

RESPONSE TO QUESTIONS TAKEN ON NOTICE

PAEC Inquiry into the 2024-25 Financial and Performance Outcomes - DTF

Monday 24 November 2025

1. Can you provide clarity on what is left in central contingency allocations, what that contingency is made up of and where those allocations could go?

(Asked by Richard Welch Page 4 of the transcript)

Transcript extract:

Richard WELCH: Right. So, Secretary, in last year's outcomes you told the committee that Treasurer's advances are no longer being used for urgent or unforeseen spending. So how do you reconcile that?

Lauren KATHAGE: He did not say that.

Chris BARRETT: Well, I do not think I said quite that. I was talking about a number of different –

Richard WELCH: I can quote you if you would like.

Chris BARRETT: Yes.

Richard WELCH: It is here.

“Question from Mr O'Brien: ... the Treasurer's advances are no longer for urgent or unforeseen spending?

Mr Barrett: That has been correct for a little while ... “

Chris BARRETT: I think what I meant to say was they are no longer only used for that purpose.

Richard WELCH: So, the DTF resource management framework – is that out of date?

Chris BARRETT: No, it is not. There are a number of different circumstances in which Treasurer's advances are used, Mr Welch. The one that I think people traditionally think of is indeed for urgent and unforeseen circumstances, and the government still does use Treasurer's advances for that. So, for example –

Richard WELCH: Then why hasn't the framework been updated, then, and approved by someone? Are you just making your own rules up as you go?

Chris BARRETT: No. And as we have spoken about in this committee before, Mr Welch, the use of Treasurer's advances as the vehicle by which amounts held in central contingency are released to departments we submit is actually an additional layer of effective government, central government.

Richard WELCH: Who determines that policy?

Chris BARRETT: Well, that has been the practice for many years.

Richard WELCH: It may be the practice, but who determined that would be the practice?

Chris BARRETT: Well, I do not think there is anything in the resource management framework that excludes that as a use of Treasurer's advances, Mr Welch. And I was going on to try and explain what the benefit of doing contingency releases –

Richard WELCH: But I am concerned: where is the rigour here? Where is the rigour here? You can basically redefine what Treasurer's advances are of your own accord.

Chris BARRETT: No. I think the rigour is there, Mr Welch. If I might submit that the contingency releases from Treasurer's advances are all transparently laid out in both the DTF annual report and also the annual financial report. I think from memory we added some additional reporting in this year's budget as well. So we have been seeking to bring more and more transparency to that over time, because quite reasonably people have been asking questions about how these are used.

Richard WELCH: Right. If that is the case, then you would have clarity about what is left in your contingency allocations, what that contingency is made up of and where those allocations could go.

Chris BARRETT: Yes, we would have that.

Richard WELCH: Can you provide that?

Chris BARRETT: I will see what can be provided to the committee. As I said, we always disclose which contingency amounts have been released.

Response

A Treasurer's Advance (TA) represents a specific appropriation made available to the Treasurer each year as part of the annual Appropriation Act, and covers authority for the budget year.

The upcoming budget update, as per standard practice, will disclose the revised estimates for output and asset contingencies across the budget and forward estimates. This will be in the format of the new contingency disclosure that was introduced in the *2025-26 Budget*.

The Resource Management Framework is updated periodically by the Department and issued by the Deputy Secretary Budget and Finance under delegation from the Minister for Finance. The most recent update came into effect on 1 July 2025.

The Government's use of Treasurer's Advance is consistent with the guidance under the RMF and is reported in the financial year in which the advance was made. This includes the release of funds from central contingencies.

Financial reporting requirements for TAs are outlined in the *Financial Management Act 1994* (FMA).

Mid-year financial report

The *Financial Management Legislation Amendment Act 2025* added a new requirement into the FMA regarding additional reporting of TAs in the mid-year financial report.

The new section 25(2)(ba) of the FMA now requires that the mid-year report 'must include details of payments made during the period of 6 months ending on 31 December in the financial year out of money advanced to the Treasurer in an annual appropriation Act for that year to meet urgent claims'.

This will apply for the first time to the next mid-year financial report due to be released no later than 15 March 2026.

Annual financial report

The FMA requires that the Annual financial report, section 24(2)(i), 'must include details of payments made during the financial year out of money advanced to the Treasurer in an annual appropriation Act for that year to meet urgent claims'.

The 2023-24 and 2024-25 *Annual Financial Reports* separately disclosed Treasurer's advance payments relating to decisions made post budget and contingency releases paid from the advance to the Treasurer.

2. How much of the Suburban Rail Loop contingency has been absorbed?

(Asked by Richard Welch Page 5 to 6 of the transcript)

Transcript extract:

Richard WELCH: To be confident that the government is on track – for example, on the Suburban Rail Loop – you would need to know how much the project is going to cost. So how much is the Suburban Rail Loop going to cost?

Chris BARRETT: It is going to cost between \$30 billion and \$34.5 billion, Mr Welch.

Richard WELCH: Which costing figures are they based on?

Chris BARRETT: They are based on the figures in budget paper 4.

Richard WELCH: From what year?

Chris BARRETT: I think the costing was done in 2022, but 2021.

Richard WELCH: 2021. Have you requested updated figures for that?

Chris BARRETT: No, we have not.

Richard WELCH: So you are allocating against a four- to five-year-old figure?

Chris BARRETT: Four years old. But the point that I would make about that, Mr Welch, is actually at the time that the costing was done, (a) you built in contingencies, obviously as you do for any project. It was also the time when we had already started to see –

Richard WELCH: How much of that contingency has been absorbed?

Chris BARRETT: Sorry, if I could just –

Richard WELCH: No, I understand that. I just want to know how much of that contingency has been absorbed.

Chris BARRETT: I do not know that we have those figures in front of us, but –

Richard WELCH: But you are allocating against it anyway?

Chris BARRETT: Well, as you go, obviously we keep an eye on the contingencies in the Department of Transport and Planning –

Richard WELCH: But you just told me you do not know what they are.

Chris BARRETT: I just do not have them in front of me right now, Mr Welch.

Richard WELCH: Can you provide them on notice?

Chris BARRETT: I will see if I can provide those.

Richard WELCH: No, I would like them provided on notice, please.

Chris BARRETT: Okay.

Richard WELCH: Yes?

Chris BARRETT: Yes.

Response

The Suburban Rail Loop East is expected to cost between \$30 billion and \$34.5 billion and is targeting delivery by 2035. The costs of the major contracts awarded to date are disclosed in *Budget paper No. 4 State Capital program chapter 1 page 19*. The contract costs for major works packages reflect competitive market processes and therefore do not rely on prior forecasts.

The TEI, estimated expenditure and estimated completion date will be disclosed following the procurement of the remaining works packages.

Below are the contingency releases paid from the advance to the Treasurer to the Department of Transport and Planning for Suburban Rail Loop East per prior State Financial Reports.

- 2024-25 – \$1,177 million
- 2023-24 – \$1,537 million
- 2022-23 - \$297 million
- 2021-22 – \$155 million
- 2020-21 – \$147 million
- 2019-20 – \$101 million

3. Can the Committee have a copy of the advice from DTF's credit ratings advisor?

(Asked by Richard Welch Page 6 to 7 of the transcript)

Transcript extract:

Chris BARRETT: It has been disclosed in both our annual report and publicly that we have a ratings adviser. So yes, we do use the advice of our ratings adviser.

Richard WELCH: And therefore you have received assessments from that adviser?

Chris BARRETT: I would not say so much assessments as advice on the way through. We find it very useful to have an adviser who has worked within the ratings agencies to help us in our engagement with those ratings.

Richard WELCH: Can the committee have a copy of that advice?

Chris BARRETT: I would have to take that on notice, Mr Welch.

Richard WELCH: Why is that?

Chris BARRETT: Well, I just have to be sure about who the advice has been provided to. There might be elements of it that we have provided in in-cabinet documents. So I am happy to take it on notice.

Richard WELCH: Anything outside in-cabinet we would appreciate, thank you.

Response

The Department of Treasury and Finance (DTF) has received advice from a ratings adviser – Titanium Advisory Pty Ltd. This is in the form of advice and assistance in DTF's engagement with rating agencies. No discrete assessments or reports were commissioned from the ratings adviser.

4. What was your forecast for interest rates over 2025–26? Were you expecting interest rates to further decline?

(Asked by Richard Welch Page 7 of the transcript)

Transcript extract:

Richard WELCH: What was your forecast for interest rates over 2025–26? Were you expecting interest rates to further decline?

Chris BARRETT: That is a good question, and I am happy to provide it. I do not know whether we have the actual rate number to hand. If we can provide it by the end of the committee, I will.

Richard WELCH: I believe most Treasury documents were assuming there would be further rate cuts, and there have not been.

Chris BARRETT: Yes. From memory, around the time that we struck the budget it was during that period of the so-called Liberation Day tariffs and we were not sure which way interest rates were going to go. From memory, they came down very slightly. But I am happy to provide that information to the committee.

Response

Following the Reserve Bank of Australia's (RBA) first interest rate cut of 25 basis points in February 2025, the *2025-26 Budget* assumed a further easing in the RBA cash rate with a path that broadly followed market economists' expectations at the time. In March 2025, this assumed 65 basis points of easing in calendar 2025. Since the forecasts in the *2025-26 Budget* were finalised, the RBA announced two further rate cuts, in May and August, totalling 50 basis points. This forecast is distinct from DTF's assumptions around the interest rates payable on new debt issuance by the Treasury Corporation of Victoria, which assumed an upwardly-sloping yield curve.

5. Can the Committee have a copy of the deliverables/contract schedules/schedule of work undertaken by consultancies for the Silver Review?

(Asked by Richard Welch Page 8 to 9 of the transcript)

Transcript extract:

Richard WELCH: Okay. Thank you, Mr Larkin. I would just like to ask a couple of questions about the Silver review. In your annual report you listed four consultancies engaged to support the independent review into the Victorian public sector. What activities did these consultants undertake?

Chris BARRETT: I will just get the page from the annual report, if I may. A couple from Ernst & Young, as you would see, for amounts of – I will use the expenditure rather than the approved project fee.

Richard WELCH: Well, actually it is the activities I am interested in. So what did they do?

Chris BARRETT: Well, I want to be careful, Mr Welch, because obviously the government has not released the Silver review, but there are a number of terms of reference to that review. I will not go to specific consultancies, but you can take these as the ones that were focused on: further strengthening budget operating parameters and accountability, reforming public bodies and entities to realise savings and streamline the operations of government, reforming the structure and size of the Victorian public service and undertaking a range of other major reforms to reduce duplication and scope creep, rein in cost growth and improve effectiveness and accountability.

Richard WELCH: So did they produce a list of deliverables for the departments?

Chris BARRETT: They produced reports for Ms Silver that she has used in the production of her report, Mr Welch.

Richard WELCH: Are they available? Can we have a copy of those?

Chris BARRETT: I am happy to look if they can be provided once the report has been made public. Obviously I could not do that in the interim.

Richard WELCH: Why not?

Chris BARRETT: Well, because it would presuppose what is in the report, and government has not released that yet.

Richard WELCH: No, it is simply advice, isn't it? It is not the final report.

Chris BARRETT: But it would be very indicative of what the final report would contain in it.

Richard WELCH: Oh, they will be taken verbatim. Do you have the contract schedules, the schedules of work, that were undertaken – the hours, where, what, the actual activities?

Chris BARRETT: I do not have them myself. I imagine Ms Silver would, Mr Welch.

Richard WELCH: You have paid for them with –

Chris BARRETT: Indeed, from the amounts that are laid out in the annual report. We did the back office procurement for those consultancies, Mr Welch, but the choice of consultants and the day-to-day guidance was Ms Silver.

Richard WELCH: But the procurement – you must have known what the activities were, who would they be engaging with and things of that nature?

Chris BARRETT: Yes.

Richard WELCH: Yes. Can we have those?

Chris BARRETT: Well, again, Mr Welch, the report has not been made public, so –

Richard WELCH: No, but I am not asking for details of what they found. I am interested in details of the work provided.

Chris BARRETT: I would have to see if that can be provided, but again, I would think that is after the report has been made public.

Richard WELCH: Why?

Chris BARRETT: Because it might indicate where the report is going.

Richard WELCH: No, no, no – simply, you know, ‘Tuesday we go here, Wednesday we go here, Thursday we go here. We speak to this officer; we speak to that officer.’ How would that indicate anything other than the schedule of work?

Chris BARRETT: The other point that I would make about the schedule of work – I mean, what matters for the schedule of work is the budget, which has been released in the DTF annual report. So you can see the approved fee and you can see how much was spent against it.

Richard WELCH: It is not the same as the schedule of work, Mr Barrett.

Chris BARRETT: Yes, understood.

Richard WELCH: So could we please have the schedule of work?

Chris BARRETT: I will see what can be provided, Mr Welch.

Response

The Victorian Government response to the Independent Review of the Victorian Public Service is still under consideration by Government. DTF is unable to provide any materials related to the review until the Government has released both the review’s final report and its response.

6. Did the department conduct any probity assessments on Gilbert and Tobin, a consultancy engaged in the Silver Review?

(Asked by Richard Welch Page 9 of the transcript)

Transcript extract:

Richard WELCH: Now, one of the consultancies (of the Silver Review), Gilbert and Tobin, made a \$3866 donation to the Victorian Labor Party in November 2023. Did the department take any probity assessments in relation to this consultant?

Chris BARRETT: As I mentioned earlier, Mr Welch, the choice of consultants was Ms Silver's, not DTF's.

Richard WELCH: But you were paying for it. So do you not have any probity responsibilities in the payment?

Chris BARRETT: We would have provided procurement advice, as in how to procure the consultancies, but the consultants were Ms Silver's choice, not ours.

Richard WELCH: And you just waved them through?

Chris BARRETT: As I said, they were Ms Silver's choice, not ours.

Richard WELCH: So no probity checks over who you were signing these cheques off to?

Chris BARRETT: Well, as I said, they were Ms Silver's choice of consultants.

Richard WELCH: You have said that three times now, but weren't there any probity tests? You were just signing cheques as defined?

Chris HOTHAM: I am happy to add a little here, Mr Welch. As the Secretary has made clear, the choices of consultants were Helen's. In terms of providing her support in the contractual arrangements, yes, we looked at a range of documentation that you would effectively have for any procurement, including –

Richard WELCH: In probity?

Chris HOTHAM: Well, I will look into that specifically to your question, but we certainly looked at other interests, conflicts of interest – those types of things.

Richard WELCH: I am happy for you to take it on notice if you can clarify that for me.

Chris HOTHAM: Yes.

Richard WELCH: Thank you.

Response

Independent reviewer Helen Silver selected Gilbert and Tobin to provide services for the review. DTF processed the Gilbert and Tobin procurement on behalf of Helen Silver (as the Instructing Party), in accordance with the DJCS Legal Services Panel Deed of Standing Offer for the Provision of Legal Services. Declaration of Private Interest statements from all individuals involved in the consultancy were sought and reviewed.

7. How much is the offset for the Central Banking System (CBS)?

(Asked by Richard Welch Page 10 to 11 of the transcript)

Richard WELCH: I will move on to the CBS. Is the central banking system presently in overdraft, and if so, by how much?

Chris BARRETT: I might just ask Ms Kingston if she can talk to the current state of the central banking system – if you were aware of that, Ms Kingston?

Camille KINGSTON: Absolutely. Look, I might actually start with a quick explanation of how the central banking system works –

Richard WELCH: No, no. All I am interested in is: is it in overdraft?

Camille KINGSTON: partly because the overdraft is the wrong way to think about it. It is a pooling of government funds, and it is not –

Richard WELCH: No, no. I do not need an explanation of how to think about it. I just simply want to know: is it in overdraft?

The CHAIR: Excuse me, Mr Welch, the explanation goes to the answer.

Richard WELCH: I am asking for a point of fact.

The CHAIR: Mr Welch, the explanation goes to the answer you have asked, so please allow Ms Kingston to answer.

Richard WELCH: I think I am entitled to ask my questions the way I want to ask my questions.

The CHAIR: Mr Welch, Ms Kingston is trying to answer your question, and I am assuming you would like the answer, because the committee would.

Richard WELCH: Well, as long as it includes an answer to the actual question I have actually asked.

The CHAIR: Mr Welch, do you want to ask your question so Ms Kingston can answer?

Richard WELCH: Are we in overdraft?

Camille KINGSTON: Very quickly, it is a pooling arrangement, and it is misleadingly called an overdraft. It is actually an offset arrangement. I think what your question might be getting to is: is there an expense coming out of the CBS? No –

Richard WELCH: No, my question is: are we in overdraft?

Camille KINGSTON: No.

Richard WELCH: So we are in surplus. How much of the overdraft was repaid in 2024–25?

Camille KINGSTON: I do not have that information at hand, but I can see if I can get that, absolutely.

Richard WELCH: So we are not currently in overdraft at all. And you mean because we are in offset, we are not in overdraft?

Camille KINGSTON: Correct, yes. It is misleadingly called an overdraft. That is a matter for the banks; I am not quite sure why they do that.

Richard WELCH: How much is the offset?

Camille KINGSTON: How much is the offset? Again, I will have to get that information for you. But it is the value of all of the government cash deposits held by participating government agencies and departments, so it is the consolidation and pooling of their funds. I will be able to get you that information; I just do not have it at hand.

Richard WELCH: Thank you.

Response

At start of business (24 November 2025), the net surplus of the Central Banking System (CBS) was \$13.8 billion which is the combined net balance of bank accounts held by Victorian Government entities and the Public Account.

8. (a) Was DTF given any legal advice on whether above 100 per cent cost recovery is actually an unconstitutional tax versus a fee for service?

(b) Can you provide a list of all fees that have been set at levels of over 100 per cent of cost recovery within the DTF portfolio?

(Asked by Roma Britnell Page 15 of the transcript)

Roma BRITNELL: Thank you, Secretary. My question starts with the department. DTF indicates that it reviewed and enhanced the pricing-for-value guidelines. These allow for the setting of fees above 100 per cent cost recovery and when doing so promotes positive behaviours, or when the public can see a share in value created through service or user differentiation. The High Court found in *Airservices Australia v Canadian Airlines* that fees for service must be related to the cost of the service, otherwise it is a tax. Victoria's constitution states that taxes can only be levied by Acts of Parliament whereas fees typically are set by regulation. Doesn't this mean that the pricing-for-value guidelines are encouraging the creation of fees that are in effect unconstitutional taxes?

Paul DONEGAN: I am not aware of the constitutional concerns that you are mentioning there or that they have been challenged, Deputy Chair. On the pricing for value, I might see if Mr Donegan has anything he would like to add, but the pricing for value guidelines are really designed to do exactly what they say, which is to ensure that there is an appropriate contribution to the cost of government service delivery by people benefiting from those programs.

Roma BRITNELL: So if they have gone 100 per cent above cost of recovery, how is that not a tax?

Chris BARRETT: Well, it would depend on the value that is being delivered for the service, but I might see if Mr Donegan wants to add anything further to that.

Paul DONEGAN: I think the other thing to add – in practice – is that most fee setting under those pricing for value guidelines is either under or at cost recovery.

Roma BRITNELL: The example I would bring in to discuss is the regulatory impact statement on probate fees, which indicates that the cost recovery will be about 1086 per cent. Isn't that clearly a tax?

Chris BARRETT: I am sorry, I am just not aware of that regulatory impact statement that you are speaking about there, Deputy Chair. Sorry, I am just not aware of the specific case.

Roma BRITNELL: The issue is that that goes far beyond recovery costs for the service. If you have situations like the probate office increases, how is that value for money and how is that not a tax?

Chris BARRETT: I am sorry, it is not in the budget papers, as I understand, Deputy Chair. Unless you were to refer them to me –

Roma BRITNELL: I am referring to the fact that the questionnaire has got 'to enhance and review the pricing for value guidelines' and the purpose of those guidelines is, as I already said, to bring

value. So can you give me some advice on whether you have had any legal advice on whether above 100 per cent cost recovery is actually an unconstitutional tax versus a fee for service?

Chris BARRETT: I doubt that we have, Deputy Chair, but I am happy to go and examine the record and see if we do have any legal advice on that. I know that the department of justice, whose area this is in, will have a bit more familiarity with this space than I do, Deputy Chair; I apologise.

Roma BRITNELL: If you have sought legal advice, it would be great, because it should not be set at more than 100 per cent. Otherwise it is subject to GST, and GST is often levied on fees but not on taxes. So if that proves to be the case, will you refund Victorians for any unlawful GST that has been paid?

Chris BARRETT: I think that is a hypothetical at this stage, Deputy Chair. I am not aware of there having been any legal challenge to that or any constitutional concerns to that effect.

Roma BRITNELL: Can you provide a list of all fees that have been set at levels of over 100 per cent of cost recovery?

Chris BARRETT: I would have to check if that is in our area of responsibility in terms of the actual fee setting. I could look at the ones that are in our portfolio, Deputy Chair.

Roma BRITNELL: I would like to have a list of those fees and the associated justification and, like I said, any legal advice.

Richard WELCH: All available – not just Treasury, all available.

Chris BARRETT: We will have a look at the ones in our portfolio.

Roma BRITNELL: Are you able to provide a list of those?

Chris BARRETT: We will have a look at the ones in our portfolio, Deputy Chair.

Roma BRITNELL: Okay. Thank you.

Response

- (a) The Pricing for Value Guidelines recommend that if fee-setting bodies are uncertain about whether their proposed fees would lead to over-recovery and amount to being a tax, they should obtain their own legal advice applicable to the specific fees they are proposing.
- (b) Fees set in the DTF portfolio in regulations are subject to regulatory impact statement (RIS) processes where this is required under the *Subordinate Legislation Act 1994*. These RIS processes typically analyse the cost basis of any fees set. Copies of fees RISs can be found here: <https://www.vic.gov.au/regulatory-impact-statements>. Based on a rapid assessment following the Committee's hearing, DTF did not identify any regulatory fees or fees for service charged by entities overseen by DTF ministerial portfolios that are in excess of cost recovery.

9. How many inquiries has the SRO received in relation to this issue (residential properties with commercial activities have been required to pay land tax for the first time as a result of the lowered threshold), and how long on average has it taken the SRO to respond to and finalise these inquiries? How many are in the inquiry phase and not finalised as well?

(Asked by Roma Britnell Page 20 to 21 of the transcript)

Transcript extract:

Roma BRITNELL: Sure. How many residential properties with commercial activities have been required to pay land tax for the first time as a result of the lowered threshold, and what is the average amount of land tax payable?

Paul BRODERICK: Okay. Generally speaking, residential properties with a commercial activity do not pay land tax because the principal place of residence exemption applies. If a person conducts some sort of minor activity from their home, they are generally not required to pay land tax.

Roma BRITNELL: Generally not required and some small amount of revenue?

Paul BRODERICK: It is a case-by-case –

Roma BRITNELL: So are there some limits to the revenue that can be generated before that applies?

Paul BRODERICK: No, it is a case-by-case basis. If the predominant activity was commercial, they would fall into the land tax base, but if it is only a minor activity, they would not.

Roma BRITNELL: How many inquiries has the SRO received in relation to this issue, and how long on average has it taken the SRO to respond to and finalise these inquiries?

Paul BRODERICK: I have not got any figures on that, and I can get back –

Roma BRITNELL: Can you investigate that and give me those figures on notice?

Paul BRODERICK: I can, but it would be very few.

Roma BRITNELL: That is okay. You will get those figures for us?

Paul BRODERICK: Yes, I will.

Roma BRITNELL: Yes, okay. And how long it has taken to finalise them and how many are still being finalised – you will take that on notice as well, the inquiries?

Paul BRODERICK: If I can be just –

The CHAIR: Deputy Chair, you can ask Mr Broderick a question. Just afford him the opportunity to see if he can answer. The point is it is a public hearing. He is afforded the opportunity to answer the question. If you do not know the answer to the question, Mr Broderick, the Deputy Chair can then ask if it can be put on notice.

Paul BRODERICK: I just want to be clear about the question, though. Are you asking how long it takes on the phone to get back to people, or are you asking whether there is a –

Roma BRITNELL: No, I am asking how many people have made inquiries and how long it has taken on average to respond to those inquiries and finalise their inquiries.

Paul BRODERICK: Yes, sure. I am happy to provide that on notice.

Roma BRITNELL: How many are still in the inquiry phase and not finalised as well.

Paul BRODERICK: Yes, I will do that.

Response

There were 60 submissions for 57 principal place of residence (PPR) properties (3 properties had 2 submissions each) which had a site value between \$50,000 and \$300,000 across 2024 and 2025 where 'business use' was a factor.

Of these only 1 property was ultimately deemed liable in 2025 for land tax.

Of these 60 submissions 53 are completed, 3 have been cancelled and 4 remain open.

The average turnaround time for the 53 completed enquiries is 71 days.

10. How much in broking fees did VMIA pay for SRL's reinsurance activities, and when you say 'very large' amount of reinsurance, do you have a specific figure?

(Asked by Jade Benham Page 31 of the transcript)

Transcript extract:

Jade BENHAM: Okay. So how much in broking fees did VMIA pay for SRL's reinsurance activities, and when you say 'very large' amount of reinsurance, do you have a specific figure?

Andrew DAVIES: I would have to refer back to my notes in terms of the significant figure, and I am not sure I have that one with me.

Jade BENHAM: Are you able to supply that on notice if you do not have that –

Andrew DAVIES: If we think about the size of this project, this is the largest project –

Roma BRITNELL: Can you supply them? Are you able to supply those figures, please, on notice?

Andrew DAVIES: We can certainly take a look at the retention that VMIA is holding on that risk and provide some information about that as appropriate.

Jade BENHAM: No. You mentioned that there was a very large amount of reinsurance. I am after a specific figure.

Andrew DAVIES: On a very large project there was always going to be a large amount of reinsurance. We can take that question, if you like, on notice.

Jade BENHAM: Thank you very much. Do we know how much in broking fees VMIA paid for those reinsurance activities?

Andrew DAVIES: I would have to again take that question on notice. Our broking is very modest.

Jade BENHAM: Great. Thank you.

Response

VMIA has partnered with the Suburban Rail Loop Authority and other stakeholders to advise on all aspects of insurable risk since the beginning of the project.

Due to the scale, complexity and duration of large infrastructure projects, VMIA procures reinsurance from a large number of local and global reinsurers that are reputable, experienced and meet credit rating requirements.

VMIA has retained up to \$50 million per policy for Suburban Rail Loop East, with the remaining proportion being obtained in the reinsurance market. These amounts are commercial-in-confidence.

VMIA has provided Suburban Rail Loop East with all insurance required by contract.

Broking fees are commercial-in-confidence under the broking arrangement VMIA has in place with its reinsurance broker.

11. Is the short-stay levy registration information being provided to councils currently? Are there any councils that have requested that information, and if so, which councils? What is the total number of registered short-stay providers that have paid the levy to date?

(Asked by Aiv Puglielli Page 38 of the transcript)

Transcript extract:

Aiv PUGLIELLI: It is just in relation to the short-stay levy, which came into operation on 1 January 2025. I will note the State Revenue Office is permitted to disclose levy registration information to councils. Can I just confirm: is that information being provided to councils?

Paul BRODERICK: The short-stay levy, as you are probably aware, is 7.5 per cent of the total amount of revenue that is received for short stays under 28 days, and we have strong communication with the councils about the implementation of that. Some councils have their own little levy as well, but the state one does not override that.

Aiv PUGLIELLI: Okay. But with regard to levy registration information, is that information being provided to councils currently?

Paul BRODERICK: Is the registration for the levy being provided to councils?

Aiv PUGLIELLI: Information regarding levy registration.

Paul BRODERICK: I do not think it is at the moment.

Aiv PUGLIELLI: You do not think it is?

Paul BRODERICK: I can check that. I will take that on notice and get back to you, for sure.

Aiv PUGLIELLI: That would be great, on notice, if you can.

Paul BRODERICK: I will give you a firm answer.

Aiv PUGLIELLI: Thank you so much. This may also need to be on notice; we will see how you go. I would like to know if any councils have requested that information, and if so, which councils?

Paul BRODERICK: Okay. I will take that on notice and get back to you.

Aiv PUGLIELLI: Okay. Can I ask the total number of registered short-stay providers that have paid the levy to date?

Paul BRODERICK: Again, I will have to take that on notice. I do not have that figure in front of me.

Aiv PUGLIELLI: That is all good.

Response

Under Section 92(h) of the *Taxation Administration Act*, the Commissioner can provide information obtained under or in relation to the administration of the short stay levy to a council for the purpose of regulating short stay accommodation, in the case of information obtained under or in relation to the *Short Stay Levy Act 2024*.

To date only one query has been received from a council (Hepburn Shire Council). In that case we advised that our data that related to that council was incomplete as it would not include figures for the annual lodgement cohort, who are not due to lodge their returns and pay the levy until 30 January 2026.

The number of registrants who have been paying in each of the first 3 quarters of 2025 are as follows:

Q1 – 162

Q2 – 163

Q3 – 158.

These numbers only reflect the quarterly lodgement cohort i.e. those who take annual bookings of \$75,000 or more. As noted above the annual lodgement cohort i.e. those who take annual bookings of less than \$75,000 need not lodge their first returns until 30 January 2026 for the 2025 calendar year.

12. Looking at the 2024–25 annual report, page 6, and that \$95.3 billion that is invested in the Victorian Funds Management Corporation, can I ask how much of that is invested in fossil fuels currently?

(Asked by Aiv Puglielli Page 38 to 39 of the transcript)

Transcript extract:

Aiv PUGLIELLI: Looking at the 2024–25 annual report, page 6, and that \$95.3 billion that is invested in the Victorian Funds Management Corporation, can I ask how much of that is invested in fossil fuels currently?

Kate GALVIN: As you will know, Mr Puglielli, we are a large institutional investor, and we are managing a global portfolio of assets for the benefit of Victorians. As you have highlighted, it is over \$95 billion for 31 state agencies. One of the keys to investing a large pool of assets is that you have a diversification in your portfolio, and we take this approach because it generates the best risk-adjusted returns for Victorians. We support the Paris agreement to limit global warming to well below 2 degrees, and we are committed to achieving net zero portfolio greenhouse gas emissions by 2050. We are undertaking engagement with companies on their decarbonisation efforts, and we are supporting climate positive investments with a strong financial return. About 1 to 2 per cent of our exposure is to the energy sector.

Aiv PUGLIELLI: One to 2 per cent, okay. Thank you. Within that energy sector component, how much specifically is fossil fuels?

Kate GALVIN: We do not really break it down specifically to exactly fossil fuels.

Aiv PUGLIELLI: You do not or you cannot? You do not break it down or you cannot break it down?

Kate GALVIN: We do not break it down. We probably could not look at every individual as extensive investments to look at what percentage of that energy sector is actually in fossil fuels.

Aiv PUGLIELLI: Okay. Are you able in any form to take something on notice to come back to the committee with?

Kate GALVIN: I can come back to you with a little bit more.

Aiv PUGLIELLI: Thank you – much appreciated.

Kate GALVIN: But I should add that – as you know, because we have discussed this in the past – we take an active stewardship approach, so we do tend to invest in companies that are invested in fossil fuels because we think it is really important to support the transition for those organisations and the transition of the economy to a low-carbon economy.

Chris BARRETT: And that stewardship includes voting on shareholder resolutions where there are concerns about the pace of the energy transition et cetera. One of the briefings that we get at the board which I sit on ex officio is around how that shareholder engagement has occurred.

Aiv PUGLIELLI: Okay, thank you. With respect to the components that are in fossil fuels specifically, what is the state's financial risk exposure, if any of those projects were to fail?

Chris BARRETT: I mean, at 1 per cent of funds under management in the energy sector as a whole, that is a relatively small proportion, and if you think about the issue from year to year it is the return on that. So if the corpus is, well, pretty close to \$100 billion now, Kate –

Kate GALVIN: Yes.

Chris BARRETT: and you are talking about 1-and-a-bit per cent, it is a maximum of 2 billion across that. And then in terms of returns, if returns are roughly 10 per cent – last year they were above – you can tell that is a pretty small number.

Aiv PUGLIELLI: Okay. Does the VFMC in its current approach consider fossil fuel investment high risk?

Kate GALVIN: It depends. In the event that we think there is no return to be made and too much risk – for example with thermal coal – then we will not be investing. But as a large institutional investor we look for a risk–return trade off. Whilst some fossil fuel investments might be riskier, we would make sure that we were getting adequate return for the people of Victoria from those investments.

Response

VFMC is an institutional investor managing a global portfolio of almost \$100 billion as at 31 October 2025. Of the 5.5% of our assets invested in the Energy sector, approximately \$2.1 billion, or 2.1% of assets are invested in Oil and Gas (fossil fuels) across equities, bonds and unlisted asset classes, including companies engaged in exploration and production, refining and marketing and storage and transportation of oil and gas and coal and consumable fuels. This exposure also includes companies that offer oil and gas equipment and services. Where practical, VFMC excludes investments in companies primarily involved in thermal coal mining and power generation where thermal coal constitutes greater than 10 per cent of the aggregate revenue and where there is no credible transition plan.

VFMC supports the aim of both the COP26 and 2015 Paris Agreement to limit global warming to well below 2 degrees (moving toward 1.5 degrees) to minimise the impact of climate change. In doing so, VFMC makes the following commitments:

- Achieve net zero portfolio greenhouse gas emissions by 2050.
- Undertake engagement with investee companies on their decarbonisation efforts and transition pathways.
- Support climate positive investments that not only provide strong financial returns, but also help drive the economy's transition towards net-zero emissions.

This aligns with the Victorian government's commitment under the *Climate Change Act 2017*.

13. What emerging markets does the VFMC invest in currently? What countries are the VFMC investing in, particularly with regard to emerging markets?

(Asked by Aiv Puglielli Page 39 to 40 of the transcript)

Transcript extract:

Aiv PUGLIELLI: Okay. Just moving on to other investments, the Treasurer has spoken in the upper house on a number of occasions with respect to emerging markets that the state government is currently investing in. Can I ask: what emerging markets does the VFMC invest in currently?

Kate GALVIN: I might take that question on notice, because it is a little bit about how you define 'emerging markets'. We have recently looked at our exposure to emerging markets across our clients and formed the view that we probably have not been remunerated enough for the risk in emerging markets. So that exposure is actually reduced. But as it comes to specific emerging markets, I would have to take that question on notice.

Aiv PUGLIELLI: Thank you. You may need to take this as well in the same way. I would like to know what countries the VFMC is investing in, particularly with regard to emerging markets.

Kate GALVIN: I will take that on notice.

Aiv PUGLIELLI: If we could have some kind of an exhaustive list, if you can manage it, that would be amazing.

Response

VFMC is an institutional investor managing assets of almost \$100 billion as at 31 October 2025. Consistent with practices of other global sovereign pension and superannuation funds, VFMC invests in global markets, including emerging markets. VFMC invests in 23 of the 24 countries covered by the MSCI Emerging Market index as outlined in the table below, noting VFMC does not invest in Kuwait.

MSCI Emerging Market Countries VFMC is invested in as at 31 October 2025:

Brazil
Chile
China
Colombia
Czech Republic
Egypt
Greece
Hungary
India
Indonesia
Korea
Malaysia
Mexico
Peru
Philippines
Poland
Qatar

Saudi Arabia
South Africa
Taiwan
Thailand
Turkey
United Arab Emirates

14. How much funding was requested by IBAC, Office of the Victorian Information Commissioner and the Victorian Ombudsman for the 2024–25 budget year?

(Asked by Aiv Puglielli Page 40 of the transcript)

Transcript extract:

Aiv PUGLIELLI: Okay. Thank you. Just onto another matter, looking at budget paper 3, page 193, the line items, particularly for IBAC, Victorian Ombudsman et cetera: can you outline to the committee how much funding was requested by IBAC for the 2024–25 budget year?

Chris BARRETT: I am not sure that we would have those figures in front of us. I know in terms of the request, it is effectively a budget bid, Mr Puglielli, so we do not make budget bids public. Now, if the agency did that, that is a matter for them, but I am not aware that that is a public figure.

Aiv PUGLIELLI: Just to clarify: were you taking that on notice just then or not?

Chris BARRETT: I will see if there is something that I can provide; I strongly suspect it is cabinet in confidence.

Aiv PUGLIELLI: Okay. I would ask a similar question with respect to the Office of the Victorian Information Commissioner.

Chris BARRETT: Yes.

Aiv PUGLIELLI: Probably similarly on notice?

Chris BARRETT: Same answer, so if you ask the ones I can provide what I can.

Aiv PUGLIELLI: Okay. In that case I will add Victorian Ombudsman onto that as well, if that is all right.

Chris BARRETT: Okay.

Aiv PUGLIELLI: Thank you.

Response

Funding requests made by Victorian agencies (including integrity agencies) as part of budget processes are Cabinet-in-Confidence and therefore cannot be publicly released by DTF. IBAC, OVIC and the VO have published their 2024-25 annual reports, which include the total funding provided to these agencies during the financial year.