

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2024–25 Budget Estimates

Melbourne – Tuesday 21 May 2024

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak

WITNESSES

Gayle Tierney MLC, Minister for Regional Development; and

Tim Ada, Secretary,

Beth Jones, Deputy Secretary, Regional Development and Outdoor Recreation, and

Anthony Schinck, Executive Director, Regions, Regional Development and Outdoor Recreation, Department of Jobs, Skills, Industry and Regions.

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 2024–25 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 of this hearing may not be protected by this privilege.

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

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 Gayle Tierney – you are very much welcome here – 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, and after this time committee members will start with their questions. Your time starts now.

Gayle TIERNEY: Thank you. I begin by acknowledging the traditional owners of the land on which we are meeting, the Wurundjeri people of the Kulin nation. And thank you, Chair and committee members, for the opportunity to present to you for the first time as Minister for Regional Development.

Visual presentation.

Gayle TIERNEY: Regional Victoria is a key contributor to our state's economy, supported by a \$45 billion Victorian government investment over the past decade, including \$2 billion in this budget. Our government's strong track record of investment coupled with our 75 per cent reduction in regional payroll tax is paying dividends. The regional economy now accounts for \$110 billion of the state's economy and a 22 per cent increase in GRP since we took office. Regional unemployment remains historically low, as you can see on the chart in this slide. The regional jobless rate is now just 3.7 per cent, almost half the rate we inherited. Regional employment has grown by more than 25 per cent since November 2014, with an all-time high of 828,500 regional Victorians now employed.

In the last decade the regional development portfolio alone has committed \$2 billion in funding and delivered around 3500 projects, resulting in the creation of over 13,000 jobs and more than \$600 million in exports. The portfolio was set to attract more than \$1 billion in private sector investment in our regions over 2022–23 and 2023–24. We are currently delivering more than 500 projects across the state, which will drive tourism and economic growth for generations to come. RDV also continues to play an important role in assisting regional communities during the toughest time, supporting them as they recover from natural disasters.

Slide 4 shows the breadth of the portfolio's work across the state, from the Bendigo regional employment precinct to the Metung Hot Springs and the Twelve Apostles precinct. I was proud to be at Nyaal Banyul Geelong Convention and Event Centre to see the superstructure works. This project will create ongoing regional employment and position Geelong as a major events destination.

Supported by the regional partnerships, we are working across government and with business, industry and communities in place to drive transformational economic development. As part of the government's \$2 billion regional package, the portfolio is investing \$150 million to provide new housing options for rural and regional communities where workers are struggling to find affordable places to live. This program, informed by the work of our innovative regional worker housing pilots, has had enormous interest, and I look forward to announcing successful projects soon. We are currently working through the final stages of assessment of round 1 of the Tiny Towns Fund, and this funding will unlock opportunities for small communities right across the state. This is in addition to \$200,000 in emergency funding allocated to both Pomonal and Mirboo North to support recovery from February's bushfire and severe storm events.

This year's budget invests an additional \$2 billion across a range of portfolios to support the infrastructure, services and projects regional communities rely on. As you see from the graph, the portfolio will invest almost \$300 million in output funding alone in our regions in 2024–25, the highest investment level since the pandemic. The budget includes \$7.8 million for the regional development portfolio, comprising \$6.8 million for the Ladder Step Up program; the inclusive employment worker transition program; Latrobe Youth Space; extended funding for the LVA operations, with the LVA brought into the RDV by 1 January 2025; and \$1 million to support place-based partnerships.

As minister, I am driving a sharper focus on sustainable long-term economic growth in our regions. Through recent membership recruitment we are strengthening the capacity of regional partnerships to provide insights and advice on place-based economic opportunities. We will continue to work hard to deliver economic development outcomes in our regions, and I look forward to answering your questions.

The CHAIR: Thank you very much, Minister. For the first 7 minutes we are going to go to Mr O'Brien.

Danny O'BRIEN: Thank you, Chair. Thank you, Minister – good evening – and team. Minister, you have just indicated a \$2 billion investment for regional Victoria, and you said it was in infrastructure, services and programs. Out of \$98 billion in expenditure, how is that fair, given that regional Victoria is 25 per cent of the state?

Gayle TIERNEY: Well, we have invested a significant amount of money across a whole range of areas, including health, community services, roads, bridges, you name it. It is all contained in the media release that was signed off by me and the Premier on budget day –

Danny O'BRIEN: You just said the \$2 billion is across all the portfolios – that is just over 2 per cent of the budget.

The CHAIR: Mr O'Brien, just allow the minister an opportunity to answer. She is trying to answer your question genuinely.

Gayle TIERNEY: The key point in this is that there has been \$45 billion expended and invested by this government in the last decade. In addition to that, we have ensured that there has been a spread of investments across the board, and of course there has been in this budget a \$300 million investment in a whole range of activities, one of which of course is the fairly significant Geelong City Deal, which I know we will hear a lot more about as this inquiry continues.

Danny O'BRIEN: Okay. Ms Jones, can I ask how much of the \$6.3 million allocated to the Latrobe Valley Authority will be spent on staff wages and entitlements?

Beth JONES: Yes. Mr O'Brien, of the money allocated for the Latrobe Valley Authority, approximately \$5.1 million would be for LVA staff and operations.

Danny O'BRIEN: What is the rest for?

Beth JONES: Mr O'Brien, the remainder is \$420,000 for the Ladder Step Up program, \$360,000 for the inclusive worker transition program –

Danny O'BRIEN: For what, sorry?

Beth JONES: The inclusive worker transition program – both of those things are consistent with previous years – and \$900 million for the Latrobe Youth Space.

Danny O'BRIEN: Nine hundred thousand dollars.

Beth JONES: Nine hundred thousand dollars, sorry, Mr O'Brien – \$900,000 for the Latrobe Youth Space.

Danny O'BRIEN: Okay. They are all just one-off, just for this year or next year.

Beth JONES: No, Mr O'Brien, the youth space is over three years; the others are all for one year.

Danny O'BRIEN: Okay. So how much is allocated to the original purpose of the LVA, to assisting businesses to employ staff and create new industries?

Beth JONES: Mr O'Brien, I have just given you the breakdown. There is some program money for those things, and there is some staff and operation money.

Danny O'BRIEN: That tallies up to the \$6.3 million.

Beth JONES: Yes, that is correct, and a part of the work of LVA staff is in investment attraction. Working closely with RDV is core to the work that they do.

Danny O'BRIEN: I understand the LVA after 2024–25 will be transitioned into RDV.

Beth JONES: That is correct.

Danny O'BRIEN: Will all the LVA staff transition across to RDV?

Beth JONES: Mr O'Brien, we are working through a process with staff and stakeholders to work through what that transition looks like, including what form an integrated RDV and LVA looks like after 1 January. We are working through that process right now.

Danny O'BRIEN: So how many staff are there at the LVA now? About 30?

Beth JONES: There are 32 positions there. I think there might be 33, sorry, Mr O'Brien. There is an additional one that has been picked up through some contract work they are doing with Jobs Victoria.

Danny O'BRIEN: And will they all transition to RDV? Will they all have jobs?

Beth JONES: Mr O'Brien, as I said, we are working through a process to plan that transition, so I am not in a position to share what that looks like at this stage.

Danny O'BRIEN: Okay.

Gayle TIERNEY: But it is fair to say that RDV is actually actively recruiting at the moment.

Danny O'BRIEN: Okay. It goes the other way too, Minister. The CEO of the LVA has posted on LinkedIn that the Latrobe Valley Authority:

... are actively encouraging our people to seek work now.

Does that suggest that there are not going to be jobs for them in future?

Gayle TIERNEY: No, I do not believe so.

Danny O'BRIEN: Why would he say that, then?

Gayle TIERNEY: It is about ensuring that people are aware that there is imminent change, that there will be discussions and that we want a wide range of opportunities to be provided to people.

Danny O'BRIEN: So how many staff beyond 2024–25 will the LVA and Regional Development Victoria be assisting and creating new jobs for in the Latrobe Valley?

Gayle TIERNEY: Well, it will depend on the conversations that are had and whether people want to continue. There is currently a reasonably high number of people who are on fixed-term contracts that are about to expire, around 30 June, and we are wanting to extend that so that people do have ample opportunity to work out what the steps are.

Danny O'BRIEN: So, Minister, the LVA of course was set up in response to the anticipated closure of Hazelwood and to assist the Latrobe Valley to transition.

Gayle TIERNEY: Yes.

Danny O'BRIEN: Given we have got Yallourn closing in 2028 and there are 400 or 500 jobs there, Loy Yang A closing in 2032 and Loy Yang B closing – under your policies – in 2035, and with the timber industry already shut this year by your government, why are you turning your back on the Latrobe Valley and shutting the LVA now?

Gayle TIERNEY: Well, of course the LVA, as you quite accurately point out, was established as an immediate response to the Hazelwood station closure, and that was to support impacted businesses and workers and their families and to deliver an economic stimulus and boost livability. The long-term whole-of-government approach for the valley's growth and prosperity is now placed through the *Latrobe Valley and Gippsland Transition Plan*, which you should be familiar with.

Danny O'BRIEN: I am familiar with it; it says nothing. There is not a single action out of it.

Gayle TIERNEY: While the region continues to navigate transition, what is needed now is a coordinated whole-of-Gippsland approach to economic development. We believe the time is right now for the LVA's functions to be embedded into the RDV and to take a one Gippsland view. The LVA's core expertise will be embedded to continue to benefit all Gippsland workers and communities whilst also embedding the expertise into a central team with a statewide mandate.

Danny O'BRIEN: Minister, if you say that it –

Gayle TIERNEY: This will be carefully –

Danny O'BRIEN: If you say that it has done its job –

Gayle TIERNEY: considered, and we will be integrating –

Danny O'BRIEN: Are you going to do this all the time? Are you just going to keep talking? You are not actually going to answer the questions?

Gayle TIERNEY: a lot of those functions into the RDV.

Danny O'BRIEN: Minister, you were saying that it has done its job. It was set up in the wake of one power station closing. There are another three going to close in the Latrobe Valley. The timber industry is gone. How can you possibly say that it is no longer needed? What was the point having it in the first place?

Gayle TIERNEY: I think you know the answer to that.

Danny O'BRIEN: No. That is why I am asking you, Minister.

The CHAIR: Apologies, Mr O'Brien. I do not know where the other alarm is going off. Is it coming from yours, Mr O'Brien? Okay. It is not coming from mine; it is slightly quicker. We are going to go straight to Mr Galea.

Michael GALEA: Thank you, Chair. Thank you and good afternoon, Minister, Secretary and officials. Thanks for joining us today. Minister, I would like to just touch on a little bit of what has already been discussed about the investment in rural and regional Victoria that is outlined in the 'Budget Overview' document, page 40, as well as of course across BP3 and BP4. I know that, as you have said, this is a budget that has significant delivery for regional Victoria. I wonder if you can talk in a little bit more detail about what is included with that and what the government is intending to deliver with this budget.

Gayle TIERNEY: Yes. Thank you. I would be very happy to do that. Of course there are approximately 1.5 million Victorians that live in regional Victoria, and of course we have seen more people migrating to our beautiful regional cities and beyond every year. Regional towns and cities are integral to our part of the state, and this government has a strong record of delivering cost-of-living relief. We are working on bringing back the SEC, upgrading schools and hospitals, building more childcare centres, delivering skills we need with free TAFE and creating thousands of jobs in every corner of the state. In this budget we are continuing that strong record by investing over \$2 billion in infrastructure, services and projects that matter to regional families on top of the \$2 billion regional investment announced last year. As I said in my response to Mr O'Brien, this government has invested over \$45 billion into rural and regional Victoria over the past decade. Of course with that investment came a lot of consultation, collaboration and deep understanding of the individual needs of different parts of regional Victoria. This budget supports RDV to continue this work, partnering with rural and regional stakeholders to deliver the over 500 projects that I mentioned in the presentation. There are so many of those projects that range from significantly large to medium sized to smaller. This budget also provides \$1 million of funding for regional partnerships and Regional Development Australia committees to help in supporting that collaboration between regional stakeholders to strengthen the voice of regions right through the state and right through to the different arms of government.

Michael GALEA: Thank you, Minister. We have already had discussion about the \$2 billion in funding, but I note that that is part of the \$45 billion over the life span so far this government.

Gayle TIERNEY: Yes, it is.

Michael GALEA: Can you talk to me about the economic impact that this investment has had in regional Victoria?

Gayle TIERNEY: All these investments have obviously significant impacts. Whether they are smaller towns or our regional cities, they do so in terms of the infrastructure build with direct employment, but also in terms of the buildings that are created and made. For example, in terms of the Geelong convention centre, apart from it being a convention centre, it also will have a hotel that will have 1100 rooms, so you can imagine the amount of workers that will be required. Whether it be in housekeeping, in bars, in restaurants or in kitchens, there is going to be significant employment going forward in relation to the Geelong CBD, and we believe that it will add to the ongoing revitalisation of the Geelong CBD.

But what I am wanting to do, as I mentioned in my presentation, in having a sharper focus on economic development, is to actually have a greater connection with industry and business at a local level, where we can have some serious discussions about how we can value-add in terms of the local economy, whether it be their businesses or indeed the identification of businesses that we consider to be missing that would be advantageous in terms of the whole region moving forward. That is why I have made a particular request that in relation to the regional partnerships recruitment that has been undertaken in recent times that we also engage people to come onto the partnerships that have got business and industry backgrounds. We have got great community leaders right through regional Victoria. I think many of you would know them. Even if you have got a metropolitan seat, you would know our regional leaders. They have been fantastic, and they will continue to be fantastic. They bring other people to the table all the time, but I think it is important at this point in time that we engage even more closely than what we have done in the past with middle-size and smaller size businesses that have not necessarily engaged as closely as we would like into the regional economic development process.

Michael GALEA: Thank you, Minister. You mentioned as part of that answer Nyaal Banyul, and I note from one of the other committees that I am on – as us upper house people tend to be on quite a few – that I had the chance of hearing –

Danny O'BRIEN: None better than this.

Michael GALEA: None better than this – this is by far the best, Danny, because I get to spend the time with you, part of the reason as to why. But when we visited Geelong as part of that inquiry I know the local council was very excited about the Nyaal Banyul project, as were local industry and trade and lots of community leaders as well that we also got to meet as part of that. Obviously, that inquiry is now focusing a lot on community sport, but the other side of regional development was also touched on in that inquiry. Nyaal Banyul, very much I think next time there is a committee down there it would be good to have it perhaps even hosted in

that centre, a great facility as well, and again, as you said, one of many that is being invested in in regional Victoria. I just want to pick up on another thing that you said, which was in terms of community leaders, which of course you see from all walks – and, yes, as a metropolitan MP, you do see from regional Victoria in particular as well as the suburban areas a lot of really strong regional leaders – but my time is up.

Danny O'BRIEN: It was such a long question you ran out of time!

The CHAIR: Thank you, Mr Galea.

Michael GALEA: Too inefficient.

The CHAIR: I will be going back to Mr O'Brien.

Danny O'BRIEN: Thank you, Chair. Ms Jones, can I just clarify: you said \$5.1 million for staff at the LVA, and that there are 33 staff there currently. That is about \$155,000 per staff. Is that correct?

Beth JONES: Yes, I said that amount is for staffing and operations. It is essentially to run the LVA, Mr O'Brien, so a combination of everything – overheads.

Danny O'BRIEN: Okay. What proportion is just staff, then?

Beth JONES: I would need to get a breakdown of exactly the staffing component for you, Mr O'Brien. I would say that for this year it will also depend on the transition arrangements that we work through in terms of what the staff components look like.

Danny O'BRIEN: Right. Would it be fair to say, based on that, then, that over 2024–25 the numbers will decrease at the LVA?

Beth JONES: Well, the LVA will move into RDV, Mr O'Brien. But in terms of commenting on numbers or what form it will take, I am really not in a position to comment on that, Mr O'Brien, until we do the transition planning. There is provision for staffing and operations in the budget. As to what that looks like, I would be speculating.

Danny O'BRIEN: Okay. Minister, have you asked RDV or your department for advice on the impact of proposed amalgamations of health services in regional Victoria on jobs?

Gayle TIERNEY: We talk about all sorts of things to do with regional economic development. In terms of the issue that you have raised, I would imagine that that would be best served by asking the Minister for Health. I think she is before you tomorrow morning.

Danny O'BRIEN: Specifically, the question is about jobs. Secondly, then, if I can ask: have you asked for advice about the impact of hospital amalgamations on job attraction in regional areas? Obviously one of the key issues in getting people to come to the regions for work is they want to know that there is good health care, that there are good schools et cetera. Have you asked for advice on that?

Gayle TIERNEY: You are dealing with a hypothetical, Mr O'Brien.

Danny O'BRIEN: Well, I am not, actually.

Gayle TIERNEY: What I am dealing with is the realities of economic development and projects in regional Victoria.

Danny O'BRIEN: Well, it is not a hypothetical, Minister. We all know there is a health services plan, and the minister has been quite open about that. We know that there are two options, basically: one is a massive merger from 76 down to 12 hospitals, or greater cooperation and collaboration at the back end. Clearly this is designed to drive efficiencies, and I am seeking to ask if you have had any advice from the department on that.

Gayle TIERNEY: Again, you are dealing with hypotheticals. There is –

Danny O'BRIEN: I have just demonstrated it is not hypothetical, Minister, it is actual fact.

Gayle TIERNEY: No, you have not demonstrated it at all, Mr O'Brien. The fact of the matter is that my portfolio deals with regional development. Yes, we keep a keen eye in terms of liveability issues and employment issues in a general sense, but what you are asking me is a hypothetical. We are concerned about housing for workers. We know that there is a shortage across the board. There is a shortage in terms of regional Victoria, and that is why in my presentation I mentioned the innovative pilot program that we had on worker accommodation, which was hugely successful and has now led to this government investing \$150 million in the Regional Worker Accommodation Fund. Of course those facilities can be available –

Danny O'BRIEN: That is actually nothing to do with the question I asked, Minister – zero to do with it.

Gayle TIERNEY: for key workers such as those that work in health services –

Danny O'BRIEN: That has got nothing to do with the question I asked, Minister.

Gayle TIERNEY: and hospitals, Mr O'Brien.

Danny O'BRIEN: Point of order, Chair.

The CHAIR: Mr O'Brien on a point of order.

Danny O'BRIEN: On a question of relevance, the minister has now strayed from the question. I would like to move on, please.

The CHAIR: Move on, Mr O'Brien, move on.

Danny O'BRIEN: Thank you. Ms Jones, what is the total number of employees in RDV this year?

Beth JONES: In the portfolio, Mr O'Brien, there are just over 200.

Danny O'BRIEN: Two hundred in RDV?

Beth JONES: That is positions, yes.

Danny O'BRIEN: Yes, okay. Could I ask what the breakdown of those in offices is, in physical locations?

Beth JONES: I would need to give you a breakdown of exactly how many numbers in physical locations. What I would say, Mr O'Brien, is we have a number of positions in recruitment at the moment, following some organisational change, so it is in flux.

Danny O'BRIEN: How many?

Beth JONES: There are about 50 of those roles in an active recruitment process at the moment.

Danny O'BRIEN: So we will end up with 250?

Beth JONES: No, Mr O'Brien. Of the 200-odd positions, 50 of those are in a recruitment process.

Danny O'BRIEN: Okay. Could you perhaps take it on notice as to the regional locations – where they are?

Beth JONES: I can, Mr O'Brien, but can I just clarify the question I am answering there?

Danny O'BRIEN: Of the 200, where are they?

Beth JONES: Yes. Certainly.

Danny O'BRIEN: Can I ask – the questionnaire, on page 102, has a target as a performance measure for jobs in regional Victoria created by RDV. The questionnaire indicates that the old target was 500 for 2023–24. The new target is only 250. Has RDV given up on creating jobs through the private sector?

Gayle TIERNEY: No, not at all. Did you want to –

Danny O'BRIEN: Why has that target then been halved?

Tim ADA: Mr O'Brien, that target reflects the fact that a number of significant investments have proceeded in 2023–24 and have been claimed in the 2023–24 year and will continue to be delivered in 2024–25. But you are right – the target for new jobs created by investment is lower next year.

Danny O'BRIEN: In terms of grant programs to either the private sector or the public sector for job-creating activities in regional Victoria, is there any money left outside the Tiny Towns Fund?

Tim ADA: The minister has talked about a number of regional package programs that she is responsible for and that we administer, the Tiny Towns program being one of them. The Regional Worker Accommodation Fund, the council support program –

Danny O'BRIEN: I am looking specifically at grants for the private sector.

Gayle TIERNEY: Chain supply.

Tim ADA: Yes, there is a supply chain program to the valley related to Opal's restructuring. The department more generally, Mr O'Brien, runs a number of broader programs that deliver outcomes for regional Victoria. Of course, if there was to be a significant investment led by a proponent based in regional Victoria, the government always has the opportunity to consider those during the course of the year.

Danny O'BRIEN: But if I come to you now with a proposal to create 1000 jobs and I need \$3 million to top up the investment, there is not a grant program currently available through RDV or the department for regional?

Tim ADA: Our investment attraction efforts as a department, particularly using the example you did of investments of that size – we would tend to work with the firm on a case-by-case basis and take those to government on a case-by-case basis.

Danny O'BRIEN: Okay. Thank you.

The CHAIR: Thank you, Mr O'Brien. We will go to Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister, Secretary and officials. I take you now to budget paper 2, page 13, which references the \$2 billion regional investment announcement last year. Minister, would you mind telling us about the program funded by RDV through this comprehensive \$2 million into regional Victoria, please?

Gayle TIERNEY: Yes. Thank you for the question. This is a range of funds that I have mentioned in part through the presentation but also in answering questions. The Regional Worker Accommodation Fund – \$150 million – is very much key to a lot of work that RDV is undertaking at the moment. We have also, of course, got the \$25 million for the council support package, and then there is the \$20 million for the Tiny Towns Fund, and the supply chain fund is available for people as well, that the Secretary has just taken Mr O'Brien through. These are competitive funds. We have seen in terms of the Regional Worker Accommodation Fund and Tiny Towns that there has been an enormous response; it has really captured the imagination of many, many regional Victorians. And as I said before, round 1 is in the final stages of being gone through. I am hoping to make some announcements in terms of successful grant holders very soon.

Meng Heang TAK: Thank you, Minister. The Tiny Towns Fund – I would like to talk about that a bit more, and you also mentioned it in your presentation. I love the concept of Tiny Towns, like perhaps many of my regional colleagues here – a fantastic program to provide a boost to our smallest towns. Minister, can you tell us a bit more how the Tiny Towns Fund will support regional Victorian communities?

Gayle TIERNEY: Thank you. Our tiny towns are really unique, and every single one of them has a different history and different industries, different communities, different interests. But one common interest is that they want obviously good-quality amenity, and they want great facilities for locals so that they can enjoy improved livability obviously in tiny towns. But it is also about working out ways in which tiny towns can improve visitation. I think many of us have seen lots of people – regardless of whether they live in Melbourne or large regional towns, everyone likes to go to a tiny town that is particularly interesting. I think we have outdone ourselves in terms of local produce and home chutneys and every other such thing, but tiny towns are a lot more than that too. This is not just a matter of project building, it is also an exercise where communities are weaving an even stronger fabric amongst their own community in developing up what they consider to be

priorities for the town. That in itself has been remarkable to witness: people just going through working out the strengths of the individuals and the strengths and other aspects of the town that need to be facilitated or improved.

As I mentioned, that funding will have a number of rounds attached to it, and we will be making a number of announcements shortly in respect to it, but we do want the ability of people to talk about their towns in a way that promotes not just the town but also the life that people enjoy in regional Victoria. As we know, and as we saw during COVID, when many people left Melbourne to come to regional Victoria, people have worked out that regional Victoria is pretty special in all sorts of ways, and we do not want the tiny towns to miss out. That is why there is a specific fund for them, so that they can advance and demonstrate to other towns in the world that they are pretty special and very unique.

Meng Heang TAK: Thank you. I can see that you are very passionate about this Tiny Towns Fund, Minister. I understand that the emergency recovery is also an important part of RDV's work. Has the Tiny Towns Fund played a role in the economic recovery of the tiny towns impacted by the recent severe weather events?

Gayle TIERNEY: It has, actually. Obviously with the fires in February, and then we had those shocking storms, there are a number of communities impacted as a result of that. I have been to Pomonal a couple of times now, and the first was not long after the bushfires had gone through. Again, what can you say, particularly after you have seen what has happened? Forty-four houses were destroyed, and this is a pretty small town. The devastation is unbelievable. We were fortunate in that the general store and the community centre and the school and a couple of other facilities were able to survive, but a large part of Pomonal is gone. Of course being a town full of resilience, knowing that – given where they live, where they are located right up against the Grampians – this could have been a possibility at one point, this is a town that was aware of that, and they were prepared. Many shifted out of the fire's reach on that day. Having said that, they have gone back in and they have worked tirelessly to get rid of rubbish and to start rebuilding. It was very obvious to me that there needed to be some additional immediate assistance in respect to shovels and wheelbarrows and practical things that they needed asap. The Ararat city council was the local government in that area. They are fantastic. I have got to say they have been really responsive to government as well as the community, and we were able to extend \$200,000 out of the Small Towns Fund to Pomonal as we did with Mirboo North.

Meng Heang TAK: Thank you.

The CHAIR: Thank you very much, Minister. We will go to Mrs McArthur.

Bev McARTHUR: I will go to Ms Jones. Budget paper 4, page 72 – I want to ask you about the Twelve Apostles precinct development. I see there is \$126 million allocated for this project. Is that just on the project, Ms Jones? The construction, the planning –

Beth JONES: It is on the construction of the Twelve Apostles precinct redevelopment, Mrs McArthur, yes.

Bev McARTHUR: \$126 million. How much are you allocating, or where would we find this, for the compulsory acquisition of this private land?

Beth JONES: Mrs McArthur, the project budget makes provision for all aspects of the project, and we are working through a set process, a legislative process, in terms of the acquisition of the land. That process is in train, and until that is concluded I cannot comment anymore.

Bev McARTHUR: So the compulsory acquisition part of the project – that money is part of the \$126 million? Is this the total amount you are allocating for this project?

Beth JONES: Mrs McArthur, that is the amount of money that has been allocated for the precinct redevelopment at this point.

Bev McARTHUR: How much did you have to spend on the court case that you were involved in with the Nessler family in this project over the compulsory acquisition?

Beth JONES: Mrs McArthur, I am not sure what court case you are referring to.

Bev McARTHUR: There was a Supreme Court case.

Beth JONES: A Supreme Court case in relation to this project?

Bev McARTHUR: Yes.

Beth JONES: No, not with us, Mrs McArthur.

Mathew HILAKARI: Maybe you could name the court case. That would help, maybe.

Bev McARTHUR: Yes.

Beth JONES: I am not aware of a court case, sorry, Mrs McArthur.

Bev McARTHUR: Okay. How often, Minister or Ms Jones, do we compulsorily acquire private property for commercial purposes rather than building a train line or a hospital or a road?

Gayle TIERNEY: Mrs McArthur, this will become a public asset and it will be of benefit to all Victorians.

Bev McARTHUR: Well, Minister, the Nessler family were prepared to fund the entire project themselves so no taxpayers money would be needed. You would not have needed \$126 million if you had allowed the Nessler family to develop that project themselves. Why do you need to spend taxpayers money to develop a project which the private sector could have developed adequately and, I would suggest, probably better than government will be able to do?

Gayle TIERNEY: There was a determination by government that this was the best way forward and that is what has occurred. Discussions are underway with them, as you know, and I think it is inappropriate to go any further given that there are active discussions underway.

Bev McARTHUR: So will this property, once acquired by the state, remain in the hands of the state, or will you rule out handing that land, that property, that development, that project over to the Eastern Maar Corporation?

Gayle TIERNEY: It will be a public asset for the benefit of all Victorians, Mrs McArthur.

Bev McARTHUR: And remain with the state, Minister?

Gayle TIERNEY: I have answered your question, Mrs McArthur.

Bev McARTHUR: Well, Minister, this is a very sensitive issue, because you are creating a major precedent of acquiring private land for commercial purposes and you cannot give me a guarantee that this land is even going to remain in the hands of the state.

Gayle TIERNEY: This is one of the most iconic areas of not only Victoria but Australia, and the government saw fit that this would be acquired. Many people in the local community, Mrs McArthur, cannot wait for this development to occur.

Bev McARTHUR: That is not what I hear, Minister. Minister, have you asked for advice from Regional Development Victoria as to what the additional cost of projects for cultural heritage studies will be?

Gayle TIERNEY: Cultural heritage studies for what, Mrs McArthur?

Danny O'BRIEN: Projects funded by RDV.

Gayle TIERNEY: Oh, generally.

Bev McARTHUR: Maybe Ms Jones knows.

Beth JONES: Sorry, Mrs McArthur, are you talking in relation to this project or more generally?

Bev McARTHUR: No, just in general.

Gayle TIERNEY: Generally.

Beth JONES: Sorry. So a range of our –

Bev McARTHUR: Budget paper 3, page 142.

Beth JONES: Yes. Mrs McArthur, a range of the projects that we deliver have cultural heritage assessments associated with the development of them. There are quite a number of those across the range of projects right across the state. I do not have a figure on how many or a cost, but yes.

Bev McARTHUR: Are you able to get that? I mean, we need to know how much the additional cost will be on these projects.

Beth JONES: Mrs McArthur, it is a component of project development and delivery that is built into all of our project design. It is like planning requirements or other components, Mrs McArthur.

Bev McARTHUR: Okay, Ms Jones. Have you provided advice on the time delays that are potentially going to take place within the delivery of these projects due to cultural heritage studies?

Tim ADA: Can I just suggest, Mrs McArthur, just further to what Ms Jones has said, that a feature of delivering capital projects along the lines of what you have used as an example, a feature of our work in the regional development portfolio and the department more generally, is to work closely with traditional owner corporations from the design stage of projects. Cultural heritage management plans are a regulatory requirement, just like planning or other environmental approvals. A feature of our work in the department – whether it is Nyaal Banyul or whether it is a sporting infrastructure project in regional Victoria – is to work with traditional owner corporations and to progress the cultural heritage management planning as expeditiously as possible.

Danny O'BRIEN: Can I throw a quick one in, Secretary? The presentation said the Tiny Towns program was \$20 million. It was only allocated \$10 million in last year's budget, and there is no more in this year's outputs. Where has the other \$10 million come from?

Tim ADA: There is an allocation for the Tiny Towns Fund through the regional package, Mr O'Brien.

Danny O'BRIEN: Which regional package?

Tim ADA: The \$2 billion regional package that was announced by the government in July last year.

Danny O'BRIEN: So it was in the budget update?

Tim ADA: I would have to check. I do not have that with me.

Danny O'BRIEN: Would you take that on notice?

Tim ADA: Yes.

Danny O'BRIEN: Thank you.

The CHAIR: We will be going on to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister, officials. Minister, in your presentation you spoke about the portfolio's refocus on economic development for the regions. Can you explain a little bit about what that entails but also how it links to the broader government focus on economic outcomes for regional areas?

Gayle TIERNEY: Sure. One example of a practical component of it is the Regional Worker Accommodation Fund, because we know that industries and employers in different areas as well as workers themselves that are wanting to shift to different parts of regional Victoria are struggling to find housing, and so that is very much part and parcel of having a jigsaw approach to what is required for economic development to forge ahead.

This government is very much focused in wanting regional development to have that economic sharp edge so that all sorts of other things that might be regional are not necessarily assumed into the regional development portfolio, so that we can remain focused on exactly what can be done through place-based identification and place-based solutions to value-add businesses as well as work together on working out how we can attract other businesses and industry. What I would like to see is more involvement with Invest Victoria and Global Victoria and for producers – our agriculture sector and our agribusinesses – to be more connected up not just within the state but internationally as well. I think that we are pretty ripe for being able to do that, and being a previous agriculture minister, I could see the growth elements in agribusiness in particular. And of course the products that we grow and breed are really important in terms of our economic export bottom line. That is the approach that we are wanting to take, that it is a lot more direct, a lot more connected up with industry, with our markets interstate as well as international. Of course through that we will see job growth. Obviously we have got some very good statistics in relation to employment in regional Victoria at the moment, and we will drive that even further.

Lauren KATHAGE: Thank you. You talked about place-based, and we see on page 61 of BP3 it talks about the Regional Partnerships and Regional Development Australia committees. We know they have got an important role in terms of highlighting and bringing to bear the diverse priorities of different regions to the government. Are you able to expand on their role but also about how they connect to that renewed focus on economic development for the regions?

Gayle TIERNEY: Yes, thank you. I have had an opportunity to talk to most of the stakeholders throughout regional Victoria about this sharper focus on economic development. They have been regional partners, members, chairs and RDA chairs, but also I have had the opportunity to talk to regional councils, their peak bodies, as well as regional cities, G21 – you name it. Everyone is absolutely on board with this renewed focus. It is also about them being able to have more of a direct input and more conversations across government about how to trigger really good ideas when it comes to improved economic growth in their local area. I am really looking forward to working very closely with them. I have not had to twist any arms whatsoever. People have absolutely grabbed the idea and the proposals that we have on the table about how we might be able to work through that process and achieve the joint objectives of economic growth in regional Victoria.

Lauren KATHAGE: Thank you. I think it was not long ago that we had the figure of the food and fibre exports from Victoria. Was it \$1 billion?

Gayle TIERNEY: It is massive.

Lauren KATHAGE: It was some huge amount, and I know even in peri-urban areas there are producers as well that are contributing to that figure, right through to our towns way out from here.

Back to the Tiny Towns Fund, I am not sure where it is up to in the process in terms of grants and whether you are able to talk about the types of things that communities are asking for, because I know in some of the communities that I represent the diversity of things that each town, with its own character, as you referenced, sees as being helpful for them is quite interesting to see across different towns.

Gayle TIERNEY: It is a department-led process, but my understanding is they have received applications for new displays that tell the story of the town, pivoting to their strong points, whether it be agriculture in particular. There have been requests for improvements to some buildings. There have been requests for the ability to tell stories through audiovisual, parks and gardens and amenities for people that might be coming to town that need to have rest rooms et cetera, sporting facilities as well – it runs the whole gamut of what you would expect in terms of the variety of needs that people perceive their communities are needing.

Lauren KATHAGE: Thank you. We have spoken a bit this evening about leaders in regional Victoria, but it also strikes me that there are a lot of volunteers that are really important for these tiny towns. I am thinking particularly of the Wandong–Heathcote Junction community group. I do not know how many hours they volunteer each week, but they literally clean graffiti, prune trees, hold meetings, run the Anzac Day service. There is nothing in that town that that community does not –

The CHAIR: Apologies, Ms Kathage. Your time is up. We are going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good evening. Regional Victoria, as I am sure you are well aware, has been hit really hard by the current housing crisis. Regional centres like Ballarat are seeing more and more people with employment that are having to sleep rough. We are seeing the Labor government increase its targets for infrastructure projects. Predominantly those are going to need to be rolled out in the regions – I am thinking transmission and renewable energy transition, for example. That obviously means you are going to have to house a whole lot of workers who are going to have to come out and work on those projects, so that presents some immediate challenges. The response to that from the government has been the Regional Worker Accommodation Fund, so I would like to ask a few questions about that fund. In the selection criteria for applicants to the fund it highlights that housing must be affordable for key workers and their families. How is affordability defined?

Gayle TIERNEY: Mr Schinck is very close to the administration of this.

Anthony SCHINCK: Thank you, Minister. The term ‘affordability’ is derived from looking at effectively the average rent that would be required for workers to meet costs of accommodation. We will be benchmarking those across the breadth of the applications on receipt. Part of the Regional Worker Accommodation Fund is not only to pay for the infrastructure to build accommodation but also to support developments to ensure that those rents will be cost of living and kept affordable, but it will be through a benchmarked process built on the data that is provided by applicants as they move through the process.

Aiv PUGLIELLI: Right. I will just double-check: is that the average rent of the applications you receive?

Anthony SCHINCK: It essentially will benchmark all of the rents in terms of project by project depending upon the typology of the accommodation as well, because as you can imagine, the fund hopes to achieve a very wide range of accommodation types to meet the various industry requirements. We will be benchmarking all of those against existing accommodation and rental costs and existing industry costs for the same type of service.

Aiv PUGLIELLI: Existing in that area?

Anthony SCHINCK: In that area in particular, yes.

Aiv PUGLIELLI: Right. Thank you for clarifying. In the application criteria for the fund the criterion ‘Need for government support and value for money’, which is weighted at 15 per cent of the overall assessment, it states that for private sector projects the outcomes of the project show ‘sufficient public benefit’. What does that mean? How do you determine sufficient public benefit?

Anthony SCHINCK: Thank you. I am happy to address that question as well. The public benefit principle of the guidelines really looks to ensuring that the accommodation meets the needs of industry in that particular location or geography, depending upon the sector type for instance, and also that it meets a range of public benefit principles such as accessibility, affordability, safety and a range of particular benefits to individuals who would be taking up that accommodation.

Aiv PUGLIELLI: I suppose my question then is: what is the mechanism that is used to make that measurement? How does that happen?

Anthony SCHINCK: We will be looking at a range of obvious standards in terms of accessibility arrangements et cetera that would be applied to a building. We would make sure that management principles or management practices and operations of worker accommodation are managed in a way that ensure, for instance, the safety of workers and families that might be taking up that accommodation. The key aspect to talk to with the Regional Worker Accommodation Fund is that the program is very focused on bespoke outcomes in place that talk to the community, to industry and the workers that are required for place. So it is a very bespoke process that we are working with closely and deeply through the EOI process and then the application process, which is current as we speak.

Aiv PUGLIELLI: Thank you, and I appreciate the clarification. How do you determine whether government assistance is required for the viability of the private development as opposed to developments that would have gone ahead anyway?

Anthony SCHINCK: There are a couple of instances of how that is done. First of all, through the EOI process we undertake a very thorough commercial due diligence of the EOI proposal and the entities or delivery partners, investment partners, that are part of that process. There are a range of eligibility checks that are also applied to those entities. Furthermore, as we move through the process into application phase we will be looking very closely at the proportion of co-contribution of investment partners, and the guidelines themselves give preference to projects that have higher proportions of private sector investment.

Aiv PUGLIELLI: Right. Thank you for that. On the co-contributions, what is the average co-contribution required for applicants to the Regional Worker Accommodation Fund?

Anthony SCHINCK: We in this case have not put an average or a particular ratio, which is sometimes common to other programs. Given the bespoke and geographical place-based nature of the program that I referred to earlier, what we want to make sure is that we do not exclude any proponents, such as social enterprises and such as public organisations. We want to catch all of those good ideas from those proponents and preferably partnerships between those entities, so we have not built in a mechanism of a ratio. We have left it general to capture all of those because we want a broad range of outcomes.

Aiv PUGLIELLI: Thank you. I hope this one actually is for you, Minister; I do not want to just go to the department.

Gayle TIERNEY: Can I just say that in addition to that it was so important that we did run those five pilots in different parts of regional Victoria to basically flush out some of the imperatives that needed to be considered if we were to establish a fund, and that is why it is so reasonably well developed.

Aiv PUGLIELLI: Sure. Thank you, Minister. The recipients of the fund are going to be announced in July 2024, and I understand works have to be complete by June 2026. We know there are huge challenges getting construction workforces to regional Victoria at the moment. Do you think the timelines are realistic?

Gayle TIERNEY: One of the things that we are wanting as part of this, and I do not think Mr Schinck mentioned this, is we are wanting a lot of the proposals to be shovel ready, and part of that of course is ensuring that there are building crews that will be able to deliver what is required.

The CHAIR: Thank you, Minister. We will go to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister, Secretary and officials. It is great to see you again, Secretary, here with us. I did want to talk about Tiny Towns because they are just so exciting, but I am not going to go there because I know they have been covered. I think you saw the passion that I had for them earlier.

Danny O'BRIEN: Do it all again.

Gayle TIERNEY: Hop in the car.

Mathew HILAKARI: No, no, we cannot do it again. I am going to take you somewhere else. I am going to take you, Minister, to budget paper 4, page 72, and that outlines some of the –

Bev McARTHUR: Which page was it?

Mathew HILAKARI: Page 72, Mrs McArthur, for your reference. I am going to take you to DJSIR's projects being delivered across the state but particularly in regional Victoria. I am hoping you can outline some of those local projects and just talk to them a little bit to start off, and then I have got a few supplementary questions to go on with after that.

Gayle TIERNEY: Thanks. Well, probably it is a good idea to start with probably the largest, and that is the Geelong City Deal, which is around about \$600 million. I mentioned the convention centre, and if you go down The Esplanade in Geelong at the moment you will see that there is significant work going on in that property. There is car parking being built at the moment, so there is a massive hole, so to speak, and there is a lot of activity going on. But one of the things that really struck me when I went there with all of the other government Labor MPs fairly recently was the social procurement that has also been leveraged in respect to the build. What has occurred is that there is a stipulation of how many people and of particular cohorts – all of which are remarkably disengaged and have had opportunities not thrust their way, shall we say – and there are penalties

attached in the procurement policy and the contract that ensure that the employers do the right thing and the contractors do the right thing in making sure that they are provided with the necessary supports and that they continue on working on that project.

There is a particular chap from the northern suburbs of Geelong, whom I met, and his name is Ali Ahmed. He moved to Geelong from Pakistan in 2013. His family has had significant issues, shall I say, in that when he first arrived none of them were able to speak English, and now I can tell you he can deal with the media and deal with the rough and tumble on the construction site as well. He is an amazing example of what can happen when there are deliberate focused interventions so that people in the community are not left behind. It is fantastic that there is this amazing investment in Geelong, but unless you take people along with you, then there is greater disparity.

This is an active program that enables people to participate and is designed in a way where there is a pre-employment program of 12 weeks before people actually work full time. That obviously partners with a number of other initiatives and activities that the government has underway generally in terms of making sure that apprentices, people from non-English speaking backgrounds, First Nations people and of course women are included in making sure that they learn skills, are part of building the capital and the investment as well as being part of that reservoir of skills that this economy needs, so that when investors come knocking on the door we can be assured that there is a reservoir of skills right across regional Victoria where we can assist in whatever is required to make things, build things or produce things. So this is a really good story. I think this particular program connected to the Geelong Convention Centre is potentially a Victorian first. It could be an Australian first. It is something that people will definitely be watching. We might see a couple of PhDs out of it, but what I want to see is more and more people who would have been left behind not left behind and actively participating and being engaged not just in terms of employment but in terms of the overall fabric of the region in which they live. So this is really exciting, Mr Hilakari.

Mathew HILAKARI: I think you speak to something that is really at the core of Labor governments, which is really deliberate activity and investment in communities. In Geelong we saw, when the car industry left, the result of the Liberal government walking away from an industry which had been involved in heavy manufacturing and had a great history in our state and other states. We do not leave things to luck. Deliberate investment activity is just so important for our communities.

Gayle TIERNEY: I could not agree more.

Mathew HILAKARI: I want to talk about another deliberate investment activity – Bendigo Art Gallery. I say this, and I know that the Premier and the Speaker may be watching, so I want to give a shout-out to them because they love it so much too. Tell me a little bit about what investments are going on there.

Gayle TIERNEY: I think everyone knows the Bendigo Art Gallery, don't they? It is iconic in terms of regional Victoria but is iconic in the country. There has been a serious focus over a number of years now to attract some amazing exhibitions – exhibitions that are not seen anywhere else in the country. Of course at the moment there is the Paris exhibition that is on there. I did have the opportunity to visit there fairly recently.

Mathew HILAKARI: It is the Paris of the north of the state, isn't it? Is that what we are calling Bendigo?

Gayle TIERNEY: Absolutely, as the Speaker would say, and absolutely, as the Premier would say as well, and there is a good reason for that. People have put in a lot of time and effort in making sure that this is a destination piece, a very serious destination piece, in Bendigo.

The CHAIR: It is a destination I might think about booking a trip to.

Thank you, Minister and officials, for appearing before the committee today. That brings our session to an end. 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 is now going to take a very short break before beginning its consideration of the skills and TAFE portfolio at 6 pm.

I declare this hearing adjourned.

Witnesses withdrew.