

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Friday 22 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

Sonya Kilkenny MP, Minister for Finance;

Chris Barrett, Secretary,

Chris Hotham, Deputy Secretary, Budget and Finance,

Paul Donegan, Deputy Secretary, Economic,

Camille Kingston, Deputy Secretary, Commercial,

Katrina McKenzie, Commissioner, Economic Growth Victoria and Better Regulation Victoria, and

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

Sarah Sheppard, Chief Executive Officer, Essential Services Commission;

Andrew Davies, Chief Executive Officer, Victorian Managed Insurance Authority; and

Colleen Peterson, Deputy Secretary, Planning and Land Services, Department of Transport and Planning.

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

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

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

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

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

I welcome the Minister for Finance the Honourable Sonya Kilkenny, as well as officials from DTF. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes, after which time the committee members will ask you some questions. Your time starts now.

Visual presentation.

Sonya KILKENNY: Thanks very much, Chair. I will put some slides up here. The first is: we are cutting red tape to make it even simpler and easier to do business in Victoria. We know our economy has grown more than any other state over the last decade, and we want to keep this momentum going. We are reducing red tape and simplifying government processes to let business focus on what they do best: creating jobs, fostering innovation and driving economic growth.

Under our *Economic Growth Statement*, initiatives include making it simpler to do business in Victoria, including the \$500 million regulatory burden reduction target by 2030, to save businesses both time and money. We are progressing towards that target with major changes to our planning rules so more homes get off the ground sooner. Approvals for single homes and duplexes are to take 10 days, townhouses and low-rise developments to take 30 days and larger apartment buildings to take 60 days. We are halving the number of business regulators. We are removing unnecessary permits and duplication, speeding up and digitising permits and streamlining regulation of regionally focused industries.

We are making very good progress on the commitments. We have allocated \$3.5 million to speed up regional business approvals. We have reduced costs for Victorian freight operators by rolling out a new automated permit system for heavy vehicles. We are reducing the number of regulators to make it easier for business, and back on 1 July 2025 of course we established the Building and Plumbing Commission, which was created to create a single building regulator for industry and consumers. A food safety regulator will create one place for industry and consumers. We are also speeding up environmental effects statement processes with a target of decisions within 18 months, saving businesses time and an estimated \$150 million a year in avoided costs. Hospitality businesses are no longer required to secure a local planning permit in addition to a liquor licence. More than 1100 businesses have benefited, saving an average of \$7000 and being able to open up six months earlier.

The government continues to invest in regulatory reforms that benefit Victorian businesses. The \$40 million Business Acceleration Fund provides targeted incentive funding to regulators and local government to implement reforms that benefit businesses at scale and projects that streamline processes, promote digitisation and make it easier to start and grow a business. More than 85 reforms are being implemented by the state's regulators and local councils, and this will see many benefits for Victoria's businesses, delivering more than \$250 million of annual benefits to businesses and workers by reducing red tape, simplifying processes and speeding up approvals.

The Victorian Managed Insurance Authority is the state's insurer and risk adviser. VMIA offers value-for-money insurance with broad coverage and tailored risk advice. VMIA reported a net operating profit of \$118.1 million in 2024–25. The VMIA takes a long-term view of operating performance to better manage overall cost to its clients and the state. By spreading the cost of claims over the longer term, the VMIA protects the state's balance sheet from the immediate financial impacts of events. This is more important than ever, given the highly uncertain global environment. At 30 June 2025, the VMIA's insurance funding ratio is back within the preferred range of 100 per cent to 145 per cent, at 107.4 per cent. This is up from 99.8 per cent at 30 June 2023, so the VMIA's long-term financial position is sound.

Greener government buildings – the program helps government agencies improve the efficiency of government buildings by providing loans to help with the installation of energy-efficient and renewable energy projects. Since its establishment, greener government buildings has invested \$330 million across 55 projects covering more than 500 buildings. This has saved \$290 million in aggregate energy and maintenance costs, with ongoing savings of more than \$40 million each year. Thank you.

The CHAIR: Thank you, Minister. We are going to go to the first round of questions from the Deputy Chair.

John PESUTTO: Thank you, Chair, Minister and officials. Minister, budget paper 5, page 34, shows Victoria's unfunded superannuation liabilities at \$16.1 billion. Labor's 2022 financial statement deferred \$3 billion towards public sector workers' superannuation to fund election commitments. Can you advise how much this deferral has added to net debt across the forward estimates?

Sonya KILKENNY: Thank you, Mr Pesutto, for your question. The state bears the onus of the unfunded superannuation liability. It has been incurred over decades before the Kennett government closed the defined benefit scheme back in the 1990s. We committed, under the Labor government of Steve Bracks, to fully fund the undefined benefits by 2030.

John PESUTTO: The chronology is not disputed, Minister. I am just trying to work out whether the deferral has added to debt, and if so, how much?

Sonya KILKENNY: I am getting to that point, Mr Pesutto. We continue each year to add a top-up to contribute to that unfunded liability, and we remain on track to meet that unfunded liability by the commitment timeframe of 2035. The top-up payments are of course reviewed regularly and revised as necessary in line with budget priorities, and the government has always been open and transparent –

John PESUTTO: Minister, sorry to jump in there. Can I just ask you: will the government be making a superannuation contribution in 2026–27, and if so, how much?

Sonya KILKENNY: My understanding is that, yes, we will be making a contribution. I do not have the actual figure here. Thank you. It will be a \$550 million top-up payment in 2026–27.

John PESUTTO: Okay. Thank you. That figure itself is not identified as a line item anywhere in the budget, unless I am mistaken. Perhaps, Secretary, could I ask you where that that figure is? Is it out of contingency? Just so we know where it is sourced from.

Chris BARRETT: Maybe I can come back and confirm that for you.

John PESUTTO: Yes, maybe do that while I proceed. Thank you, Secretary. Minister, the PBO, the Parliamentary Budget Office, outlined that \$2.1 billion is required every year to fulfil Labor's promise to fully fund its liabilities for superannuation by 2035. Are public sector workers' retirement savings at any risk at all?

Sonya KILKENNY: Thank you for the question, Mr Pesutto. As I said, the state remains on track to meet its obligation and commitment to fully fund the unfunded liability of the ESS Super by the timeframe that was set, which is 2035.

John PESUTTO: Okay. Thank you.

Chris BARRETT: I might just jump in there, Mr Pesutto. It is actually on page 34 in table 1.3.3 of budget paper 5.

John PESUTTO: Page 34 – oh, right.

Chris BARRETT: In that current superannuation liability line item. It is the third bottom line in that table.

John PESUTTO: Yes. While I proceed with the Minister, Secretary, would it be possible just to get the 2025–26 number, if you can? I would be grateful. Thank you.

Chris BARRETT: I will see if we have got it.

John PESUTTO: Minister, can I take you to page 78 of the questionnaire. It states the measure for reporting on average debt that is 12 months overdue as a percentage of overdue debt is being discontinued. What is the current average debt that is 12 months overdue as a percentage of overdue debt?

Sonya KILKENNY: Thank you very much for the question on the 'Department Performance Statement' and the discontinuation of that. I might ask my officials to find that. I should add, though, that of the performance measures, there are 60 new performance measures in the 2026–27 budget that have been introduced to make sure that we are providing additional disclosure on outputs to be delivered, those either replacing ones that have been discontinued or additional ones, but no substantive changes have been made to the performance measures beyond what has been proposed.

John PESUTTO: Thank you, Minister. If your officials need more time to find the current average debt that is 12 months overdue, could you commit to coming back to this committee with that number?

Chris BARRETT: I think we will have that number, Mr Pesutto, but perhaps not in front of us. If there is something that we can add to the record, we will.

Chris HOTHAM: We will have that number. I am happy to just contextualise that performance measure.

John PESUTTO: Quickly, if you can, yes.

Chris HOTHAM: The performance measure that you mentioned around average debt over 12 months as a percentage of overdue debt has been replaced by what we think is a better measure, which is average cases of debt over 12 months overdue as a percentage of average total cases of overdue debt. The point in the distinction there is that helps us catch all the volume, the number of cases, and prevents us skewing just to the highest debt liabilities.

John PESUTTO: Thank you, Mr Hotham. Minister, page 77 of budget paper 2 states current government borrowings are at \$238.9 billion this year for the state of Victoria, \$15.5 billion more than originally estimated.

The government states it will borrow another \$60 billion over the forward estimates, just tracing that through to 2029–30. Minister, is this fiscally responsible when there is no plan to pay that debt back?

Sonya KILKENNY: Thank you, Mr Pesutto, for the question. I dispute your categorisation of ‘no plan’, because in fact Victoria, as a standalone state, has a plan, a fiscal strategy, that takes us from today, which is delivering in this current year an operating surplus, and then from next year we see operating surpluses in the forwards averaging \$1.7 billion. We see from next year that net debt as a proportion of Victoria’s economy starts to decline, and this is really important. It shows that, one, we have set ourselves a strategy, a five-step fiscal plan, that we are implementing and that we are on track to deliver, with of course the operating surplus in this year’s budget and then an operating surplus in every year of the forwards.

John PESUTTO: Thank you, Minister. Can I just ask: in dollars, how much debt is 12 months overdue and how much debt in total is overdue?

Chris BARRETT: That is on the previous question.

John PESUTTO: If we could come back on that. I just want to clarify that question for the record. This is to Secretary Barrett: page 98 of the questionnaire states that the 2025–26 budget estimates report recommends DTF creates specific targets and timelines to reduce interest payments on debt and publish these in the budget papers. Why has the government failed to implement this recommendation?

Chris BARRETT: It really goes, Mr Pesutto, to the question that the Minister for Finance was just answering around the fiscal strategy. That is what we have referenced there in the response to that questionnaire, so that is government policy.

John PESUTTO: Further, Mr Secretary, page 99 of the questionnaire states that the 2025–26 budget estimates report recommends DTF create specific targets for achieving net cash surpluses and reducing gross debt as a proportion of GSP. Why has the government failed to implement this recommendation?

Chris BARRETT: Again, without reflecting on government policy, which is not my role, Mr Pesutto, we did have an exchange actually, you and I, around net cash and the Auditor-General, but I would just refer you back to the government’s fiscal strategy, which is the operative policy here.

John PESUTTO: Thank you, Mr Secretary. On page 147 of the ‘Department Performance Statement’ it shows about \$18 million in cuts to outputs that provide economic, budget and financial advice to government. Given net debt is soaring to \$200 billion and nearly 25 per cent of GSP, why were these economic advice outputs cut?

Chris BARRETT: I might just see if Mr Donegan wants to respond to that, because it is actually a quirk of measurement, if you like.

Paul DONEGAN: I might draw your attention, Deputy Chair, to page 152 of the ‘Department Performance Statement’, total output cost. You are asking about the changes from 2025–26 to 2026–27?

John PESUTTO: I believe so, yes. Proceed on that basis.

Paul DONEGAN: It outlines there that there are a number of reasons. One of them is a tapering down of some initiatives as they reach their conclusion. The other is implementation of that output’s estimated share of savings from the government’s response to the independent review of the public service. There is also some unspent funding from 2025–26 that has been moved into 2026–27.

John PESUTTO: Thanks, Mr Donegan. Minister, page 60 of the questionnaire states it is your responsibility to ensure economic growth exceeds population growth as expressed by GSP on a per capita basis. The Parliamentary Budget Office has confirmed Victoria currently has a negative per capita growth rate, stating the rate of per capita GSP is negative 0.8 per cent. Minister, are you failing to meet this performance measure?

Sonya KILKENNY: Thank you very much, Mr Pesutto. It is clearly my role as Minister for Finance to ensure that we are doing all to support economic growth here in Victoria, and I just want to point to the track record, which goes to show that over the past 10 years Victoria has grown faster in economic growth than any other state in the nation. We have delivered more net new businesses, 123,000 more businesses, in this state,

again growing faster than any other state in the nation, and we have created over 600,000 new jobs since 2020. So this state is growing, and we are going to continue to support that growth. Where you will cut growth is where you savagely cut services that Victorians rely on, and so what this –

John PESUTTO: Minister, I will move on now. I have given you a wide opportunity to answer that question. Secretary, page 14 of the questionnaire states \$1.92 million in savings will be achieved from Infrastructure Victoria. Just for the record and clarity, is that referring to the 20.2 per cent cut to Infrastructure Victoria's budget at page 147 of the 'Department Performance Statement'?

Chris BARRETT: Yes, I think that would be correct, Mr Pesutto. That was a decision that was in the government response to the Silver recommendation. The Silver recommendation, you might recall, was to abolish Infrastructure Victoria. The government made a decision to reduce its budget rather than abolish it.

John PESUTTO: The questionnaire further states the savings will have a budget and staffing impact on Infrastructure Victoria. In terms of staffing impact, how many jobs will be cut from Infrastructure Victoria?

Chris BARRETT: I can provide that to you perhaps on notice, Mr Pesutto, because obviously it takes a little while to get those plans into place and consult with the workforce, with the union et cetera. As a board member I know that that is happening as we speak, so I am happy to go and see what I can add to the record.

John PESUTTO: If you are happy to provide that information to the committee, we would be grateful for that. Am I still going?

The CHAIR: Your time is up, Deputy Chair. It sure is up. I am going to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister and officials, for your attendance this morning. We are almost about to get over to the afternoon. In my time I think that will happen. Minister, I was looking at the presentation around the Victorian Managed Insurance Authority. Thank you for the presentation. Can you expand to the committee on what actions the VMIA is taking to strengthen its financial position?

Sonya KILKENNY: Thank you, Mr Hilakari, and thank you for observing the presentation and the reference to the Victorian Managed Insurance Authority. As I outlined in my presentation, the VMIA is the state's insurer and also risk adviser, and our CEO Andrew Davies has now been in the role for a couple of years. VMIA importantly provides insurance and risk coverage to government departments and portfolio agencies – that includes our health services, our schools, facilities that are state managed and infrastructure – so it has a very important role. Certainly the authority has made very good progress over the last year to further strengthen its financial position. VMIA did develop a capital management plan in response to its insurance funding ratio falling below that 100 per cent marker. The insurance funding ratio measures an insurer's ability to pay its claims from its assets. There is an ideal window for VMIA of between 100 per cent and 145 per cent, and what we saw in 2023–24 was that IFR for VMIA dropping just below 100 per cent to 99.3 per cent, I think it was.

Mathew HILAKARI: 99.8 per cent.

Sonya KILKENNY: 99.8 per cent. Thank you. But I am pleased to report that there has been good progress over the subsequent year, and at 30 June 2025 the insurance funding ratio is sitting at 107.4 per cent, so well within that target range. The recent improvement in VMIA's insurance funding ratio reflects strong investment returns from the market and of course steps undertaken under its capital management plan.

Mathew HILAKARI: Minister, we cannot talk about any insurance without immediately thinking of what the premium is on that insurance. I have an expectation, and I am sure you do too, around keeping them as low as possible. How is VMIA helping to keep those insurance premium costs down?

Sonya KILKENNY: Thank you. I had a good discussion with the CEO around this about how it is that VMIA is able to manage those insurance premiums. I think part of it comes back to of course that client relationship, so understanding and engaging with the client about what the risks are and what kind of risk appetite that agency is prepared to take on, recognising that better engagement with clients leads to better outcomes, including a reduced pressure on those premiums. Importantly, as the state's insurer, VMIA is able to provide broader insurance cover for the state's insurable risks than commercial insurers will provide, and often

at a lower cost. It is able to do that of course because VMIA's liabilities are ultimately guaranteed by the state. So that puts it in a unique position, which means it can invest a bit more aggressively. By doing that it is able to secure greater returns from that investment, and because it is backed by the state, it can invest, as I said, more aggressively than the APRA rules would normally permit for commercial insurers. This is an important outcome. It means that it provides broader coverage and, in most cases, a lower cost premium for state agencies and departments that it insures.

Mathew HILAKARI: Minister, I noted in your presentation it has just clicked over a quarter of a trillion dollars in assets in Victoria, which is extraordinary. We also have some real challenges around floods and bushfires; this summer we saw both at exactly the same time. I am just checking: how is this impacting government entities and those supported by VMIA?

Sonya KILKENNY: Thank you, Mr Hilakari. I was just thinking, as you were talking, about an example where the VMIA has directly helped a client. I recall the day: do you remember the day we had the incredible flood that hit outside Lorne?

Mathew HILAKARI: Yes, and Wye River.

Sonya KILKENNY: You will not believe it: I was actually driving back from the bushfires, and hearing on the radio about this extraordinary downpour outside Lorne, I think near Skenes Creek, in that area.

Richard RIORDAN: Wye River.

Sonya KILKENNY: Yes, there you go. Thank you. 180 millimetres of rain fell in such a small amount of time. We will never forget those images that we saw of cars and personal items sort of floating out to sea after that downpour. 180 millimetres of rain were recorded in 6 hours. The Great Ocean Road was closed, and perhaps, Mr Riordan, you will know more than others –

Richard RIORDAN: Mr Riordan walked across a flood-ravaged river, yes.

Members interjecting.

Sonya KILKENNY: Oh, stop. Were you one of the campers?

Richard RIORDAN: No, my sister was. I, fortunately, was on higher ground, but I still had to cross the river.

Sonya KILKENNY: Oh, okay. I am just coming to this, so –

Mathew HILAKARI: The ballad of Mr Riordan.

Sonya KILKENNY: There we go.

Richard RIORDAN: But it was fantastic for the social media.

Sonya KILKENNY: Oh. And did you save the suitcase?

Members interjecting.

Richard RIORDAN: My sister's gas bottle.

Jade BENHAM: Not all heroes wear capes.

Richard RIORDAN: Yes. That is right. Some of us have braces.

Sonya KILKENNY: Thank you for that, Mr Riordan. The Great Ocean Road was obviously closed due to the dangerous conditions, and there were hundreds of residents and holidaymakers and campers –

Mathew HILAKARI: Family members.

Sonya KILKENNY: and family members who were impacted and quite disrupted obviously by this. Now, the client of VMIA is the Great Ocean Road Coast and Parks Authority, and it actually operates several of those campsites and caravan parks along that stretch of the Great Ocean Road, from the Cumberland River Holiday Park to the Wye River Beachfront Campground. And as a client of VMIA, the Great Ocean Road authority has a personal effects extension with VMIA under its property policy, and what that means is it extends to the property of visitors to those campsites and campgrounds –

Mathew HILAKARI: I think someone is listening intently to this one.

Sonya KILKENNY: up to a maximum of \$5000 per person, for those visitors who had no other personal insurance. Ears on here, Mr Riordan.

Richard RIORDAN: I am not sure it covers the 20 cars that got washed out to sea.

Sonya KILKENNY: It is personal effects, yes.

Mathew HILAKARI: If someone makes a claim for a gas canister, you know you have got to strike that one out. That is on the record.

Sonya KILKENNY: So VMIA worked with the Great Ocean Road authority, provided all of the claims forms and assisted them then to get those claims forms to those campers, who were able to lodge those claims and to –

Richard Riordan interjected.

Mathew HILAKARI: I might take my time up if that is okay, Minister.

Sonya KILKENNY: So that is obviously a great result for those campers, who otherwise had no insurance, to be able to claim up to \$5000 following that event, and I understand that the feedback from those claimants has obviously been quite overwhelmingly positive. But it is an example of the VMIA working very closely with its client to deliver a pretty good outcome for what was a pretty distressing and disruptive time for many campers, holidaymakers and residents along that stretch.

Mathew HILAKARI: I guess the VMIA is working toward an expectation that we are going to have continued and increased severity of weather effects. How is the VMIA starting to think about that and prepare that support for affected communities? Because we know that is coming down the line.

Sonya KILKENNY: Yes. Thank you, Mr Hilakari. We know that weather events, climate impacts, are having more severe impacts across Victoria, across the nation, across the globe, and insurance companies are obviously having to respond to that and respond to natural disaster events – storm events, flood events, bushfire events. VMIA has supported more than 150 clients, in relation to natural disasters, to respond, recover and rebuild since 2001. So there are quite a significant number of clients there to support and to help them recover and rebuild as well. A really broad range of clients fall within that, from schools in bushfire-ravaged areas to floods up in Rochester and areas that we saw back in 2022. I think what is important is that VMIA demonstrates a really strong breadth of support that it provides to its clients. That is important to help resilience and recovery for the broader community as well. When they see their schools being rebuilt or their community facilities or the CFA station that might have burnt down – when they see those being rebuilt, then that helps with that rebuild for the community, that resilience in that community as well, which is really, really important.

As I said, I know a couple of examples. VMIA has helped the CFA, Parks Victoria – obviously they have got assets out there that do get hit quite hard when we do have natural disasters – Chisholm health and Monash Health, so working with our health services as well. As I touched on, VMIA's care and adaptability also came to the fore during the 2022 floods and Victoria's response to the flood disaster. Advisers from VMIA supported a rapid client response to manage property assets. It is not just about taking the phone call but actually getting in there and going, 'Well, how do we now minimise the further damage? What steps need to be taken to protect and preserve?' That is a really important part of the work that VMIA does, often not seen – getting in there quickly to support and prevent further damage and loss. I want to acknowledge VMIA's swift response and action, again acknowledging that we are going to see the rate of natural disasters increase with changes to the climate and a changing world environment.

Mathew HILAKARI: I might take a bit of a change in gear and go to productivity, Minister, and particularly the role of the Commissioner for Economic Growth and Better Regulation – page 151 of the ‘Department Performance Statement’. I am hoping you can explain how this role supports productivity and also the state’s overall competitiveness.

Sonya KILKENNY: Thank you. Katrina McKenzie was appointed in September last year as the Commissioner for Economic Growth and Better Regulation in Victoria. I know she is here with us today. Importantly, the commissioner provides that independent, data-driven advice to government on better regulation, economic issues affecting Victoria and affecting Victoria’s productivity and growth. Clearly she is someone who is important to me in terms of getting that independent advice about where we can better cut red tape, address regulatory burden, help to stimulate economic growth and really drive jobs here in Victoria. Part of her work is looking at system-wide reforms that are going to really improve and boost productivity and support, importantly, inclusive economic growth – the kind of growth that is able to bring everyone along. That is that advice. That analysis includes improving outcomes for businesses, for communities and of course the Victorian economy as a whole.

But also, importantly, from my presentation, there is that commitment we have made under the *Economic Growth Statement* to achieve a target of a \$500 million reduction in regulatory burden here in Victoria. We know this is important work. We have heard from industry. We know that it is important to look to cut that regulatory burden to enable businesses to get on, as I said, to do what they do best – and that is to create the jobs, to innovate and to drive our economic productivity and growth here in this state, because it is by driving economic growth that we lift the lives of Victorians and provide greater opportunity for all Victorians. This is important as well, and we have got a really clear focus on this. As I said at the start of my presentation, Victoria is growing well. It is a strong economy; it is a resilient economy. We have seen growth that has surpassed other states and territories over the past 10 years. We have driven new jobs, new business investment. We are seeing people move to this state, and we want to keep that momentum going. We want to be the leaders in this nation. Particularly around things like our housing challenges, with all of the reforms that we are doing in planning we want to make sure that we are optimising those reforms and that we are achieving our objective, and that is to get more homes built for more Victorians. We are relying on the work of the economic growth commissioner to provide that advice, to be tasked with analysing where we can be doing more of this work, what does government need to do to unlock some of these barriers, relieve that burden? That is what good governments should be striving to do to enable business and the economy to get on and grow and provide better quality-of-life outcomes and opportunities for Victorians.

Mathew HILAKARI: I can see from the outcomes pages, on page 152, just the extent of the work – almost triple the output expected across the two performance measures there. Can you talk to some of the practicalities of either the research projects, the round tables or any of the other work of the commissioner?

Sonya KILKENNY: The former Minister for Finance tasked the commissioner with looking at more ways to speed up the delivery of housing here in Victoria. We have made reforms to our planning system, which is going to enable some developments through in 10 days, townhouses in 30 days, larger developments in 60 days.

The CHAIR: Thank you, Mr Hilakari. The next 4 minutes go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon, Minister and officials. Looking at budget paper 5 – and I will look at both the VMIA and the VFMC, just for clarity – as we know, insurance premiums are going through the roof from flood and fire risk. It is a huge disaster for many Victorian household budgets. For an increasing number of people their homes are becoming uninsurable due to these risks. Does the government anticipate it will need to underwrite Victorian household insurance at any point over the forward estimates in areas where flood or fire risk is so extreme that they cannot access private insurance?

Sonya KILKENNY: Thank you for the question. VMIA is the state’s insurer and risk adviser, and in that capacity it provides insurance coverage for departments and agencies and also not-for-profit organisations that are delivering services on behalf of the state. As I went through in my answer to Mr Hilakari, VMIA is able to deliver a broader coverage of cover, generally at lower cost and lower premiums because it is backed by the state and can therefore invest more aggressively to deliver greater returns. That is the work of the VMIA – to ensure that it is adequately protecting state assets.

Aiv PUGLIELLI: That is scope, though, that you are talking about. We would not expect to see that expanded over the forward estimates?

Sonya KILKENNY: I am not here to talk about those forward estimates. I can certainly turn to Chris. But I think to clarify the role of the VMIA and –

Aiv PUGLIELLI: Yes, and you have done that, which is appreciated. But just to understand – we are in budget estimates – is it your estimation we would need to expand that scope to include underwriting household insurance in some of these areas?

Sonya KILKENNY: We are not here to make any announcements on any future policy.

Aiv PUGLIELLI: I might move on in that case. It sounds like we have answered the question. Looking at the VFMC, the committee has in past inquiries heard the VFMC still invests in fossil fuel companies and has a 2050 target of net zero when the state's legislated target is 2045. Should this committee expect to see the VFMC update their net zero target to meet the state's target at any point over the forward estimates?

Sonya KILKENNY: I might turn to you, thank you.

Chris BARRETT: Actually, it is just taxing my memory, Mr Puglielli, because I think this question has been asked before, and I am just trying to recollect my colleague Kate Galvin's – who is not with us today – response at the time. I might go back and examine the record and see if there is anything further that I can provide on that because I am just trying to recollect.

Aiv PUGLIELLI: That is okay. Thank you. On another matter, in April New Zealand's High Court ruled their sovereign wealth fund had not adequately assessed human rights impacts when investing. It was in relation to four companies as part of its portfolio. For the VFMC, have there been any risks identified to its investments with regard to human rights?

Chris BARRETT: I can probably also talk to that. The VFMC is not strictly in the finance portfolio – it is a responsibility of the Treasurer – but I am happy to see if there is anything I can expand on, because, being on the board, I do see a number of documents in terms of compliance with modern slavery guidelines et cetera. I am happy to provide some of those policies if that is helpful.

Aiv PUGLIELLI: Okay. Thank you. Thank you, Chair.

The CHAIR: Thank you very much, Mr Puglielli. Minister and officials – apologies, Secretary.

Chris BARRETT: Sorry, Chair. Just for the benefit of the Deputy Chair, he did ask earlier about the super top-up payment in 2025–26, and I just wanted to inform him that that will be \$538 million.

John PESUTTO: Thank you, Secretary.

The CHAIR: I love it. Getting it on the record instead of a question on notice. I wish there was more of it. Thank you very much for appearing before the committee today. 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.

The committee will take a short break before beginning its consideration of the portfolio of violence reduction at 12:20 pm. I declare this hearing adjourned.

Witnesses withdrew.