbs. In education, infrastructure has contributed to 100 brand new schools that we have built over the last few years as well, because we have had such population growth, particularly in our growing suburbs. Talk to people in the outer north – actually, Ms Kathage, you would have new schools in your electorate, because we know that is where families are wanting to live and raise their families, so building new schools for growing populations is really important.

Perhaps the simplest example, I think, of effective investment in productive infrastructure is level crossing removals. They are certainly making a big difference to how people are moving around the city. It increases productivity of business because people are moving more quickly and not stuck behind congestion. We have removed 88 congested and dangerous level crossings, and a further eight are set to be removed in 2026. So again, this means that more trains can move. It means less time for drivers. But, importantly, these are projects that employ people. Whether it is engineers, apprentices or construction workers, these projects create thousands and thousands of jobs.

I am, as I said, pleased to report that we have still got a lot of infrastructure underway, but we are gently tapering off back to pre-COVID levels. As this budget demonstrates, GII peaked at \$24.2 billion in 2023–24 and is projected to be \$21.4 billion for 2025–26 and moderate to \$15.3 billion at the end of the forwards. So that is an average of \$16.5 billion a year over the budget and the forward estimates. This is an important point to make. It is a sustainable pipeline of infrastructure projects. We have employed and trained so many people on our Big Builds. It is really important to maintain a pipeline so these people still have jobs and are not taken up by other states to build their productive infrastructure if we decided not to build any more. We want to also ensure that we have a steady flow of investment in social and economic infrastructure. And partnering – people want to invest in Victoria. They want to invest in states that are open for building. They want to invest in whether it is renewable projects, housing projects et cetera, so not always are productive infrastructure projects just borne by the taxpayer in relation to funding them. We have got partners that want to build with us because it grows the economy and it makes them money on their investments as well.

Sending a signal to the world that you are not going to build in the state of Victoria is, frankly, dangerous because it will just tank the economy. There will be people that will not have jobs. You will not want your young people going into construction, apprenticeships and the like, because there will just not be the jobs available in the future. That said, responsibility to moderate GII is something that I demonstrated in the slide, and it is important to ensure that our net debt as a share of the economy continues on that trajectory as well. That is the plan that we are on. It is a responsible plan. It keeps people in jobs, grows the economy and sends a signal to the world that we are not a basket case.

Lauren KATHAGE: Representing so many construction workers in the north, it is something I am very pleased to hear. If we could zoom out to the economy in general and the economic conditions and outlooks, which are set across pages 16 to 25 in budget paper 2, they sort of show that Victoria's economy is larger in real terms, with household consumption and business investment driving that growth. Considering, though, that we have got those national pressures of inflation, high interest rates and the international oil supply crisis, how resilient is the economy to those shocks?

Jaclyn SYMES: Thanks for your question. It is not dissimilar to probably where Ms Benham ended before being able to answer some of her questions about the ability and the resilience of the Victorian economy. You have mentioned some of those headwinds, whether it is interest rates or whether it is the impacts from the war, which not only increases the cost of petrol but we know that flows on into fertilisers, plastics and is having an impact in relation to cost pressures across the community and the economy. But the Victorian economy is strong. I had some slides up there that demonstrated where we are at and where we are going. Consistent economic growth over the last 10 years has positioned us well to be able to weather the storms that are around us. The growth has sustained the highest percentage growth in jobs anywhere in the nation – 600,000 jobs have been created since the peak of the pandemic right here in Victoria, and nearly 300,000 workers just in the last three years alone.

It has also supported record investment from business. As I said, it is making sure that you have got businesses wanting to invest in Victoria because you are a state that builds, whether it is data centres, whether it is renewable energy and whether it is investments in agritech and the like. Some of those big, big businesses and big industries that are picked up in the *Economic Growth Statement*, for example, have all contributed to the economic growth of 44 per cent business investment since 2020. It has almost doubled in the last five years. And again, we are ahead of every state on all of these metrics. Business invests because we are an economy that is dynamic. We are progressive, we are stable. These are core pillars as as a government we have tried to foster those to ensure that we are providing certainty and vibrancy for businesses to open up and expand. That is certainly bearing out in the statistics. We have had 123,000 new businesses – that is net increase – since 2020. Again, this is the greatest increase of new businesses in the country compared to other states. We have seen 4300 new start-ups and scale-ups, businesses that are really wanting to be world players. We have got 20 unicorns in Victoria, so they are businesses with over \$1 billion of market value in the start-up sector.

Mathew HILAKARI: Not the traditional unicorns.

Jaclyn SYMES: Sorry?

Mathew HILAKARI: Not the traditional unicorns.

Lauren KATHAGE: Better.

Jaclyn SYMES: They are job-creating unicorns. Someone told me what the collective term for unicorns is.

Mathew HILAKARI: A flock?

Jaclyn SYMES: I will come back to you on that.

Mathew HILAKARI: Take that one on notice.

Jaclyn SYMES: Anyway, we have got a herd of unicorns in Victoria. It has been picked up by the likes of NAB, who have recently crowned Victoria the entrepreneurial capital of Australia.

Mathew HILAKARI: The unicorn state.

Jaclyn SYMES: The unicorn state – yes, we will take that somewhere another time, Mr Hilakari. So there is a lot to be positive about in the state of Victoria. We are forecasting the economy to grow every year over the forwards, and those forecasts are supported by the disciplined focus that we have taken. Things like tax cuts, regulatory reform and the *Economic Growth Statement*, which I referred to, are just some of the things that are ensuring that Victoria is a great place to do business. We lifted the payroll tax free threshold to \$1 million, and we reduced payroll tax. In regional Victoria we are at 1.21 per cent, and that is the lowest regional payroll tax rate in the country. I see it – and Ms Benham might see this as well – as particularly relevant across the border when businesses from New South Wales move to Victoria because it is a better environment for them. We are

also abolishing stamp duty on commercial and industrial properties, which is certainly helping to activate that sector. From July 2026, so not too far away, we are cutting business insurance duty by an additional 1 per cent. Collectively, these are changes that save businesses billions of dollars.

When I speak to businesses, yes, they are always interested in the tax settings and the support from government, but they really do talk about regulation and red tape. So working with them on our commitment to reducing the amount of regulators that they have to deal with and ensuring that there is one entry to deal with government is work that is paying off. It is work that is making business easier to do in the state of Victoria. That work is ongoing, but it is economic reform that means that businesses are very well placed to make investments in Victoria. What we really like about that is it means that more people have the opportunity to be in a great job in Victoria.

Lauren KATHAGE: That business investment driving Victorian prosperity is set out in a bit more detail on pages 22 and 23 of BP2. You mentioned a couple of comments from NAB and from people you have spoken to, but what else are you hearing from business leaders about Victoria's business landscape generally?

Jaclyn SYMES: Thanks for your question. It is certainly important for me to get out and talk to as many people in the private sector and potential investors as possible. Obviously I have been the Treasurer now for almost 18 months, so I have had a good opportunity to get out and about. There are a lot of people saying really good things about the Victorian economy. They are suggesting that we have the right settings to continue to attract investment, and in fact they are telling me that they want to and intend to.

One of the most recent forums that I had the pleasure of attending was the Asia Pacific Financial and Innovation Symposium. I was there last year as well, so it was a good opportunity to touch base again with leaders from around the world. These are leaders from companies such as BlackRock, Blackstone, AirTrunk and RedBird. These are massive companies. They have literally trillions of dollars of assets under management. What I liked about the conversations with these individuals is that we are a state that they want to invest in. They were here looking to have those conversations. They are companies that are worth more than the entire Australian economy, and they could choose anywhere in the world to invest, but they were here talking to me about what Victoria has got to offer. They were saying things like, 'It's a wonderful place to invest.' We stand out as a leader on approvals and transparency in the Asia-Pacific. They said that our model should be replicated because it is good for society and great for investors. Probably one of the comments that I liked best from the conference was from Doug Ostrover. He is the founder of a \$12 billion capital company called Blue Owl. He literally got asked where he thought the opportunities were, and he said, 'Well, it's right here – not Sydney.' He said that on the stage in front of a big crowd. These are really positive sentiments that we are hearing from international investors – people that I guess have got no interest in talking the state down. They are only here to talk about business, and they are talking positively about the state of Victoria. So despite economic uncertainty, there is a lot going on in the state of Victoria in relation to investment right now and future investment. It is a great place to be.

Lauren KATHAGE: I guess some of the offshoots of what we can see on page 4 of the outlook are a higher number of women participating in the workforce. What are you putting that down to? What is driving that?

Jaclyn SYMES: Thank you, Ms Kathage. It is a great metric, and it is something that we should be very proud of here in Victoria – that we have the settings that are enabling a range of people, particularly those that have perhaps historically faced barriers, to enter or re-enter the workforce, and we really acknowledge that in our policy settings. The female workforce participation rate since the last budget has reached record highs at 67.7 per cent. That means that more than three-fifths of working-age women in Victoria are in jobs and working. It is an incredible stat, when you think about it, because when records began in 1978 the number was only 43 per cent, and in 2005 it was only 56 per cent. So you can really see where that is tracking. 1.9 million women are now in work today, compared to 629,000 almost 50 years ago – considering I was born in that year. That is an incredible achievement and speaks volumes about the progressive policies that we have really championed here in Victoria and that particularly a lot of the Labor women have really got behind, based on personal experiences and stories from their mothers about what we should be doing differently.

I have already talked about it, but I will reiterate that you cannot underestimate the impact of free kinder on ensuring supports for women to re-enter the workforce. Working from home is a game changer for women. Having that flexibility to be able to fit your work requirements around and not having to be tied up in the

commute mean that you can get your kids to sport and get them to swimming lessons whilst continuing to have a productive job that is good for your employer but also good for you, and that means that employers have got a broad range of talent to choose from. They are things that are really breaking down and making sure that our economy is diversified. As I said, the policies are really important economically because business are able to get the best and brightest because those barriers are no longer in their way.

The research backs it in. The Productivity Commission found that the lack of flexible work arrangements, including working from home, can act as a barrier to employment for women, people with caring responsibilities, people with disability and other marginalised workers. CEDA found that between 2019 and 2023 participation in jobs where people could work from home rose by 9 per cent, particularly picking up women with children. It is also about building a fair economy. Research shows that a more equal economy results in a better economy and a more dynamic one. As I said, there are more ideas from the diversity and the ability of more and more people to contribute.

Lauren KATHAGE: Great. Just last month I met a mum who is going back to work since the free kinder was built in Wallan. It is the first time she can go back to work, so I saw the impact in action. Just changing tack now, I want to talk about the Social Housing Growth Fund. Budget paper 2 details that on pages 8 and 9, setting out that investment of \$860 million over five years. The figure that we have got here is 7000 new social housing homes over a decade. With this investment, how is it addressing housing need for the most vulnerable Victorians?

Jaelyn SYMES: Thank you, Ms Kathage. You have picked up on another one element of the budget that I am particularly proud about. It is a significant investment to help vulnerable Victorians find secure and affordable housing. Through the commitment, there is an estimated \$860 million that will be invested into the Social Housing Growth Fund over the next five years, to the end of the forwards. The Social Housing Growth Fund provides a dedicated investment stream that ensures that you can recycle funds via the Victorian Funds Management Corporation and leverage the returns to deliver more social housing, particularly in partnership with the community housing sector. So not only is this a great investment, it is a sustainable funding model for continuation of this program. The power of the fund is demonstrated in its long-term outcomes. The investment in this year's budget will support the delivery of 7000 homes over the next decade and more than 22,000 over the next 30 years. Ten per cent of the new homes will be allocated to Aboriginal community housing providers, and at least 600 of these homes are expected to be delivered in 2026–27. It is a long-term investment. As I said, it is a sustainable funding model. Again, on the infrastructure conversation we were having before, it provides a pipeline for construction, which means people have got jobs and there is economic activity, and it provides a great outcome because it provides homes for people.

Lauren KATHAGE: That is great. I like how it touches on all parts of people's lives.

The CHAIR: Thanks, Ms Kathage. The committee is going to take a short break before resuming this hearing at 10:15 am. I declare this hearing adjourned.

The committee will now continue its consideration of the Treasury portfolio. We are going to go straight to Mr Riordan.

Richard RIORDAN: Thank you, Chair. Good morning, Treasurer. Just following some previous questions that we gave to you, I was wondering if the committee could get on notice please a couple of documents. The comprehensive DJCS–DTF analysis of the public lotteries market: is that something we can get?

The CHAIR: Excuse me, Treasurer. Mr Riordan, the purpose of the public inquiry is to ask questions of the Treasurer and department officials. If there is a question that they are unable to answer, you may ask them if they can take it on notice, but starting off just asking for documents on notice is not the purpose of this committee inquiry that we are undertaking today.

Jaelyn SYMES: I could actually be quite helpful, I think, Mr Riordan, because the upper house passed a documents motion on this exact matter on Wednesday, which was not opposed by the government. So there will be the appropriate process for document identification and tabling within the chamber, which I am sure could line up with your processes.

Richard RIORDAN: Okay. All right. Well, we will move into some questions I have specifically got. In budget paper 2, page 51, there is the commentary from Treasury about the expenses outlook, and the total expenses for the general government sector are forecast to increase on an average of 2.5 per cent. My question to Mr Barrett would be: that seems very optimistic – could you tell us what the average has been for the last five or six years and how you came at 2.5 per cent, considering, for example, education is at 4.8 per cent, health care is 4.1 per cent, non-residential construction is around 4.9 per cent. There do not seem to be too many indicators of the types of things you would be spending money on that would be anywhere near 2.5 per cent.

Chris BARRETT: Thank you, Mr Riordan. I am sorry, I could not tell you off the top of my head what it has been like over the last four or five years. On that average over the forward estimates of 2.5, as you would be aware the government has instituted a number of efficiencies in response to the Silver review. I do know that particularly in 2025–26 versus 2026–27 you see more moderate growth in expenses than you normally see in the budget year, and a good chunk of that is around the implementation of the Silver recommendations. They were around both a reduction in the number of executives by about, I think, 330 across the service and then also a deprofiling in the seniority of the higher levels of the VPS – VPS 6s and 5s – which obviously take some cost out of the system. We are confident in those forecasts on the basis of some of those efficiencies.

Richard RIORDAN: So what you are saying is that you are going to sort of try and keep it at 2.5 per cent by staff reductions but you have taken into account ballooning fuel prices, construction costs, flow throughs, added transport and health care and everything else that is clearly being signalled by the market?

Chris BARRETT: Yes. That does go to our forecasts around oil prices, and it is a very fair question. The oil price forecasts that are baked into these numbers for West Texas Intermediate are around about \$100 a barrel, which I think is roughly where they are at the moment, but for that to effectively phase down to preconflict levels by the end of calendar year 2026. Now, you might rightly say ‘Well, what if it turns out differently?’, and I would draw your attention to the –

Richard RIORDAN: Well, it is not so much turns out differently, with due respect, I am talking about the health insurance industry came out only last month and clearly flagged a 5 per cent increase across health. Health is the biggest chunk of your budget. It seems improbable that you are not going to experience similar costs to everybody else in running your organisations.

Chris BARRETT: Well, we have had reductions in the growth in health expenditure. It is still growing, but I do not think it was any secret to anyone that both in Victoria and around Australia cost control in the health system immediately post pandemic was quite challenging, but we are getting those numbers down significantly. But obviously it is not just the health system; it is government as a whole. You could imagine the health system being a bit higher but then other parts of government being a bit lower.

Richard RIORDAN: Just to finish on that line of questioning, could you provide to the committee, then, since you do not have it, the actuals for the last five years – accepting that there is a blow-out in the COVID years, but even from 2023 to now, what the actuals were.

Jaelyn SYMES: It will be in previous budget papers. Because they are available in all of the previous budget papers –

Richard RIORDAN: I would have thought, as you have just put the budget together, you would have some idea how it is – you have come at 2.5 per cent. Clearly it has been higher than that, and most industries are saying it is higher. I am just wondering the logic as to why you have got there.

Chris BARRETT: We can go back and see what we can provide.

Richard RIORDAN: Okay. Thank you. So just moving then to the Suburban Rail Loop, if I may, the Suburban Rail Loop has a TEI – this is budget paper 4, page 154. The Suburban Rail Loop in the budget this year, as it has been since the budget has been mentioning the Suburban Rail Loop, is in the state capital program. Given this, how much money is attributable to the Suburban Rail Loop in the government’s infrastructure investment line item in table 1.1 on page 5 of budget paper 2? So the government infrastructure investment – how much in that is allowed for for the Suburban Rail Loop?

Chris BARRETT: Mr Riordan, I could not tell you off the top of my head, because you would see, obviously, the amount that is expected for Suburban Rail Loop – this is on page 154 of budget paper 4, which is where Ms Benham was going before – is between \$30 billion and \$34.5 billion. Now, as to your question – effectively your question is how much of that is within the forwards – because some of that sits outside of the forwards, I could not tell you off the top of my head what that number is.

Richard RIORDAN: Could we take that on notice?

Chris BARRETT: I am happy to.

Richard RIORDAN: Okay. So the next part of that is: that figure of the overall expected cost for the Suburban Rail Loop being between \$30 billion and \$34 billion has been stated by the government now I think since about 2018 or since the election commitment. Is that correct?

Chris BARRETT: Ms O’Sullivan can confirm. I think it was costed in 2021. Kate?

Kate O’SULLIVAN: The business case, yes.

Richard RIORDAN: Can you tell the committee: is there any other project that you received costings from prior to the pandemic or during the pandemic that you would still rely on today to come up with the cost of the project?

Chris BARRETT: I might ask Ms O’Sullivan if she can add to my question, because there were some aspects of the Suburban Rail Loop costing that it might be worth talking about – in particular, the way we did the contingencies. So Ms O’Sullivan –

Richard RIORDAN: I do not need a long history of it. I am just wanting to know: is there any other project in this year’s budget that you would be relying on figures that were produced six years ago for as a reasonable cost?

Jaclyn SYMES: Just as a precursor to Ms O’Sullivan’s answer to your question, you are building contingencies when you have projects particularly that are going to be delivered over many years, and the business case, which is very comprehensive, goes to this. But I might let the Deputy Secretary take you through some of the costings.

Richard RIORDAN: Contingencies are for unforeseen circumstances, not going off projects that you decided nearly 10 years ago.

Jaclyn SYMES: No.

Chris BARRETT: No. They are also for cost escalation, Mr Riordan.

Jaclyn SYMES: Yes, absolutely.

Richard RIORDAN: You are only just starting it now, and we have got a budget where you have told us that we cannot have infrastructure in Victoria unless we allow for it. We are taking on faith that we are looking at a \$200 billion net debt in this state that we need for the infrastructure. Here is the major plank of your infrastructure program going forward, and we have not had any updating on the costs. I mean, no-one else in the economy today is going off nearly eight-year-old figures.

Lauren KATHAGE: Look at the completed projects on the next page.

Chris BARRETT: If I may, Mr. Riordan, when we do that costing, if we know that it is happening over a long period – and in the case of Suburban Rail Loop it is happening until the mid-2030s – we do not just assume that whatever the cost was in 2021 is also going to be the cost of materials, say, nine years later. We inflate that by an amount to sort of say, ‘We have some reasonable assumptions about what the cost of those materials will be in 2029, and it’s not the same as in 2021,’ and that is in the \$30 billion to \$34 billion.

Richard RIORDAN: Just looking at what you have spent, though – in budget paper 4, page 154 – June 2026 and then to June next year, nearly \$8 billion. So you are spending close to 30 per cent of the total budget you have allowed for, and you have not even got the artistically painted machines in the ground yet.

Jaclyn SYMES: Mr Riordan, the tunnel-boring machines are on track to be in the ground this year, as has been the plan to deliver the start of that. But if you have been to the site, there are thousands of people already on that worksite who are starting that project. It is well underway.

Richard RIORDAN: I am well aware of that. That is not my question. My question is: you are expecting the people of Victoria and this committee to accept nearly eight-year-old budgeted figures for a project in the construction industry that the construction industry itself says is running at a 5.4 per cent inflation cost. If anyone has read anything in the last three months with the increase in materials – plastic, steel, everything has gone through the roof again – it is improbable. I do not think anyone is going off eight-year-old figures.

Jaclyn SYMES: As the Secretary explained, Mr Riordan, cost escalation is baked into the assumptions. If you visit the comprehensive business case – and perhaps you might want to explore this with the minister for the delivery of the SRL – you will see that that is certainly something that has been taken into account.

Richard RIORDAN: Okay. Treasurer, Infrastructure Australia has found it has low confidence in the \$34 billion cost estimate – and I have low confidence in it – warning it is outdated, lacks detail and does not reflect industry-wide cost escalations since 2020. Given those warnings, why wouldn't you want to do an independent review of your costings?

Jaclyn SYMES: Again, Mr Riordan, you might want to explore this with the minister for SRL. But what I would point to is that –

Richard RIORDAN: But it does directly affect your capacity to do your job.

Jaclyn SYMES: the federal department of transport obviously were provided with recent materials in helping advise the federal government in relation to their additional contribution, which was in the federal budget just this week – \$3.8 billion from the federal government to further their contribution now to a total of \$6 billion to deliver this game-changing project, particularly for the eastern suburbs and housing. Material that has gone into federal government has informed their decisions to make the most recent capital injection.

Richard RIORDAN: Let us use a current example, Minister. The game-changing West Gate Tunnel – which most people can play ping-pong and tennis in most days of the week because no-one is in it – that game-changing bit of infrastructure, what was its final cost blow-out? How much more did it cost? The reason I ask that is because you won the election in 2014 and went straight to that project. You did not have an eight-year hiatus of cost escalations before you came to that price, and you got it spectacularly wrong. You are now saying to the community, 'Believe us on a figure we designed about eight years ago and trust us that it's going to stick within the budgeted parameters.' Otherwise your net debt projections, which my colleagues have asked questions about, are going to be spectacularly falling short, surely, because as you have said, the only way you will pay for this infrastructure is to borrow more money.

Jaclyn SYMES: No, that is not the only way we are paying for this project, because this project is going to be funded jointly between state government, federal government and value capture. All of the points that you have made –

Richard RIORDAN: Just on that point, Minister: so joint with the feds – Mr Albanese and his colleagues have been fairly slow to the market there; they are still falling well short of what you wanted. Can we call value capture what it is – a tax on locals out that way?

Jaclyn SYMES: I do not think you would expect a federal government to give us the entire amount when we are not spending the entire amount right at the start. It is the same argument for us in holding back contingency for projects from actual departments: you fund projects as they are required, as you are letting tenders, as you have the work packages, for example. So that is not a problem.

Richard RIORDAN: Okay, I will accept that the federal government will not give it all to you, but the value capture is the other third. Have you yet made it clear to the community along the Suburban Rail Loop how much extra tax they will be paying because they are being captured with value?

Jaclyn SYMES: I stood there with the Premier and the former Minister for the Suburban Rail Loop and released these materials in December in relation to value capture. The value capture mechanisms will not impact family homes, so the vast majority of people that live in that area will not face any additional impost on their actual situation. In fact the value of –

Richard RIORDAN: Is that live and work or just live?

Jaclyn SYMES: There are no additional taxes on people's family homes. In fact the value of their homes will probably increase because of the investment that we are making.

Richard RIORDAN: So who is being value captured then?

Jaclyn SYMES: The value capture measures, Mr Riordan, are in land tax, windfall gains tax, infrastructure contribution plan levies, car parking levies and state-initiated development uplifts. For land tax and windfall gains tax the existing tax settings do not change; there is no increase at all for this. The revenue will stay local. Land tax and windfall gains tax collected in SRL East precincts will be used in the SRL East construction infrastructure –

Richard RIORDAN: So if you get a windfall gains tax on a new apartment building, does the cost of that tax flow through to the cost of the apartments? When you say there is no value capture tax on the people that live there, anyone who buys a new dwelling out of apartments or someone who wants to start a new business will be paying the tax on their new development, won't they?

Jaclyn SYMES: There is no different setting in that region to what there is in the rest of the state.

Richard RIORDAN: No, but you are putting the value capture over the whole eastern suburbs of Melbourne – that route of your Suburban Rail Loop – and you are saying on one hand that households will not be paying, but if they buy a new house they will absolutely be paying for the Suburban Rail Loop.

Jaclyn SYMES: They will be paying the same amount regardless of where in the state they make that investment, but if you make the investment in that region, it will contribute to that project, yes.

Richard RIORDAN: Right. So they are. So households will be paying and businesses will be paying.

Jaclyn SYMES: There is no new setting in relation to windfall gains –

Richard RIORDAN: When someone rents a house along the Suburban Rail Loop –

Jaclyn SYMES: Can I finish my answer, please? There is no change to the current settings of land tax or windfall gains tax in the homes within the SRL precinct.

Richard RIORDAN: Unless you rent, because if you are a renter, your landlord will be paying an increased land tax to help pay for the Suburban Rail Loop, which gets passed on to you.

Jaclyn SYMES: There will be no increased land tax because you are in the SRL precinct, Mr Riordan. I cannot be clearer. The exact same settings apply across the state.

Richard RIORDAN: Right. So all the land tax collected from that avenue will not be going into general revenue to help pay for the services of the state; it will only be going in to pay for the Suburban Rail Loop.

Jaclyn SYMES: The contributions in that area will contribute to the delivery of the project.

Richard RIORDAN: And not go to the rest of the state. So that you are quarantining that land tax, windfall gains tax and all the other charges that you put on just for that project.

Jaclyn SYMES: What this recognises, Mr Riordan, is that when you build a piece of infrastructure that is going to result in people wanting to invest because you can get a house, get a train to a university and get a

good job, you can invest in the region because it is going to be pumping because of the investment that you put

Richard RIORDAN: Have you declared the value capture rates on the windfall gains tax and developer contribution schemes as to what it is per hectare, per lot? Has that been made public?

Jaclyn SYMES: Yes.

Richard RIORDAN: Can we have on notice what the rates are for that area?

Chris BARRETT: It is in the funding and financing strategy, which was released in December.

Jaclyn SYMES: Yes, I released it in December. I will get you a copy.

Richard RIORDAN: The budget papers note that the SRL's TEI and remaining expenditure will be disclosed following the procurement of the remaining main works packages. When will that be?

Chris BARRETT: I might ask Ms O'Sullivan to just step you through some of the timing on that.

Kate O'SULLIVAN: Yes. Budget paper 4 does disclose in chapter 1 the contracts that have been awarded. It is a big project that is separated into specific works packages. Currently the two stations packages are in procurement. One is expected to have the contract awarded in 2026, and the second stations package is expected to reach contract award in 2027.

Richard RIORDAN: Okay. Thank you. The Treasurer said earlier, I think, that the previous Treasurer approved the reserve price, and the comprehensive analysis by the Department of Justice and Community Safety and DTF – sorry, going back, on the lotteries question. We are going back to lottery, sorry.

Richard RIORDAN: The Treasurer said the previous Treasurer approved the reserve price based on a comprehensive analysis by the Department of Justice and Community Safety and DTF of the public lotteries market. Can we have a copy of that advice?

Jaclyn SYMES: Mr Riordan, as I indicated, the request for documents that has gone through with the motion in the Legislative Council was not opposed by the government, so we are happy to look at all of the documents and consider what would be appropriate to be tabled in the Legislative Council.

Richard RIORDAN: So you will provide it to the Legislative Council, not to us?

Jaclyn SYMES: It will go through an appropriate process of assessment. As you would appreciate, there could be commercial in confidence, there could be legal advice or there could be other privileges that apply. This is a normal documents motion that is underway, so any of the documents that could be made public and tabled in the house will follow that normal process, and I think that would be of benefit to the line of questioning of this committee.

Jade BENHAM: Sorry, Treasurer, but it was in regard to a –

The CHAIR: We are going to go to Mr Tak.

Meng Heang TAK: Thank you, Chair. Treasurer, just to follow from Ms Kathage, I turn to budget paper 4 on page 14. I refer to the government's \$6.3 billion Big Housing Build and the Regional Housing Fund. There is a lot of interest in this budget paper. Treasurer, can you update the committee on the delivery of these programs, including how many homes are complete or underway and how this budget continues the momentum of that investment?

Jaclyn SYMES: Yes. Thank you, Mr Tak. It is a great question. I think before we spent some time talking about cost of living. When it comes down to it, housing is certainly right up there in the minds of Victorians, particularly parents and grandparents, who are in their own homes and worried about making sure that the next generation can also benefit from being able to access a home in a place that is convenient for them. When it comes down to it, we have a record of investment in the Big Housing Build and the Regional Housing Fund. That has been \$6.3 billion and is delivering 13,300 homes across Victoria. That is on top of the housing that is

being delivered under the Social Housing Growth Fund and other programs that I touched on with Ms Kathage. More than 12,300 of these homes are already complete or underway, and the rest will be done by mid-2028. Once completed, these programs will deliver a 10 per cent uplift in Victoria's social housing stock.

Whilst the Big Housing Build delivers housing across Victoria, the \$1.3 billion Regional Housing Fund ensures that there is a dedicated stream to provide additional, much-needed social housing in the regions so that all parts of the state are picked up. Thanks to both the Big Housing Build and the Regional Housing Fund, we have delivered a significant amount of housing across regional Victoria, with over 4700 homes already complete or underway. Under the Regional Housing Fund, government has set minimum investment guarantees in 18 local government areas to ensure suitable social housing is provided in regional towns and cities that need it. So far, 17 of the 18 local government areas have had these targets met or exceeded, as highlighted in the budget paper. If you look at budget paper 4, the Regional Housing Fund is delivering 72 transitional homes to rapidly house people experiencing homelessness and 70 new social housings to support flood-affected areas, which cover areas such as Shepparton, Seymour and Rochester.

Investment in social housing creates strong outcomes across other portfolios because it picks up matters such as victim-survivors of family violence. One thousand victim-survivors have already moved into new homes under the programs that we have supported. Again, highlighting what I said earlier, 10 per cent of all new Big Housing Build social homes are supporting Aboriginal Victorians with their housing needs, with over 900 Aboriginal Victorian households already in new homes.

Overall, the scale of investment is massive. It is ensuring that investments in housing are transforming the ability for people to access a place to call home, and again this is something that we lead the nation in delivering.

Meng Heang TAK: Thank you. To the 'Department Performance Statement', page 187 refers to the Victorian Homebuyer Fund, which has helped eligible Victorians to get into the property market sooner. How has this program supported first home buyers, and how does this complement the social and affordable housing investment in this budget?

Jaelyn SYMES: Thanks so much for your question. I certainly would acknowledge my predecessor in coming up with this program, because there is a lot to be proud about with the outcomes of the Victorian Homebuyer Fund and what it has been able to achieve. The Victorian Homebuyer Fund was launched in October 2021, following an initial \$500 million investment in the 2020–21 budget. The fund ultimately provided \$2.8 billion, following further investments across multiple budgets. So really the government got behind this commitment and the outcomes that it delivered. It helped Victoria comfortably lead the nation in first home buyers, with almost 40,000 new loan commitments in the last year alone, which is 11,000 more than New South Wales and 16,000 more than Queensland.

The fund operated as a shared equity scheme, with the Victorian government contributing up to 25 per cent of the purchase price and acquiring a proportionate equity interest in the property. Participants can buy back the government's equity interest in the home over time, and they can start this at any time, including at the same time as they pay off their bank loan. Participants also have the option to exit the scheme by repaying the government's share at any time.

Speaking to the performance standard, the 2025–26 target for the performance measure was 600 settlements a year, and the higher outcome compared to the target is due to really strong demand for this scheme.

The Victorian Homebuyer Fund closed to new applicants on 10 September 2025, having exhausted what we had allocated. Settlements for homes purchased through the fund for existing applications actually do continue until September this year, with the majority of approvals expected to be settled in this financial year. Over 17,350 participants have settled on their homes under the scheme, and an additional 500 have been approved. Analysis by the department shows that the median household participating in the fund saved around \$3000 per year on their mortgage repayments compared to the average Victorian mortgage holder. So the numbers certainly are encouraging – they speak for themselves – but the biggest point is that the program has been so effective that the Commonwealth have picked it up to be able to continue that, and they are rolling it out right across the country as the Help to Buy scheme.

Meng Heang TAK: Thank you, Treasurer. Turning to budget paper 5, page 177, Treasurer, the Emergency Services and Volunteers Fund is expected to collect \$1.6 billion in 2026–27. The ‘Department Performance Statement’ confirms the emergency management output, covering the CFA, FRV, SES and Triple Zero Victoria, is funded at \$1.98 billion in 2026–27, and DEECA fire and emergency management is funded at \$445.7 million. According to the budget papers, the government is spending more on emergency services than it collects through the ESVF. Treasurer, can you explain how the fund works and why the government’s investment in emergency services exceeds the levy revenue collected?

Jaclyn SYMES: Yes. Thank you. Great question, and you are right – the budget papers confirm that we spend more on emergency services than we collect through the Emergency Services and Volunteers Fund. You may be aware that from 1 July 2025 the ESVF replaced the fire services property levy, which was something that was introduced many years ago by the coalition government at the time. What the changes did was to pick up on some of the agencies that you referenced in your question, so a broader range of emergency services such as VICSES and State Control Centre. The ESVF is collected by councils via rates notices and comprises a fixed charge that varies by property type and a variable charge based on property value. For the first time, and I think it is unique to Victoria, in recognition of the hard work of our volunteers we introduced a rebate for active CFA and VICSES and also brought in Shepparton search and rescue so that they can have a rebate off their place of residence, their farmland or a single farm enterprise, and we have seen a really successful uptake in this rebate with more than 10,000 volunteers engaging with that process. But we would certainly encourage all volunteers to make sure that they get that benefit, because we really want to recognise the amazing work that they do.

In the budget update we announced that we are freezing the ESVF variable rate at 28.7 per cent per 1000 CIV and increased the cap on CIV for farmers claiming a rebate for their farm on single farm enterprises from \$5 million to \$10 million. Obviously there was a lot of interest in this and a lot of feedback, and so we have made changes to accommodate some of the issues that were raised to ensure that it is raising the revenue it needs to provide the services it needs, whilst also recognising some of the issues that particularly VFF raised in the value of farms, so lifting that to \$10 million. What it means is that under the system, under the ESVF, volunteers do not pay, or they can receive a full rebate, based on their activities, and if they are a farmer they will pay the same as they paid under the fire services property levy, or if they are a farmer and a volunteer, they will either pay less or in many cases they will pay no ESVF if their property is under \$10 million. One of the points that I am regularly asked about is the cost-sharing arrangements, or who pays and where and how it is split up. The metropolitan Melbourne LGAs account for 76 per cent of the revenue that is raised through the ESVF, with regional Victoria LGAs accounting for the remaining 24 per cent, which is roughly but a bit less of population split, but certainly confirming, contrary to some commentary, that regional Victorians do not pay more than city residents, for example.

You have talked about the department performance standard – about the outputs and what we spend in relation to emergency services. They show that the emergency management capability output in last year’s budget was \$1.973 billion, and what we actually spent was \$2.259 billion. So you can see that the fire and emergency management output line budget was \$400.6 million, and that figure was also revised up to \$551.9 million. So both of those are clearly more than what is collected through the levy, which is \$1.55 billion. That is \$1.24 billion more spent on emergency services than was collected through the levy. You can see that the same forecast budgets show that the output for FFMVic fire and emergency output is also a bit higher, and all of that acknowledges that we had a significant fire season. There was a lot of resources allocated to support the communities that were impacted. But thanks to the Emergency Services and Volunteers Fund, we have got that sustainable funding model, particularly for the equipment and vehicles that are required to prepare and respond in the state of Victoria.

Meng Heang TAK: Thank you, Treasurer. I would like to come back to the bushfire relief just a bit later, but can you tell us which initiative outlined in budget papers 3 and 4, pages 72 and 74 respectively, has the ESVF funded?

Jaclyn SYMES: I thank you for your question. I think it is a delight to be able to point out or remind the committee of some of the announcements that were made prebudget, confirmed in the budget, in relation to the government’s budget and expenditure on our emergency services through the collection of the ESVF. The ESVF enabled the government to invest over \$350 million in new funding to emergency services. There was \$22.4 million for a stronger, safer and more inclusive CFA – things such as new PPE, which is uniforms, more clinicians and more training, which was certainly based off a lot of feedback that we had from volunteers

wanting greater access to training, particularly that early training to enable you to be truck-ready, for example. There was \$26 million to build more CFA stations – I think Charlton was particularly one that was ready for funding, and I was very pleased to ensure that it was part of the pack this year. There was \$100 million for new fleet for CFA, providing longer term certainty to plan and manage the rolling fleet replacement. This is a really important initiative because having that pipeline – there are only so many trucks that can be built in the country, so we put ourselves in a really strong position by having a significant amount of funding, making sure that you can put those orders in and making sure that you get value for money in relation to the trucks that you want. There was \$10 million to deliver new FRV fleet, including a new fireboat; \$17 million to open more VICSES stations; \$42 million to strengthen FRV fire station safety at Eastern Hill and Richmond stations, because there have been some ongoing issues there that were a priority for FRV; and upgrades again to the Triple Zero Victoria telephone service, which we know are the front line of the front line, ensuring that Victorians have access to the emergency response that they need. There are further investments in relation to FFMVic, but I think you can see them spelt out in the budget papers.

Meng Heang TAK: Thank you. I will certainly look into that more. I would like to come back to the bushfire relief. Treasurer, I turn to budget paper 3 on page 3. It sets out the whole-of-government fire relief and recovery initiatives, providing \$116.8 million in 2026–27, including primary producers grants, emergency fodder support and personal hardship assistance. The budget also includes land transfer duty and land tax relief for affected property owners. Treasurer, how is this budget standing behind communities and farmers that are still recovering from the January 2026 bushfires?

Jaelyn SYMES: Thanks for your question. There has been significant impact on communities as a result of fires. Most of the largest impact was in my electorate, and it certainly impacted many people that I represent and know. It has been a massive effort both in response and recovery, and we know that recovery certainly has a long tail. But some of the initiatives that you went to, Mr Tak, include things like the personal hardship payments, the prolonged power outage payments and the emergency recovery hotline. These are some of the things that were enacted in the really early days as people were impacted, addressing their immediate needs.

Of course one of the other first investments we made into relief and recovery was emergency fodder support. We are working with the VFF – and there is a long-established relationship in enacting and leaning on the VFF and their networks across the state – to really be able to facilitate and coordinate a lot of those fodder needs. The program enabled the VFF to coordinate the donation of fodder delivered to bushfire-impacted farmers. There were 468 requests for fodder, with 19,248 hale bales delivered under that program. It goes without saying, I am sure, that this was not the only program. There were a number of locally enacted programs that were also about donations and transport provision to ensure that particularly the animal welfare needs of farmers were met. Amazing to see the activation of community and established groups supported by government when you are faced with such drama.

You also asked about the primary producer grants and the concessional loans for primary producers. We announced a range of tax relief measures to support businesses, families and individuals in the communities that were impacted, so relief from land tax and land transfer duty, for example. As I said, we know that recovery can take a very long time. That is why recovery initiatives include things such as clean-up and a lot of temporary accommodation requirements. A lot of people have different needs, whether it is support for a modular home or a caravan or indeed a rental. There is sort of tailored support for people to be able to get that one-on-one advice, and we try to have a menu of options to support individual needs, and, importantly, continuing investment in financial counselling. As a member of Parliament that has experienced my electorate with numerous fires, floods and fires again effectively, the ability for people and the time that it takes for them to need help is often very varied. You can have people requiring financial counselling within a couple of weeks, and some people might take more than a year, because it can take that long to be in the frame of mind to actually sit down and have those conversations, so ongoing support for those programs is really, really important.

It would also be remiss of me not to highlight that a number of the emergency management, FFM Vic, Ag Vic State Control Centre staff and staff coordinating response did a fantastic job. These people are often not seen. They are not necessarily frontline workers. They are back of house, making sure that it all works quite smoothly, which is why some of the commentary around job freezes on back-of-house workers is particularly concerning. If you have a look at what happens in a fire response, an emergency response, there are people behind the scenes that are absolutely integral to response and recovery efforts. That is something that I would

certainly be concerned about, and what I went through and the processes I went through in relation to the Silver review certainly did not have these people's positions as something that we think are disposable.

The CHAIR: Thank you, Treasurer, Mr Tak. We are going to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair, and good morning, everyone. I am going to start today with the 'Budget Overview', page 49, the 'AI mission statement'. Treasurer, can I ask what the implications are to our state's tax base with the increased uptake of AI?

Jaelyn SYMES: There are a couple of ways we could take your question, but I am going to let the Secretary start and then I might supplement, if that is okay.

Chris BARRETT: Only because it is sort of boring economics.

Mathew HILAKARI: It is never boring.

Michael GALEA: Perish the thought.

Chris BARRETT: The first answer is it is really too soon to tell. If you think about the main revenue head for the state, which I think is what your question goes to, the one that you would expect to be influenced by AI, particularly if it has an effect on jobs, would be payroll. If AI is actually substituting labour and you have fewer workers as a consequence, then you could have lower payroll tax receipts over time. We are not seeing that at the moment. There are some interesting signs out of the US certainly in terms of payrolls having gone very soft, and there is some view out there that this can be attributed to the early effects of AI, interestingly particularly on graduate employment. But the history of all of these sorts of labour-saving technologies, if you like, and new technologies, often tends to be that they remove some jobs but then create others. TL;DR – too early to tell – but that is our sort of take on it so far.

Aiv PUGLIELLI: Okay. Nothing to add?

Jaelyn SYMES: I think the only thing I would add is that the approach that the government takes to AI is not viewing it as an opportunity to reduce our workforce but as an opportunity to increase productivity. Enabling the people that we already have to do more and achieve better outcomes for the Victorian public with the assistance of AI is certainly the principle that I take.

Aiv PUGLIELLI: Okay. With respect to payroll tax implications, we have heard today, 'Too soon to tell.' Is there no forecasting or implications over the forwards that can be spoken to for this committee?

Chris BARRETT: No. Nothing in the forwards, no.

Aiv PUGLIELLI: None at all? Okay. With regard to the workforce element that has just been hinted at, Secretary, you have said we see some jobs being removed and others created. Can I ask how many jobs are forecast to be created through rollout of AI in Victoria over the forwards?

Chris BARRETT: Yes. That would not be really baked into our forecasts in any way that we can predict because of this point of too early to tell what the impacts will be. As I said, you are only really starting to see it in the US, and that is pretty pure speculation from what we are seeing around the decline in US payrolls. There could be many reasons why US payrolls are declining. Unless Paul wants to correct me, I do not think that we have any effects built into the budget going forward, and we have pretty strong employment growth in the out years as well.

Paul DONEGAN: Yes, that is correct. The only thing – and I can draw your attention to page 23 of budget paper 2 – it is not so much how AI plays out in the workplace, but the enabling infrastructure for all sorts of digital activity, including AI, is something that is driving investment in Victoria. Investment in things like data centres and computer processing power is something that is kind of touching on the business investment statistics but not so much the labour force.

Aiv PUGLIELLI: Okay. Just to make sure I understood, though, for the context of the forwards that we are looking at, it is the department's view that AI will create jobs?

Chris BARRETT: The investment is certainly creating jobs. And so, as Paul outlined there, there are jobs being created in building up data centres and in a lot of the other intellectual property investments, which has been an increasing proportion of business investment over the last few years. You could imagine over time that that would then have impacts on the economy in terms of the mix of jobs within the economy. We have not modelled what an impact might be in terms of which jobs might then disappear and which jobs might arrive. It really is too early for us to see those effects.

Aiv PUGLIELLI: Even which industries that would see job losses and which would see gains?

Chris BARRETT: I know there has been some work. There has been good economic analysis of where you might see some benefits, and I am casting my mind back to things. Actually we saw when the CEO of VFMC and the Treasurer and I were in the US last year some of the analysis of jobs that are more exposed, industries that are more exposed to AI and less so; for example, professional services, like a lot of exposure for legal services, because AI can just digest contracts faster and do those kinds of legal services. So that is one example. But as I said, too early to tell for impacts for our economy.

Aiv PUGLIELLI: Okay. We will obviously have to continue to monitor, but we are hearing that it will create jobs, we do not know how many and that there will be some kind of payroll tax implication, but we do not know in what way. Is that troubling to you?

Jaclyn SYMES: Not necessarily. Again the Secretary sort of touched on it. There are conversations across government and there are conversations with industry in relation to making sure that we are well placed to identify where there may be an impact, to make sure that we are set up for retraining particularly of workforces that will be impacted. Mr Puglielli, I can certainly keep you abreast of some of these developments, because it certainly is across a range of portfolios, particularly the Minister for Economic Growth and Jobs and I have these conversations, and there is a development of an AI impact on the workforce and the VPS strategy and things that are underway. And then as Minister for Industrial Relations as well, I obviously have an interest in the impact in the broader economy as well. So you are touching on issues that we are certainly aware of. Do I have products to provide to you today? No, but they are conversations that I am more than happy to continue to loop you in on.

Aiv PUGLIELLI: Thank you. Treasurer, just forward facing here, do you envisage need for some kind of change to tax arrangements around these AI companies to offset any potential negative impacts that they may pose to the state?

Jaclyn SYMES: Look, I do not have any announcements in relation to that today, but they are conversations that I, as Treasurer, continually have.

Aiv PUGLIELLI: Are you able to take us through any potential proposals that you are considering?

Jaclyn SYMES: Not today, no.

Aiv PUGLIELLI: Not today. Would one of those potentially include some kind of taxation around robotic or digital AI employees who have replaced human roles?

Jaclyn SYMES: I am not in a position to comment on that today, no.

Aiv PUGLIELLI: Okay. But just to be clear, it is your intention to make sure that these companies are paying their fair share?

Jaclyn SYMES: Insofar as they impact in the Victorian tax setting, yes. But the issues that you raise in relation to company tax and the like are more of a federal matter.

Aiv PUGLIELLI: Sure. I mean, there is also payroll tax, as we have been discussing, but yes. I will move on to another matter, thank you. Can I ask: how many contracts does the government have with the company Palantir?

Jaclyn SYMES: The Secretary has advised me that we do not have any in the Department of Treasury and Finance. I am not able to comment on – we do not have any information of other departments.

Aiv PUGLIELLI: You do not have oversight of any of those other potential contracts?

Chris BARRETT: No. Any of these contracts would be disclosed in the annual reports of departments, because we are required to disclose consultancies and contractors there. Sometimes it is not in the actual annual report itself but it is available on request. That is certainly the case for ours, but in terms of that company, nothing that I am aware of in Treasury.

Aiv PUGLIELLI: I will just move forward. Perhaps I might seek comment from you though, Treasurer, given there have been concerns raised around this company, including its publication of a manifesto which argues for Western technological dominance, which it calls 'the benefits of American power' in its words. It implies that some cultures are inferior to others. We do see other departments maintain contracts with this company. Does the government really intend on continuing to work with them?

Jaclyn SYMES: I appreciate your interest in this matter, Mr Puglielli, but I am confined to the responsibilities of the Department of Treasury and Finance for the purpose of these hearings. As the Secretary has confirmed, it is not a company that is contracted to this department.

Aiv PUGLIELLI: I will move on. Last year the Australia Institute reported that for that financial year the fossil fuel sector received around \$61 million combined in both federal and state subsidies. Can I ask, for our Victorian context, how much will taxpayers be subsidising fossil fuels at the state level over the forward estimates?

Jaclyn SYMES: I think for the specifics of your question, I am happy to take it on notice and see what material we could provide you, Mr Puglielli. But I think I would point to, and I am sure you will have a lengthy conversation with, the minister for energy and climate change. We are a government that is committed to the energy transition. We are investing and attracting private investment as well in relation to renewable energy sources to ensure our commitments to reduce emissions and to ensure that Victorians continue to have access to reliable and cheap power. They are things that this government has demonstrated are a priority.

Aiv PUGLIELLI: Just around that topic of attracting investment, Treasurer, do you see a need for those subsidies to continue beyond the forwards?

Jaclyn SYMES: Which subsidies?

Aiv PUGLIELLI: Things like CarbonNet, for example, which is in the performance statement, page 86, particular arrangements where we are subsidising fossil fuels in Victoria. Would those need to continue beyond the forwards before us?

Jaclyn SYMES: Mr Puglielli, I think what I would probably point you to is the creation of the SEC and the ability for them as an entity to attract and manage new renewable projects. There are many of those to point to, and that is certainly the future in relation to where in a lot of the conversations I am having with private industry they are interested in investing in.

Aiv PUGLIELLI: Okay. Thank you. I will move on to another matter. Treasurer, the Reserve Bank is, I understand, actively researching a central bank digital currency, an e-dollar, that would be a new and additional form of currency to sit alongside cash in existing bank account balances. Can I ask: in your role have you been involved in any conversations about a new digital currency being introduced?

Jaclyn SYMES: No, Mr Puglielli.

Aiv PUGLIELLI: None. So you have not been briefed on the matter?

Jaclyn SYMES: I have not.

Aiv PUGLIELLI: Do you have a view as to what the potential implications for Victoria would be if this were introduced?

Jaclyn SYMES: Once I am briefed I might have a view.

Aiv PUGLIELLI: Sure. That is fair enough. I will move on. I would like to ask more broadly about the economic context that is modelled in this budget. Budget paper 2, page 15, states:

Global energy prices are assumed to return to near pre-conflict levels by the end of 2026 ...

and –

A prolonged or escalating Middle East conflict could weigh significantly further on economic growth.

When we look at the 2026–27 federal budget, it includes a severe scenario in its modelling where oil prices peak at US\$200 a barrel, essentially doubling from early 2026 levels, yet when we look at the state budget, chapter 6 of budget paper 2, that scenario has not been modelled. Why is this?

Jaelyn SYMES: Our sensitivity analysis is, as you can appreciate, quite comprehensive. We have assumed oil prices to be US\$100 a barrel in the June quarter and then moderating gradually by the end of the year to about US\$70. But as you have identified, the sensitivity analysis does look at less probable scenarios, so a lot of those are picked up and they are reasonably consistent with a lot of other modelling around the country. But Mr Donegan is well versed in being able to take you through some of the highlights of the sensitivity analysis and why the advice I received looks as it does.

Aiv PUGLIELLI: Okay.

Paul DONEGAN: As has been touched on, there is considerable uncertainty about how the Middle East conflict will play out. We have provided in our baseline forecasts what the oil futures markets were predicting at the time the budget was finalised. As with other forecasters, we acknowledge different things could happen. As to why the scenario we selected had oil prices peaking at US\$130 a barrel, the Commonwealth at US\$200 and the Reserve Bank at US\$145, they are all illustrative scenarios. We are not saying that US\$130 versus US\$145 versus US\$200 is more or less likely, it is more ‘This is one possibility that could happen’ more or less. But in modelling that out, we chose ‘If that were to happen, this is what would happen to the state’s economy and this is what would happen to the state’s finances.’

Aiv PUGLIELLI: I guess what I am asking, though, is if we are looking at different possibilities, why wasn’t the possibility that the feds have explored of effectively a doubling of the oil price modelled in this budget?

Paul DONEGAN: We selected the scenario identified as a reasonably plausible one, not the most likely one. We would not model every single dollar increase in oil prices; US\$130 was a constructive contribution to understanding the impact on the state’s finances and plausible. The Commonwealth have chosen US\$200; they would have to speak for why they chose that particular figure instead.

Aiv PUGLIELLI: Of course. Treasurer, can I ask: were you aware that the feds were modelling that scenario when this state budget was being prepared?

Jaelyn SYMES: I personally was not informed of their modelling, and I do not think we would necessarily. Do we share our –

Paul DONEGAN: We were having conversations about how you would model those scenarios. They did not confirm exactly what would be in their budget papers.

Chris BARRETT: Also because of course their budget came after ours – we effectively close off ours in late April, 17 April or something. They had indicated to us through those heads-of-Treasury processes that they were going to forecast quite late in the process. This goes to another point that I was going to make on the way through, which is that oil price shocks have a much bigger impact on the federal budget than they do on the state budget, as you might be able to see from the sensitivity tables. That might be another reason why they put a harsher downside scenario, because obviously it would have a bigger impact for them.

Jaelyn SYMES: I just would add, Mr Puglielli: my advice is that regardless of whether you use \$130 or \$200, the Australian economy is still expected to grow under either scenario.

Aiv PUGLIELLI: Thank you. Can I ask more broadly, though: is there any information you can provide for the Victorian context over the forwards of what would happen if that scenario the feds have looked at were to eventuate?

Jaelyn SYMES: The scenarios that we have done are in the budget papers. Certainly we are in a position to model future changes as they arise or as they are likely to arise. But the analysis that is done is not anticipated to be updated at this point in time.

Aiv PUGLIELLI: The baseline federal CPI figures are beyond even the sensitivity analysis of a prolonged Middle East conflict modelled in chapter 6 of budget paper 2, and they seem to imply that inflation pressures and the resultant rise in interest rates by the RBA will be far higher than you forecast. Are our state's inflation projections too optimistic?

Chris BARRETT: If I may, there is one element of this which is just about how inflation is measured in the two budget papers, which I know is where the Treasurer was going to go. The federal government models at year to inflation, and that is how they end up with – I think 4.5 per cent, Paul?

Paul DONEGAN: Five per cent.

Chris BARRETT: Five per cent, which is a higher number. Our equivalent measures the year average, so it is basically a statistical difference. That is why ours looks lower but effectively is following the same path of inflation. There is not really a difference between the two positions; it just looks like it on paper.

Aiv PUGLIELLI: I appreciate the clarification, thank you. I will move on to another matter, an issue specific to my electorate: the North East Link, budget paper 4, page 15, box 10. The papers state that the project's completion is expected in 2028. Is there any risk foreseen that that project will be delayed?

Jaelyn SYMES: My advice, Mr Puglielli, is that the North East Link remains on track for the opening at the end of 2028, with the primary package tunnels and freeway packages in delivery.

Aiv PUGLIELLI: And any foreseen risk of further cost blowouts? It has changed quite a few times.

Jaelyn SYMES: Every component of North East Link is reported in the budget papers that you reference. It is a big project that has been broken up into various parts, and a lot of those are already complete. The freeway packages have a TEI of \$12.2 billion – as I have said before, the ones that are underway – and the primary package has a TEI of \$14 billion. There is no change, as you can see in the budget papers, to those numbers.

Aiv PUGLIELLI: Has there been any modelling undertaken to predict impact of further cost increases to that project on the state budget?

Jaelyn SYMES: We have already got a contingency for this project.

Aiv PUGLIELLI: In dollar terms what is that contingency?

Chris BARRETT: I could not tell you off the top of my head, and I am not sure that is something that we would reveal generally, because if you are in delivery with the private sector, you do not want to reveal that to them.

Aiv PUGLIELLI: I might leave my questions there. Thank you.

Jaelyn SYMES: Thanks, Aiv.

The CHAIR: Thank you very much, Mr Puglielli. We are going to go to Mr Hilakari.

Mathew HILAKARI: Thank you so much, Chair. Treasurer, I am going to take you, parochially, to the western suburbs and some of the investments there.

Jaelyn SYMES: Mr Puglielli started it.

Mathew HILAKARI: Oh, no, no, no. I am going to take a deep dive in, absolutely a deep dive into it, and I know that I am currying favour with the Chair in doing such a thing. I might take us to budget paper 2, page 10.

It sets out \$249 million for maternity services in Melbourne's western suburbs and \$43 million for IVF services. It confirms also in budget paper 4, page 154, \$730 million in expenditure on the Sunshine superhub. I know I am crossing genres at the moment across these, but what it is really going to is the heart of the question of this being the fastest growing region in Victoria – Melbourne's west. How is this budget delivering on the infrastructure and the services that we need?

Jaelyn SYMES: Thank you, Mr Hilakari, and I certainly acknowledge your passion for your region. It is no surprise to get a question from you about investment in the west. I can take you through each of the investments in turn. You started with the maternity thing. At the outset, the Treasurer's private office work really hard to help pull together a budget, and I asked them, at the end of the process, what each of their favourite initiatives were. It was no surprise that my health advisers' example was maternity services in the west, because most people who work for government do it because they want to provide good outcomes for people, and that is what this investment does. It is \$249 million for maternity services in the western suburbs. It is a really important investment for families and acknowledges the growth that you have indicated in your question and acknowledges that there are more births in that region than there are in any other part of the state. The western suburbs is one of the youngest, fastest growing parts of Victoria, and families in suburbs like Werribee, Point Cook and Tarneit have had challenges in accessing maternity services that they deserve, because they were relying on facilities that were just not built for the population that we now have. We know and we heard through advocacy such as yours and Ms Connolly's that there were people that were having to travel for maternity services further than they should in your community. We wanted to recognise that every Victorian woman deserves access to safe, high-quality maternity care close to home, and that is what this investment was all about.

Other advocacy support from members in the west certainly identified the Melton line electrification as a key priority for not just Melton but the connection all the way in. Again, more frequent services for one of Victoria's fastest growing corridors is important, and that is why this budget provides \$100 million to expand bus services, improving connectivity across western Melbourne while some of that continuation on the development of the Melton line electrification continues. Western commuters are also benefiting from rail upgrades on the complementary line, the Wyndham line, increasing peak-hour capacity by up to 50 per cent, again supporting growth around your electorate, I believe, Mr Hilakari.

The budget strengthens the justice system as well, and I think one of the last projects that I got to visit in my time as Attorney was the new law courts out there – the Wyndham law courts – ensuring that we have a place-based venue for not only court services but harm reduction programs, and the ability to engage with the services that support young people in particular in the region is facilitated by that investment. I think there is just more than \$7 million to support additional prosecutions and services at the Wyndham law courts.

The budget also invests in community infrastructure with targeted upgrades to sporting clubs, parks and open spaces. Obviously this is a feature right across the state, but in particular for the Western Metropolitan Region I have a list of projects that range from \$60,000 to support upgrades at Green Gully Soccer, \$85,000 for cricket training facilities at Downer Oval and a scoreboard at Goddard Street Reserve, and I think these are just really good examples. All of us as local MPs know how important some of these smaller investments are, particularly to community and sporting groups, in really ensuring that we have got the outdoor basketball courts, such as at Kinnear Street, and things just to really ensure that we are enhancing the livability of a great part of Melbourne.

Across Victoria, including growth areas such as the west, we are continuing to make those investments in the community infrastructure and those important big hospitals, schools and frontline services, really trying to match the needs of the community and identify and respond to the population pressures that I know many of you who represent areas of the west experience every day.

Mathew HILAKARI: You mentioned the law courts there, and they are such a great addition to the western suburbs, particularly because of the employment nature of them. As the largest law courts outside the CBD, they will be a real driver of employment across our community, keeping those jobs close to home, because we know the challenges –

Jaelyn SYMES: Have you dropped in? Have you visited?

Mathew HILAKARI: Of course.

Jaclyn SYMES: I am probably overdue to go back.

Mathew HILAKARI: Not in those circumstances.

Jaclyn SYMES: Just for a visit.

Mathew HILAKARI: Just for a visit – that is right.

There was also \$95 million delivered to the emergency department at Werribee Mercy, which John Lister is just so proud of. But I am going to take you back to transport, budget paper 4, page 154, and the Sunshine station superhub. It is a really significant investment into transport in the western suburbs, and that is one of the things that I and the Chair hear regularly around transport and the challenges of that. I am just wondering – there is \$4.14 billion listed as being invested, with \$2 billion out of the Commonwealth. That shows their intent around transport infrastructure in Melbourne's west as well. What will this mean for unlocking transport across the western suburbs and the broader western region?

Jaclyn SYMES: Thanks for your question and the opportunity to talk about the Sunshine station superhub, which I managed to say – just do not try and say it too quickly. It is a transformational piece of infrastructure for the entire western corridor and indeed for Victoria's rail network as a whole. You have highlighted that the project is over \$4 billion and does include, thankfully, a cooperative and willing partner in Canberra, with \$2 billion. It is a really important project, and as I said, actually having a partner in Canberra that is willing to recognise the needs of Victorians is well overdue.

Sunshine is the critical junction point where multiple rail lines intersect – the Ballarat line, Bendigo line and Geelong and Wyndham Vale lines cross at this particular junction. It is also a key part of the future airport rail link, with the superhub creating a multimodal interchange, bringing together the metropolitan rail, the regional rail, the buses and, ultimately, the airport connection in a way that will fundamentally upgrade connectivity for literally hundreds of thousands of people in Melbourne's west and beyond. The funding for the infrastructure is really important because it is transformational and very necessary, and I think it goes back to some of the conversations we were having before.

Ultimately it is about the choices that governments want to make. We are backing airport rail and we are backing the Sunshine superhub because we know that it is necessary to ensure that people can get around the state, but it also means that the economy can grow off the benefits of the construction stage, and when the project is up and running it will help the economy in a broader sense. This project is funded now and across the forwards and beyond, and again, if you do not want to borrow to invest, these are the types of projects that end up stalling and not being delivered.

Mathew HILAKARI: Being scrapped, really.

Jaclyn SYMES: Pretty much. That is exactly right, Mr Hilakari. If you do not invest in productive infrastructure, you are scrapping significant projects such as the one that we have just been talking about.

Mathew HILAKARI: So airport rail would just be gone. We would have to wait another 60 years for airport rail if we did not deliver these changes at the Sunshine superhub.

Jaclyn SYMES: That is a fair assessment.

Mathew HILAKARI: I am going to take us to schools now, because we have had magnificent growth in schools across the western suburbs. I had the privilege of opening two this year, and I understand there is \$419.6 million to continue that pipeline of new schools. It has been really significant and important for our growing state. Rockbank is one of the schools that has been announced in this budget. How are we making sure growing communities in the west have access to great education at home? It is decisions like this, isn't it?

Jaclyn SYMES: Thanks, Mr Hilakari. We certainly in Victoria invest more in new schools, upgrading schools and school infrastructure than any other state. As local MPs, you have these conversations with schools. Probably the first thing that they ask is when it is their turn for an upgrade, if it has not happened already under our government. Of course we continue to invest in these important projects. The school system continues to grow. As I said, we lead the nation in growing the economy and jobs, but we also lead it in school population numbers, and that is particularly evident in the west. For context, between 2018 and 2025 there was a net

increase of 55,235 enrolments in government schools. Government school enrolments grew by 46,000 over that time. Sorry, in Australia there was a net increase of 55,000, and 46,000 of them were in Victoria. We are supporting growing communities through the investment in new schools. You mentioned Rockbank – that is a primary that is opening to 900 students. And there is – you are going to have to help me out here I think – Wollahra –

Mathew HILAKARI: I am going to go with it.

Jaclyn SYMES: We will go with Wollahra – a proposed secondary school for 678 new secondary students. We are also expanding Homestead Senior Secondary College, which I believe is in your –

Mathew HILAKARI: That is right.

Jaclyn SYMES: That is your electorate, yes. That is going to open with 250 new students. We are also upgrading existing schools in your region of the west, with Maribyrnong secondary college and Kismet Park Primary receiving those funding upgrades. We are continuing the investment into local programs in the west, including particularly school programs that again I think you would be familiar with, Mr Hilakari – \$439,000 for the expansion of the school lawyer program to help more schools in the west. We are also continuing the delivery of the Footscray High School rowing program and the high-intensity outside-of-school-hours care at Western Autistic School, Niddrie Autistic School, Yarraville Special Developmental School, Jackson School and the Sunbury and Macedon Ranges specialist schools. There is a lot of educational activity in the west because there are a lot of school-age kids, and we continue to respond to their needs through those programs and infrastructure investments.

Mathew HILAKARI: Those school-age kids are going to continue to grow. We have spoken a little bit about the Joan Kirner and some of the support for the maternity upgrades there. I am hoping you could also take us to emergency room improvements. You need all of these things in hospitals. It is not just babies being born; emergencies do happen. I think all of us as parents have taken our kids to emergency at some point.

Jaclyn SYMES: I like how you have linked maternity – with babies born, you are generally going to end up at emergency. I have fared fairly well with my children, but I as a kid was on first-name basis with the staff at emergency in Benalla. So I do thank you for your question. You are right, it is important that if you are investing in the early stages people grow and have other needs –

Mathew HILAKARI: All the services flow on from it.

Jaclyn SYMES: They absolutely do. Responding to population from birth to the other end is important. That is why in this budget we have got investment in the Werribee Mercy ED expansion, which is included as part of a \$284.4 million investment from the government to open, support and expand hospitals to meet demand where the areas are most in need. In line with the conversation we have been having, this will represent a doubling of the number of treatment spaces available in the current ED. It also means that local nurses and doctors can treat an additional 25,000 patients each year in these expanded EDs.

The full western suburbs health story includes the hundred-million-dollar expansion at the ED at Werribee Mercy, which I touched on, and the quarter-of-a-billion-dollar investment in the maternity leave services that we started with. But I do not think it is a western health story without talking about Footscray Hospital and the largest ever health infrastructure project that has been delivered, with the ability to accommodate 20,000 extra ED visits there. The expanded ED also picks up a new mental health, alcohol and other drugs hub and state-of-the-art clinical and surgical spaces, including operating theatres, procedural suites and medical imaging. This is all going to contribute to the ability to treat an additional 5000 patients a year. We know that the west has growing pressures, which is why I think you will see that reflected in a lot of the budget announcements that we have been making, particularly in health.

Mathew HILAKARI: I would like to go on with that on Point Cook community hospital – but I have got some more statewide questions as well – because that support and that growing and building in the community that I represent is so appreciated, and we are looking forward to that opening next year. But I will take you to education for more of a statewide question. This budget invests \$5.5 billion in schools and early childhood education, and this is all part of making sure that every child has access to really high-quality learning opportunities. It is in budget paper 2, page 11. There is \$1.6 billion for new schools, certainly a big chunk of

those in the west. How is this budget sustaining great investment into education to make sure every child gets the best start in life, Treasurer?

Jaclyn SYMES: I certainly thank you for your question, and I think, similar to our health discussion about it starting at maternity, you have got all of the needs throughout your life as you grow up in the west. It is similar to education. We know that education investment is so important at the very start of a little person's journey. That is why we have investments such as more kinders and more early learning centres, and all of that is supported by the Best Start, Best Life reforms that really have brought about one of the biggest transformations in Victoria's early childhood education in a generation. This budget continues the free three- and four-year-old kinder, which produces those savings. But importantly – and many people might have had the opportunity to visit one of the 50 new government owned and operated Early Learning Victoria centres – we have delivered \$455 million for new kindergartens, 22 of them located on school sites –

Mathew HILAKARI: One is opening in Point Cook next year. We are really excited about it.

Jaclyn SYMES: Yes. You would have done them all like this if –

Mathew HILAKARI: It stops a drop-off. That is exactly right. It should have been the starting point.

Jaclyn SYMES: It should have been. They should have all been done like this. It is certainly something that communities are very happy about not only in relation to the ease of the drop-off but for anyone that has had a kid transition from kinder to school; it is so much easier if they are familiar with the surroundings, have had the opportunity to perhaps go and visit because it is right next door. It is less scary, and it really just does help with the start of their primary school journey. Building on that, we have got the Building Blocks and inclusion grants, which again is all about government supporting sector partners, so this is funding that is available for local governments, not-for-profits and non-government schools to deliver similar services so that we can really get value for money and make sure that we are getting investment into all parts of the state.

Moving on to some of the investment in secondary education supports, there is \$62 million for the English as an additional language program and \$24 million to support best practice teaching and learning in schools, including \$1.8 million to support teachers with the implementation of the year 1 phonics test, which, again, is a great initiative that is really picking up on the educational needs of our young people. Then again – I can see this imaginary child in my head growing up – the investment in vocational education and training is obviously something that we are well known for supporting as a Labor government. We know that there is a huge demand for skilled workers and that around 392,000 new workers entering Victoria's labour market over 2024–27 – and more than 1.4 million by 2034 – will be required, so making sure that people have access to the skills and training to give them high-quality and accessible vocational education is certainly key to delivering on those needs. This budget invests \$144.7 million to support students to access vocational, applied and workplace learning opportunities.

In terms of all the education things – and I think I touched on maternity leave as being something that I am very proud about – the \$2.2 billion in disability inclusion programs that was announced on budget day, because of what it represents and how important it is to ensure that every single government school is able to accommodate every student that wants to come there, is a really important investment in education.

Mathew HILAKARI: Thanks, Treasurer.

The CHAIR: Thank you very much, Mr Hilakari. Treasurer and officials, that brings us to the end of this session today. The committee will follow up on any questions taken on notice in writing, and responses, I will remind you, are required within five working days of the committee's request. The committee is going to take a short break before beginning its consideration of the industrial relations portfolio at 12 pm.

John PESUTTO: Just a quick point of order: the report that Mr Riordan referred to in his question, which I think is the subject of a production-of-documents motion in the Legislative Council, we would like produced here as well in parallel. It is an answer to a question.

Jaclyn SYMES: I said that that would probably work.

John PESUTTO: Probably – does that mean it will? We just want it supplied to this committee.

Jaelyn SYMES: That is what I was saying. If it is tabled, it might be of interest to the committee.

The CHAIR: Thank you. I declare this hearing adjourned.

Witnesses withdrew.