

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Wednesday 20 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

Michaela Settle MP, Minister for Regional Development; and

Matt Carrick, Secretary, and

Xavier Csar, Chief Executive Officer, Regional Development Victoria, Department of Jobs, Skills, Industry and Regions.

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

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 today is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege. 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.

I welcome the Minister for Regional Development the Honourable Michaela Settle – welcome – as well as officials from DJSIR. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will ask you questions. Your time starts now.

Michaela SETTLE: Thank you, Chair and committee, for the opportunity to present to you today. I will begin by acknowledging that we meet today on the lands of the Wurundjeri people. I acknowledge them as traditional owners and pay my respects to elders past and present, and I extend that respect to any First Peoples joining us today.

Visual presentation.

Michaela SETTLE: I am very proud to be here today as the Minister for Regional Development, because regional Victoria is a key contributor to the state's economy. The regional economy is worth \$118.6 billion a year and accounts for almost a fifth of Victoria's gross state product. With an unemployment rate of 3.9 per cent and employment growth of more than 22 per cent since November 2014, regional Victoria is a great place to work and live. Industry across regional Victoria is leading the state's clean energy transition, with 42.4 per cent of Victoria's energy now generated from renewable sources, most of which is produced in regional areas; supporting the return of mineral sands and rare earths mining, including critical minerals for technologies that the world uses every day; boosting food and fibre export performance, of which Victoria is Australia's largest food and fibre exporter by value, accounting for 28 per cent of the national total; and growing Victoria's manufacturing capacity, supported by the Victorian government's \$15 million investment into the Gippsland logistics and manufacturing precinct, transforming the Latrobe Valley into a thriving manufacturing and logistics hub and creating business opportunities across the Gippsland region. These key sectors play a vital role in driving economic growth, job creation and positive change across regional and rural Victoria.

In the last decade the regional development portfolio has committed more than \$2.27 billion of funding and delivered over 4000 projects, resulting in the creation of more than 14,200 jobs and contributing more than \$765 million in exports from regional businesses. We are on course to attract more than \$736 million in private sector investment in our regions across 2024–25 and 2025–26. We are currently delivering more than 610 projects across the state, worth \$1.317 billion.

Touching on a few key projects in the next slide, we are supporting tourism in regional Victoria with the Twelve Apostles precinct redevelopment, which will provide a world-class visitor experience centre and gateway to the Shipwreck Coast and is on track to be completed in 2026. At the centre of the project's delivery is its ongoing partnership with Eastern Maar Aboriginal Corporation, ensuring traditional owners benefit from the project now and into the future.

We launched the Trunk Infrastructure Fund in February 2026 to unlock more industrial land and draw new investment into our regions. This will mean stronger supply chains and more local jobs. Through the Regional Worker Accommodation Fund we have leveraged approximately \$370 million to create 1750 fit-for-purpose bedrooms through 48 projects. The fund is making it easier for workers to live near their jobs while helping local businesses to attract the skills and experience necessary for regional businesses to thrive. Through two rounds of the Tiny Towns Fund almost 350 regional projects across more than 300 towns have been announced. Round 3 of Tiny Towns closed on 4 March 2026 and the applications are currently under assessment, and I look forward to announcing the successful applicants in due course.

This slide shows the breadth of activities undertaken by Regional Development Victoria and how we have enabled economic transformation across the state, including the multimillion-dollar O'Brien transport facility in Logic that has created 30 new jobs and brought 140 jobs into Wodonga; the upgrade and expansion of the Tongala Nutrition dairy manufacturing facility, creating 40 new jobs under the Victorian Investment Fund; and enabling the reopening of the Rural Northwest Health urgent care clinic through providing housing for 12 key workers and their families in Hopetoun. Along with the other investments shown on the map, these are just a few of the highlights of the many activities that are supporting rural and regional Victoria to be an even better place to live, work and play. And of course our 2026 budget includes new initiatives: \$26.5 million for Future Regions, \$0.5 million for the Gippsland community education program, \$0.8 million –

The CHAIR: Thank you, Minister. The first 8 minutes is going to Ms Benham.

Jade BENHAM: Thank you, Chair. Good evening. It is the first time I have seen you this session, Mr Csar; lovely to have you with us this evening. And you will see me plenty more times, Mr Carrick. I want to get onto the percentage of the budget. Minister, what percentage of the budget is being spent on regional Victoria?

Michaela SETTLE: Are you referring to the entire state budget? Okay. Let us go through the budget.

Jade BENHAM: No. Surely there is a figure. I do not need to go through the entire budget. What percentage –

Michael Galea interjected.

Jade BENHAM: Thank you, Mr Galea. This is my time. Surely you have got an idea of what is allocated to the regions.

Michaela SETTLE: Yes, certainly. This government has invested more than \$50 billion into regional Victoria since we have been in. This budget –

Jade BENHAM: No, no, no – this budget, the 2026 –

Michaela SETTLE: This budget, \$2.7 billion.

Jade BENHAM: \$2.7 billion. Is that all, of a \$115 billion budget?

Michaela SETTLE: I think you fail to understand that regional Victoria includes people, just like in the metro, and that the many programs –

Jade BENHAM: Yes, 25 per cent of the population in fact.

Michaela SETTLE: Absolutely. And what you will find is that programs like free kinder –

Jade BENHAM: So shouldn't we be getting around \$28 billion worth of funding?

Michaela SETTLE: Would you like me to answer the question?

Jade BENHAM: You have.

Michaela SETTLE: You have programs like the 20 per cent regional rego, which is really important in the regions, getting that rebate. That covers all Victorians – that is in the budget as well. So is free kinder, so is Glasses for Kids, so are breakfast clubs. To pick out a figure and say that regional Victoria is not a percentage –

Jade BENHAM: Okay. Let us break it down. Minister, how much of the state's infrastructure budget is being spent in the regions?

Michael GALEA: She is not the Minister for Transport Infrastructure.

Jade BENHAM: I am asking about the regional budget. I get that this is a protection racket – I get that and I understand that. Surely you have an idea that –

Michael Galea interjected.

Jade BENHAM: I have also got a job to do, and I would appreciate it if you would allow me to do that.

The CHAIR: Excuse me. Mr Galea and members! It is the end of the day. This is the last session. Please.

Jade BENHAM: Minister.

Michaela SETTLE: Yes. As has been pointed out to you, Regional Development Victoria is here to make sure that we foster business, jobs and economic growth in the regions. We are not here to deliver transport infrastructure, and you should address that question to the minister for transport.

Jade BENHAM: So you have got no idea about how much, given that there are 25 per cent of Victorians living in the regions – you have got no idea about how much of the entire state's budget is being spent in the regions –

Members interjecting.

The CHAIR: Members will cease interjecting.

Jade BENHAM: so that in this portfolio you can say one of your achievements would be getting the region's fair share?

The CHAIR: Ms Benham, you had a huge opportunity with the Minister for Transport Infrastructure here a couple of days ago. I really need you to ask questions that are pertinent to the portfolio before us this evening.

Jade BENHAM: I am sorry. Okay. Let me give you an example, Chair –

Members interjecting.

Jade BENHAM: Could you have your members pipe down?

The CHAIR: Members will cease interjecting. Mr Galea!

Jade BENHAM: It is actually really embarrassing.

Members interjecting.

The CHAIR: Mr Galea!

Jade BENHAM: For example, in these hearings in 2020 then Minister Symes said that \$8 billion of the whole budget was for regional Victoria. In 2024 Minister Tierney said it was \$2 billion. So surely you now, as minister in that portfolio, have a figure that you could provide, no?

Michaela SETTLE: I have provided it to you: \$2.7 billion is in the budget for regionals. I said that in my initial answer. Perhaps you were not listening to me.

Jade BENHAM: It is like extracting blood out of a stone.

Michaela SETTLE: I beg your pardon? I take offence at that comment. I answered your question of \$2.7 billion at the outset, and for you to suggest that in any way I was withholding that information is a nonsense.

Jade BENHAM: So the budget is still down 7.6 per cent, even though you have allocated \$23 million for the new future regions fund. \$21 million for the future regions fund is allocated –

The CHAIR: Ms Benham, let us just act respectfully, okay? The member has said that she takes offence with that.

Jade BENHAM: Point of order, Chair.

The CHAIR: Raise the point of order, Ms Benham.

Jade BENHAM: If respect is warranted from our side, I would also expect that it is expected from across the table and from the government members of this committee, because thus far during these hearings it has been very one-sided.

Mathew HILAKARI: On the point of order –

The CHAIR: Mr Hilakari on the point of order.

Mathew HILAKARI: Thank you. The minister answer the question that Ms Benham was referring to at the very outset of her time. She repeated it. This is a commonality in Ms Benham's questions tonight. One witness had to repeat six times the same answer. So it is probably contingent upon Ms Benham to start listening to the answers of ministers, lest she wants to repeat herself many, many more times this evening.

The CHAIR: Thank you, Mr Hilakari. I am going to rule on the point of order. I am actually going to remind all members to my left, except for Mr Puglielli, and definitely the members on my right to cease interjecting. But I will say to you, Ms Benham: please afford the minister the opportunity to answer your question. Now, do you have a question?

Jade BENHAM: Yes, I do.

The CHAIR: Then could you please ask it respectfully?

Jade BENHAM: Sure. The budget for regional development is down 7.6 per cent, referring to DJSIR in the performance statement, page 81, or budget paper 3, page 62, or 'Budget Overview' 2026–27, page 58. The budget is down 7.6 per cent, even though you have allocated \$23 million for the new future regions fund. \$21 million of the future regions fund is allocated for 2026–27. There is virtually nothing in future years. Is this just a fund to pay for Labor's election commitments? And if not, why is there not proper funding for regional Victoria in future years?

Michaela SETTLE: It is important to understand the way that the papers are put together and that these are in fact output figures. Regional development has been doing some pretty amazing work, and last year that work reflected the Nyaal Banyul centre and all of the great work that has been done there. What you will find is that there is a variation in those outputs which relate to the complexity of the work that is undertaken, but also bear in mind one of the key jobs that regional development does is to bring in private investment. They do not rely on government investment. In fact our grants go to bringing in more investment into regional Victoria.

Jade BENHAM: So in the interests of getting an answer, you deny that the revised budget for 2025–26 was \$261.5 million and the budget for 2026–27 is \$227 million, which is a 7.6 per cent variation – that is a cut – do you not, in government funding?

Michaela SETTLE: No, it is not a cut. In fact I was trying to answer, and perhaps she would give me the due respect to listen to my answer. I am trying to explain that what you are looking at is the initiative outputs. As I explained to you, regional development undertakes very complex projects like the Nyaal Banyul centre. They work with private partnerships, and so there is a variation –

Jade BENHAM: I understand that, but the outputs are less than they were last year, Minister.

Michaela SETTLE: There is a variation based on the output in a given year. For example, Geelong happened last year, and you will see a variation each year in terms of what we are delivering. It is a point in time, and as we work through what is a pretty full program of works, you will see those –

The CHAIR: Thank you, Minister. We are going to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. I was really struck by the regional worker figure that you gave of beds in your presentation, and I can see that on page 87 of the 'Department Performance Statement' there is a measure there about regional development: 'Key worker bedrooms under construction or completed' with that fund. Can you tell us a bit about that fund and how it is helping with workforce shortages in regional Victoria? Who is there? Who is using those beds?

Michaela SETTLE: It has been a really successful fund and a really great opportunity. What it has meant is that we can provide accommodation for workers. Oftentimes in the regions businesses find it difficult to attract workers because there is not that accommodation for them. But of course what it also does is free up the rental market for other people in those communities. It has been a really important program and very successful. We have had two competitive rounds, and there are 48 projects that are progressing or completed. We have unlocked \$370 million in new housing investment, and that is a really key point that I would like to draw out again: a lot of what regional development does is facilitate business into the regions. This is not about handing over dollars; it is about making sure that businesses understand that regional Victoria is a great place to do business. That is pretty clear anyway with our very low unemployment rate of 3.9 per cent and of course our incredibly low payroll tax in regional Victoria. So a lot of what regional development does is bring in that extra investment.

Through the Regional Worker Accommodation Fund there has been \$370 million in housing investment. We have had some really good successes in Hopetoun. Rural Northwest Health have completed and installed four work houses that will host up to 12 medical professionals and their families. These houses were largely constructed offsite in Swan Hill by modular construction and brought over. This project is already paying dividends, with available positions filled during a recruitment drive at the health service, which meant it was able to reopen its urgent care. In Wangaratta the former secondary school site is being transformed by Nestd Development into a healthcare worker accommodation hub to support critical provider Northeast Health to attract more staff. The hub will feature 34 dwellings capable of housing more than 100 workers, including family members. And Ms Benham, in your electorate the Irymple project construction is complete.

Jade BENHAM: Rural Northwest Health is mine as well.

Michaela SETTLE: I beg your pardon. You should be doubly pleased then with the Regional Worker Accommodation Fund.

Jade BENHAM: In fact we have had many. We love that program.

Michaela SETTLE: Great. So do we. It is certainly a wonderful program.

Jade BENHAM: Is it going to continue?

Michaela SETTLE: In Mansfield, at Alzburg Resort a local family running the accommodation and ski hire business have struggled to find suitable accommodation for their workers, and they are constructing two units suitable for up to 12 workers. In Noorat the old butter factory is being redeveloped into 13 new dwellings to support agricultural industry workers. Riviera Fresh in Lindenow will construct accommodation for up to 18 of its workers. On Phillip Island Moda will deliver accommodation for more than 100 workers, supporting the healthcare, food, beverage, retail and tourism industries. Construction is also underway in Robinvale, Shepparton, Wonthaggi and Beaufort. As you can see, right across the state these projects are critical in attracting workers and their families to regional Victoria.

Lauren KATHAGE: Thank you very much, Minister. It is great to see the focus on those building blocks that lead to all those other outcomes. It is fantastic. Now, I want to ask about the same fund that the Member for Mildura asked about, the future regions initiative, on page 62 of BP3. Can you tell us what sorts of initiatives we can expect to see as part of that fund?

Michaela SETTLE: Certainly. The Future Regions initiative is a \$26.5 million investment. As with everything that regional development does, it is about supporting productivity, livability and investment into our regions. It includes an investment of \$2.5 million for upgrades to Gifkins Road in Little River to support 30,000 vehicles accessing the community and sporting facilities. It also includes \$3.9 million for Campaspe

Shire Council's Rochester aquatic facility project that was damaged during the 2022 flooding event. And of course we know that for regional communities to grow, it is important that they have quality amenity and social licence if they want to attract and retain people. It supports population growth and makes sure that these places remain vibrant and can be great places to live and work.

We have got a strong history of investing in the infrastructure that communities need, and the Tiny Towns program has been a favourite for regional communities. We have 347 projects across 300 towns currently in progress, from walking track upgrades to community centre renovations and public art, all contributing to livability in the regions. We have already talked about the success of the Regional Worker Accommodation Fund, and we know that there is more work to be done. Regional Victoria holds significant potential to drive productivity growth in key sectors and strengthen its role as a powerhouse of the state's economy. Regional Development Victoria have an investment pipeline of opportunities that are being developed for investment via the VIF and the Trunk Infrastructure Fund. The Future Regions initiative is all about uplifting the economic value and competitiveness of regional communities and economies, drawing on local government infrastructure funding and delivery capabilities and private capital investment. Details of the specific program to be delivered under the \$20 million Future Regions are being finalised, and I will have more to say on that exciting program very soon.

Lauren KATHAGE: Thank you, Minister. We heard from Minister Brooks earlier about the regional stream of the Victorian Investment Fund, so it is good to see it all coming together and being so coordinated.

Michaela SETTLE: Look, it is a really great fund. I would just like to point out that there is \$50 million that goes to the regions, but what is really important to understand is that that is a floor, not a ceiling. So as RDV come up with more and more brilliant projects, we will see if we can make that an even bigger number.

Lauren KATHAGE: There you go, set a challenge for us. Thank you. Talking about that support around business growth and investment, I can see on page 87 of the performance statement there are a few performance measures there focused on that for regional Victoria. But I want to ask specifically about the one around government investment in facilitation services and assistance leading to jobs in regional Victoria. Can you tell us about the types of projects and businesses that that has supported?

Michaela SETTLE: Of course. The creation of jobs in regional Victoria is an absolute key pillar and priority for Regional Development Victoria. It is really heartening to note that regional jobs have gone up 20 per cent in the last decade. It has been a pretty impressive increase across regional Victoria. Jobs play a pivotal part of the role of RDV. They are out there every day providing domestic and international investors with government support to secure strategic, high-value business investment that creates jobs, supports innovation and underpins Victoria's long-term economic growth. RDV partner with industry, local governments, our federal colleagues and regional communities to help identify and create investment opportunities right across our regions. The team at RDV also tap into the broader investment attraction team within DJSIR, including the network of global trade and investment offices around the world, promoting the benefits of investing in regional Victoria to a global business audience.

We have had some really, really good success stories. In Mooroopna Gouge Linen and Garment Services, which is a family-owned company, completed a major expansion of its commercial laundry, and that was creating 32 new jobs across production, logistics, sales and administration. This expansion has Gouge placed as one of the region's largest employers now, with a workforce over 450 people. The upgraded equipment and increased space allows the facility to process a staggering 400 tonnes of linen and garments every week, 100 tonnes more than they did before. In Newcomb we are supporting one of Victoria's largest motorhome and caravan dealerships, Prestige Jayco, Geelong. I will be getting down there when I get to my retirement to find the caravan. But that is of course creating more local jobs with the construction of new workshops, service facilities and work bays. The expansion supports 15 new jobs, including workshop technicians and sales and administrative staff, bringing the total number of employees to 57. But it does not stop there. We are also investing in Tongala Nutrition to upgrade technology and infrastructure at its dairy processing facility. That will support growth of its domestic and international markets, and this investment will support the creation of more than 40 jobs. And with my other hat as agricultural minister, the dairy industry is incredibly important, certainly in terms of our exports, and to have RDV contribute to making sure that our exports continue to increase is just wonderful. The investment builds on another success story in Tongala. Last year I went and visited and saw

firsthand how the government had supported the expansion of Greenham Australia's abattoirs, and it was a really fascinating tour and really surprising how many jobs came from that.

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

Aiv PUGLIELLI: Thank you, Chair. Good evening. The opening slides highlighted the state's investment in the Trunk Infrastructure Fund. Can you take us through what businesses and industries have been engaged to date through that fund?

Michaela SETTLE: For the detail I might ask Mr Csar to talk through that for you.

Xavier CSAR: Thank you, Minister. Thank you for your question. The program was launched in I think February of this year, and expressions of interest started to roll in. We have had a range of expressions of interest – oversubscribing the program, I would add – from industrial landholders, residential landholders that are looking to develop housing in regional centres. We have had them from private developers. We have had them from individual businesses looking to partner with developers, where that is an important consideration in them investing in the regions. And we have had them from local governments. Often in regional and rural Victoria local governments are significant holders of land and are often very good partners in that. So it is broad. We are assessing those. It is not a closed program. We are continuing where we identify opportunities to solicit further, and later in the year we would expect to be in a position to make some recommendations about those.

Aiv PUGLIELLI: Thank you. How many EOIs did you receive?

Xavier CSAR: Last I looked, it was in the order of around 16, but it is not closed. They will continue to roll in.

Aiv PUGLIELLI: Thank you. To date, are you able to provide the committee with a list of the groups that have submitted those EOIs?

Xavier CSAR: I am not, and it is not –

Aiv PUGLIELLI: As in not at all, or just not today?

Xavier CSAR: Not only not today but they are commercial in confidence. They are commercial propositions put forward by private parties, so they are quite keen to keep those to themselves.

Aiv PUGLIELLI: No worries. On another matter, we touched on regional worker accommodation projects earlier. Minister, as you are aware, there is a critical shortage of key worker housing in the regions. Can I just confirm for these initiatives, is there new funding in this budget for key worker housing, or were those initiatives funded from previous budget periods?

Michaela SETTLE: The Regional Worker Accommodation Fund was funded in a previous budget. Under the future regions there is more funding, not necessarily directly for that program but we will be looking at programs that we can deliver under that future fund.

Aiv PUGLIELLI: Okay. Thank you.

The CHAIR: Thank you, Mr Puglielli. Minister and officials, thank you very much for appearing before the committee tonight. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

I would like to thank all ministers and officials who have given evidence to the committee today, as well as Hansard, the committee secretariat and parliamentary attendants. I would also like to thank the hospitality, security and cleaning staff who have looked after all of us today. And on behalf of the committee, we wish Mr Tak a very happy birthday. The committee will resume its consideration of the 2026–27 budget estimates on Thursday 21 May at 8:30 am. I declare this hearing adjourned.

Committee adjourned.