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Public Accounts and Estimates Committee | Into the Inquiry of Economic Growth and Jobs

Questions taken on notice and further information agreed to be supplied at the hearings.

Portfolio:	Economic Growth and Jobs
Witness:	Matt Carrick, Secretary, Department of Jobs, Skills, Industry and Regions
Committee Member:	Jade Benham
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Relevant text:

Jade BENHAM: Thank you, Chair. I want to talk about the budget paper 5, 'Statement of Finances', page 204 – the COVID-19 business lockdown class action legal costs. Secretary, on page 204, like I said, there is reference made to the state's contingent liabilities, including legal proceedings. Can you please confirm if the COVID-19 class action remains a contingent liability against the department?

Matt CARRICK: I might have to take that one on notice.

Jade BENHAM: Okay. Do you know how much in total the department spent on legal fees defending the class action before agreeing to pay the \$125 million in compensation to the businesses who were locked down by the government?

Matt CARRICK: I will have to come back to you with a precise figure on that.

Jade BENHAM: Okay.

Steve DIMOPOULOS: Sorry, that is fine, but I just wanted to say that it was not a class action against DJSIR.

Jade BENHAM: Okay.

Steve DIMOPOULOS: It was the state of Victoria, so the decision would not have been DJSIR's decision.

Jade BENHAM: But the figures would come under DJSIR.

Steve DIMOPOULOS: Potentially. I cannot even confirm that.

Jade BENHAM: That is where they are listed in the 'Statement of Finances', so that is why we are asking.

Matt CARRICK: We will clarify for you, and we will come back to you.

Answer:

**Question 1: On page 204 [in Budget Paper 5] ... there is a reference made to the state's contingent liabilities, including legal proceedings. Can you please confirm if the COVID-19 class action remains a contingent liability against the department ?**

Chapter 6 of Budget Paper 5 deals with Whole-of-Victorian-Government contingent liabilities and, therefore, the Department of Treasury and Finance is appropriately placed to respond to questions regarding the Budget Paper.

The 2024-25 Department of Jobs, Skills, Industry and Regions (DJSIR) Annual Report recorded the class action as a non-quantifiable contingent liability. DJSIR's 2025-26 Annual Report will include any required disclosures as at 30 June 2026.

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**Question 2: Do you know how much in total the department spent on legal fees defending the class action before agreeing to pay the \$125 million in compensation to the business who were locked down by the government?**

The *5 Boroughs NY Pty Ltd v State of Victoria & Ors* class action is a large and complex proceeding involving 5 defendants. The State's response to the class action has been led by the Attorney-General, supported by the Department of Justice and Community Safety. Accordingly, the Department of Justice and Community Safety is most appropriately placed to provide information regarding legal fees associated with defending the proceeding.

Questions taken on notice and further information agreed to be supplied at the hearings.

Portfolio:	DJSIR
Witness:	Matt Carrick
Committee Member:	Jane Benham
Pages of transcript:	9 - 10

**Section A: Relevant text from PAEC:**

Jade BENHAM: Thank you, Secretary. I want to talk about the DJSIR budget. On page 36 of the questionnaire it reports that the net result after the department's income and expenditure is accounted for that the department will deliver a budget deficit of \$56 million for this financial year. This result is \$18 million worse than what was originally anticipated. Can you explain how the department managed to deliver a \$56 million loss?

Matt CARRICK: In terms of \$56 million, that will be in terms of timing of when money is released from contingency for different projects, so that will be timing about when we might be paying out funds. If you look at much of what we do as a department, essentially it is actually about money which will be distributed to entities – we have over 50 entities. So that will be part of the reason as to why there is a \$50 million-plus deficit.

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Jade BENHAM: Okay. You have got over 50 entities, like you said, so is there no detail on timing, because that is a pretty big lump in the budget?

Matt CARRICK: From time to time departments will have that, and as you would have seen through your examination of other departments, that is not uncommon to have that. We can come back to you with a little bit more detail on that.

Jade BENHAM: That would be great. Thank you very much. Has there ever been a deficit posted before, despite the fact you have received an additional \$21 million in special appropriations and \$292 million in additional grant funding – an additional \$313 million combined – and still managed a \$56 million deficit?

Matt CARRICK: The department goes through different iterations at different times, so that one, I am not sure.

Heather RIDLEY: I do not have the historic knowledge, I am afraid, I am sorry.

Matt CARRICK: Yes, we do not have that historic knowledge, but it is not uncommon for that to happen for departments.

Jade BENHAM: Okay. No worries. Thank you.

Steve DIMOPOULOS: Can I just observe that the department's budget is about \$2.5 billion or –

Matt CARRICK: Yes, depending on how you calculate it in terms of the throughput of money, but, yes –

Steve DIMOPOULOS: Throughput of money, that –

Matt CARRICK: So that is a small percentage –

Steve DIMOPOULOS: Of the bigger figure, yes.

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Jade BENHAM: But still big numbers, really, when we are talking about taxpayer money. We are just trying to ascertain where the lumps and bumps are.

Matt CARRICK: It is not a company in the sense that it is a loss. It is about when the funding is actually allocated and goes out the door. But as I say, we can clarify whether that has happened previously.

Jade BENHAM: That would be great.

Matt CARRICK: If you would like, we can ask our CFO to come forward and answer some of the more detailed questions?

Jade BENHAM: We are happy to take them on notice given we have got very limited time.

Matt CARRICK: He is here if you want to talk more detail on some of this.

Jade BENHAM: I have got a couple of other questions first.

**Section B: DJSIR Response:**

Page 36 in the DJSIR 2026-27 Budget Estimates questionnaire is based on *Budget Paper No. 5: Statement of Finances* (BP5). It represents a comprehensive, consolidated operating statement for the Jobs, Skills, Industry and Regions Portfolio and includes both the Department of Jobs, Skills, Industry and Regions (DJSIR) *and* all the General Government sector entities (GG agencies) within the portfolio. It is prepared on a different basis than DJSIR's audited annual financial statements.

The Jobs, Skills, Industry and Regions Portfolio is forecasting a \$56 million net deficit in 2025-26, which primarily reflects expenditure from trust fund balances, including the Regional Jobs and Infrastructure Fund, the Victorian Fisheries Authority Better Boating Fund (a DJSIR GG Agency), and programs with funding transferred from other departments. The deficit therefore represents a timing difference between when revenue was received (in a previous year) and when expenditure is being incurred (current year).

In terms of actual results disclosed in BP5, the Jobs, Skills, Industry and Regions Portfolio has not posted a deficit since its establishment on 1 January 2023 as shown below in Tab 1. The BP5 actual results exceed the budgeted targets mainly due to revenue exceeding expenditure within GG agencies, including as a result of higher-than-budgeted donations and other revenue.

**Table 1**

<b>BP5 Comprehensive Operating Statement - Net result from transactions (net operating balance)</b>	<b>BP5 Year-to-Date Actuals \$ million</b>
2022-23 (2024-25 BP5 page 110)	125
2023-24 (2025-26 BP5 page 111)	227
2024-25 (2026-27 BP5 page 120)	171