

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2018–19

Melbourne — 13 June 2018

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

#### Witnesses

Ms Jaala Pulford, Minister for Regional Development,

Mr Richard Bolt, Secretary,

Mr Justin Hanney, Head, Employment, Investment and Trade, and

Mr James Flintoft, Chief Executive, Regional Development Victoria, Department of Economic Development, Jobs, Transport and Resources.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Regional Development, the Honourable Jaala Pulford, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Justin Hanney, Head, Employment, Investment and Trade; and Mr James Flintoft, Chief Executive, Regional Development Victoria.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing. I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee. Minister.

### **Visual presentation.**

**Ms PULFORD** — Thank you. The regional development portfolio focuses on boosting the economic performance and jobs growth of our regions. We are doing this by supporting regional communities to fulfil their own aspirations, whether they live in cities, towns or smaller rural districts. We want the parents of regional Victoria to have every confidence that their children can enjoy the same opportunities and quality of life that they did, and we want them to know that the services are there for their older family members. We want regional Victorian communities to be cohesive, with strong economies. Underpinning everything we do in this portfolio is our very deep commitment to the idea that locals know best.

Since our government came to office, regional Victoria has experienced solid growth in GDP. A clear highlight of this is the increase in regional jobs of 42 000 and a decrease in the regional unemployment rate. From 6.6 per cent when we came to office, it is now 5.5 per cent. Population growth as well: regional Victoria's 10-year average growth rate is 1.24 per cent. Last year, 16-17, it was 1.38 per cent. More people are moving to regional Victoria than are leaving regional Victoria, and more people are moving to regional Victoria than over the 10-year average.

**Ms SHING** — And why wouldn't they?

**Ms PULFORD** — Well, exactly. The Regional Jobs and Infrastructure Fund is the government's primary regional development package. It drives job creation, new investment and infrastructure across regional Victoria. As of 31 March some of the key outputs and outcomes from the fund include the approval of 509 projects. This equates to grant funding of \$342 million, but a combined total project value of \$1.3 billion. Over 5000 jobs have or will be created or retained from the projects that I have approved under the RJIF. Across the fund's expenditure, every dollar of state government investment brings additional investment of \$3.95. This is a co-investment from other levels of government in some instances, often from the private sector, but also from the community, depending on the circumstances and the nature of the project.

Through RJIF we are delivering projects across regional Victoria, and there are a few photos there that I thought would just give you a bit of a picture of the breadth and diversity of project activity across the state. They highlight the core business of the portfolio — growing jobs, building infrastructure and strengthening communities. But there are lots of other examples and three spring to mind in addition to those on the slides that

again just give you a picture of the range of things that we support through the fund. There is an amazing new project underway in Geelong and the Bellarine Peninsula, which is about providing the visitor economy players with the skills and knowledge to become a destination of choice for people with a disability and people travelling with people with a disability, but also to create employment opportunities for people with a disability — a really, really exciting project, something that the member for Geelong has been a great champion of. It is very, very exciting.

Last week — this is a bit naughty, but I had Kooka's biscuits for breakfast because we were at Kooka's in Donald to mark the funding announcement that is going to enable them to relocate to create 11 new jobs and new export markets in the order of \$500 million a year. So it is very exciting for cookie lovers and very, very exciting —

**Ms WARD** — Where are our cookies today, Minister?

**Ms PULFORD** — I know; I am sorry about that. Next time, I promise; I will bring cookies for you next time. We have brought lollies for the journos, as is the protocol.

Another project — again very, very small — there is \$230 000 of funding for three halls in the Pyrenees shire, in the very, very small communities of Raglan, Redbank and Barkly. Between those three hall upgrades — where there is plumbing and painting, new kitchens, air conditioning, those kinds of things — 45 different community groups will benefit from the upgrades. That was a particularly special occasion because it was the last time that I spent any real time with former councillor of the Pyrenees shire Michael O'Connor, who sadly passed away in mid-May — just beautiful community projects and a really lovely man who was all about supporting projects like this. He had been a great champion for that project.

Regional partnerships and regional assemblies are a very important part of the work that we do as well. They were established in 2016 to connect regional priorities right into the heart of government. Each partnership has now held two assemblies, and three have held their third assembly. We are now in the third year. The Great South Coast is having their assembly tonight in Hamilton, and Central Highlands's is on tomorrow in the Ballarat region.

In 2017 between June and October the assemblies attracted over 2000 people. There were 350 people in Portland at the last one, with another 650 people attending earlier sessions and a whole lot of others engaged online or in other ways. This is a really important input for the regional partnerships — not the only input, but a really important input for regional partnerships — who then in turn present to the cabinet committee that I chair, which then in turn informs both budget decision-making but also program and policy design as well.

On the budget, the 2018–19 budget invests a further \$4.3 billion across regional Victoria. This is on top of previous budgets of \$8.5 billion since coming to government. I am advised that in the four budgets of our government, investment in regional and rural Victoria combined has been \$13.57 billion — by our government — which stands in quite some contrast to \$7.2 billion in the previous four years. So we are making record investments in regional Victoria — some very, very big projects; some very small and very important projects.

Some programs, policies and projects that are part of this funding are led by other parts of government. Healthy Heart, for instance, a key priority of the Loddon Campaspe region — which is up there on the presentation screen — is appropriately being led by the health minister and her department. The regional development portfolio of course does have carriage of many of these regional partnership projects and priorities, and we play an import role in coordinating whole-of-government effort on this reform. I am happy to take some questions.

**Ms SHING** — Thanks, Minister, and witnesses. I would like to talk about population attraction in the context of what is anticipated to be a 2.2 per cent increase over the next financial year. Looking toward budget paper 2, 'Strategy and Outlook', at page 2 we have got a reference to the population growth. You have also indicated in your presentation, Minister, that driving employment opportunities is a very big factor in that, as is the level of local engagement and community participation that often prompts people to move to our regions to enjoy a really wonderful, inclusive quality of life.

What I would like to have explored a little further is the extent to which we are projecting further growth in our rural and regional communities and how we anticipate the variation between growth in rural Victoria compared

to regional cities, and what the broader modelling says about population growth over the next decade. The next part that I would like to explore a little further is how we intend to be able to meet the needs of communities, given the challenges associated with living often a very considerable distance away from services and infrastructure.

**Ms PULFORD** — Thanks for the question.

**Ms SHING** — Any and all references to Gippsland will be gratefully received.

**Ms PULFORD** — Okay, noted. Gippsland has so many communities that are beautiful, wonderful places to live, but that is not exclusive to Gippsland. Ms Shing, you may disagree —

**Ms SHING** — Our strength is our diversity, though. I think that is something even Danny and I have common ground on.

**Ms PULFORD** — Our strength is our diversity, that is right, but there are beautiful communities and regions right across our regions. The approach that we take to population attraction and settlement is based on evidence. We undertook some research, which shows that 11 per cent of Melburnians have an interest in moving to regional Victoria within three years and 39 per cent would like to move there one day. I would have thought probably a couple of days after a long weekend that that number would probably be pretty good at the moment, because we know lots of people do take opportunities that a long weekend or Easter or cup weekend — which is not technically a long weekend — present to get out and about in our regions. The single biggest driver of a move to regional Victoria is an existing relationship to a place — so families, friends, historical connections, perhaps a place that has been visited frequently. Having an existing relationship with a place is the number one driver.

**Ms SHING** — How does affordability feature in that, though, given the initiatives that have been rolled out to attract people to regional areas as the population grows?

**Ms PULFORD** — Look, affordability would be a very significant factor. It is a significant factor. The sort of hierarchy of things that people are considering: firstly, an existing relationship with the place; secondly, employment prospects; and then next things like housing affordability, which obviously would be a very big factor given the opportunities to buy —

**Ms SHING** — First home buyers, first home builders.

**Ms PULFORD** — Yes, for first home buyers, for non-first home buyers and for renters alike, housing certainly is in abundant supply at an affordable rate in many of our communities in regional Victoria. But also access to services, so the next thing that people look at is, ‘What are the schools like, what is the health system like and is my family going to have the things that they need?’. These are the things that really drive that. Our efforts are around raising awareness of regional Victoria as a realistic location and a career change destination; positioning regional and rural areas as ideal locations to establish a home and take up employment, business and education opportunities; dispelling preconceived barriers; and moving relocators further along their decision-making process. The Ready When You Are campaign since its launch in the middle of 2017 has performed well with over half a million video views and an audience reach of 300 000 people already in a relatively —

**Ms SHING** — Did that replace the Regional Living Expo?

**Ms PULFORD** — Sort of. The regional expo that the former government had was a lapsing program. We had it evaluated. There was no tangible evidence that it was causing people to move to regional Victoria.

**Ms SHING** — Do we know how many turned up to that?

**Ms PULFORD** — Around 10 000. We had to spend a lot of money on television advertising to get people in the door, and the total expenditure on that was around \$17 million. We thought that it was more effective to enter into a partnership with organisations like seek.com.au. Admittedly times have moved on a bit. Our ability to do targeted internet-based advertising is far greater, but we are also taking the view that investing in passenger rail and in things like stamp duty concessions for regional Victoria and payroll tax —

**Ms SHING** — Payroll tax, yes.

**Ms PULFORD** — The lowest payroll tax rate in the country. There are some significant levers available to government, and we are deploying all of those, so it is not just budget expenditure. Some of those tax measures are incredibly important as well, but also talking to the right people at the right point in their life about why a move might work for them. There is really a couple of cohorts that are particularly ripe for being encouraged to contemplate a relocation, and it probably will not surprise people that it is essentially young families, who would no doubt be driven by things like lifestyle and housing affordability as a really important part of that, but also people who are in the earlier part of retirement age as well, where they might have a bit more disposable income and just looking for a different pace.

**Ms SHING** — Job creation then, you indicated that that is up there with the priorities of what people need in order to make that sea change, tree change or lifestyle change more broadly.

**Ms PULFORD** — Yes, it is right up there.

**Ms SHING** — How are we then intending to tackle unemployment and to create a pipeline of jobs for people in our regions that do not require them to have to commute very long distances in order to get to work?

**Ms PULFORD** — Look, we have some of our population centres closer to Melbourne — commuting populations. But I think, personally, one of the great advantages of living in a regional community is being quite close to your work and being able to have much longer hours in the day at home with your family. It is one of the great attractions. I was talking to a construction worker on one of the projects we have got underway in Ballarat at the station precinct. Sam has a two-and-a-half-year-old daughter and has, because he works in construction, often had to travel for an hour or more to work every day and back. He is 5 minutes from home at the moment, and he is loving it. I talked to him about our major project construction time line in Ballarat, and hopefully we can get his daughter well through her school years before he needs to get back into too much commuting, and maybe he will not have to get back into too much committing. So being able to invest in the services that people need, things like rebuilding TAFE and restoring confidence in our TAFE system and restoring confidence in our ambulance services are all absolutely essential parts of making regional Victoria a great place to live. But doubling budget expenditure over four years on the previous four is very, very important.

**Ms SHING** — That is one thing that we do hear often in media circles around the allocation of spending to the regions since 2014. What is the total spend for regional Vic in the period of the current and previous budget periods?

**Mr D. O'BRIEN** — Are you asking about the forward estimates of the budget, or are you asking about the last four years?

**Ms PULFORD** — No, just this year.

**Ms SHING** — Referring to the presentation, thanks, Mr O'Brien. If you could answer the question, Minister, before the time runs out, that would be great.

**Mr D. O'BRIEN** — I am just not sure, because you always make us ask questions about the forward estimates, not what has happened in the past.

**Ms PULFORD** — So \$13.5 billion over the life of this government.

**Ms SHING** — Thirteen-and-a-half billion?

**Ms PULFORD** — And 4.387 in 18–19.

**Mr M. O'BRIEN** — Sorry, is this in relation to the budget period going forward?

**Ms PULFORD** — Compared to, say, 830 million in 13–14.

**Ms SHING** — Eight-hundred-and-thirty million in 13–14 — wow.

**Ms PULFORD** — It was a very lean year.

**Mr D. O'BRIEN** — Minister, you referred in your presentation to the Regional Jobs and Infrastructure Fund grant funding of 342.1 million. I assume that is as at today?

**Ms PULFORD** — 31 March.

**Mr D. O'BRIEN** — 31 March. Can I get a figure, if you have one, of what it is estimated to be at 30 June 2018?

**Ms PULFORD** — We can take that on notice and provide that to you.

**Mr D. O'BRIEN** — Thank you. Of the remaining 157.9 million, how much of that is unallocated and how much has been spent on administration?

**Ms PULFORD** — We are getting to a point in the fund where a lot of it is now allocated or will soon be allocated. There is a busy and well-developed pipeline of projects from communities right across regional Victoria. We made a commitment to rural councils and to regional cities around the allocation and the proportions of expenditure through the fund, and they have all been met, but we can certainly provide you with further information about that. The administration costs for the fund, they often include project delivery costs, which typically are counted in project costs.

**Mr D. O'BRIEN** — I am talking about the department's administration costs, though. Can you give me an indication of how much that is out of the 500?

**Ms PULFORD** — Yes, I can take that on notice.

**Mr D. O'BRIEN** — Okay. Talking to councils about the phasing of the program — and you just said a lot of it is now allocated — what money will be available through the program in 18–19?

**Ms PULFORD** — The fund is established as a trust under the regional development act. It was established by the former government in 2002. The variations that you sometimes see in the budget papers around the allocation of expenditure in the RJIF are typically associated with project milestone payments. It is not unusual for any project to have quite modest costs at the start-up, planning, design and early work stages, and then project costs accelerate. So into the third and fourth year of the —

**Mr D. O'BRIEN** — But, Minister, I am talking about the 500 million that was put into the fund in 2015. How much of that is going to be left in 2018–19?

**Ms PULFORD** — Sorry, do you mean still to be paid in milestone payments or to be allocated beyond the life of the fund?

**Mr D. O'BRIEN** — Still to be allocated.

**Ms PULFORD** — Fifty-four million dollars.

**Mr D. O'BRIEN** — Fifty-four million will be available in 18–19? Okay, thank you. Minister, I notice over the period of time —

**Ms PULFORD** — That is available.

**Mr D. O'BRIEN** — Available, right. I think you said you would take on notice what the actual departmental admin costs are from the fund.

**Ms PULFORD** — We certainly work hard to keep them to a bare minimum.

**Mr D. O'BRIEN** — I noticed over a period of time that, generally speaking, when you announce a project out of this fund you do not announce what the government contribution is to it. Why is that?

**Ms PULFORD** — No, we usually do. For the infrastructure —

**Mr D. O'BRIEN** — I will give you an example.

**Ms PULFORD** — Well, hang on.

**Mr D. O'BRIEN** — You mentioned Kooka's Country Cookies last week. You said you are supporting it, but you do not say how much you are putting in. I can give you a number of other examples.

**Ms PULFORD** — I will explain. The fund has, really, three subprograms: the infrastructure stream, the community stream and the jobs stream. So for the infrastructure stream and the community stream we always do. For the jobs stream we usually do not. That is because we need to drive best value for the Victorian community and for the taxpayers, and so those negotiations are usually commercial in confidence. It is the government's preference, as it was the preference of the previous government, to not reveal those figures. We need to —

**Mr D. O'BRIEN** — That is actually not right, Minister. The previous government did release those figures. Now, there was an exception when we were talking state development and trying to encourage a big employer or event from interstate.

**Ms PULFORD** — Like Australian Paper, Cotton On, GrainCorp —

**Mr D. O'BRIEN** — Well, I am thinking, for example, Burra Foods or Murray-Goulburn. I have been to announcements there where we have announced how much was there. The Bracks and Brumby governments also announced. In fact we could keep a running tally when they were in power of how much was allocated, because they announced at each press release what was being allocated to those projects. Is it simply because you are embarrassed that you are giving such little amounts of money to these projects? Why would you not be saying?

**Ms PULFORD** — Well, that is a pretty irresponsible question. There are usually commercial-in-confidence arrangements. It is absolutely incumbent upon us to drive the best deal we can in terms of job creation for the available funds.

**Mr D. O'BRIEN** — So how do we know we are getting the best deal? Because we do not know how much you are putting in.

**Ms PULFORD** — Well, I might invite Mr Hanney to provide you with some further detail on that.

**Mr D. O'BRIEN** — With respect, this is a political decision not to announce it, not a departmental one.

**Ms PULFORD** — But the amount was announced at Kooka's. So sometimes it is and sometimes it is not.

**Mr D. O'BRIEN** — So how is that decision made then?

**Ms PULFORD** — The default is that it is not, because it is not in the best interests of the state and because these things are private commercial negotiations.

**Mr D. O'BRIEN** — But they have always been announced in the past.

**Ms PULFORD** — No, they have not.

**Mr D. O'BRIEN** — Well, the Bracks and Brumby governments did. And Peter Ryan did when he was the minister. In fact he released a running tally of projects that had been funded.

**Ms PULFORD** — No, that is not true. I might invite Mr Hanney to explain to you how it works.

**Mr HANNEY** — Mr O'Brien, for the most part they are not announced, and they are not announced because they create expectations with other firms. They will often come in and say, you know, Fermex got a grant of so much money. The number one objective is to try and pay nothing. In many instances, firms do not require funds.

In the first instance, the objective is we look at their balance sheet, we look at cash in bank and we look at the project. You asked about governance. There is an investment committee. It has three independent members. So for every application where there are funds going through to private sector companies, whether they are in the regional space or the metropolitan space, before they are presented to the minister — and amounts of above

\$2 million go to cabinet, to ERSC, the cabinet subcommittee — they all go through this investment committee in the first instance.

James Flintoft as CEO or his directors would bring them into the investment committee. They would be presented. Some would be rejected. And they would be given some negotiating guidelines in terms of the amounts. The publication of the amount creates an expectation with private firms, and often grants are not required. Often it is other forms of assistance that are provided that are more necessary.

**Mr D. O'BRIEN** — Can I move on? I have got a number of questions and I suspect you will need to take them on notice, so I might just read them out. Can you provide the sums from 2 June 2015 to 30 June 2017 and the expected sums to 30 June 2018 for the following: the total money appropriated by the Parliament for the purposes of the fund under section 16A of the RDV act; the total money received from the investment of money in the fund under section 16(b) of the act; the total money received from any other source under section 16(c) of the act; the total payments for regional development purposes under section 17(a) of the act; the costs and expenses incurred in administering part 3 and part 4 of the act as per section 17(3)(a) of the act; and the costs and expenses incurred under section 17(3)(b) of the act? And can you also provide the credit that was applied to the RJIF fund under section 20(1)(b) of the RDV act — which was the transitional provisions — and also the liabilities that were transferred to the RJIF under section 20(1)(c) of the act?

**Ms PULFORD** — I think between us we can probably answer all of those.

**The CHAIR** — Just a moment, Minister. What were the dates that you are referring to, Mr O'Brien?

**Mr D. O'BRIEN** — The initial question related to 2015 to 2018. These are questions we have been asking for some time and have not been getting answers —

**Ms PULFORD** — Who have you been asking?

**The CHAIR** — In relation to the budget papers there are the actual figures for 16–17 and there is the current financial year. So I am happy for the question to stand in relation to those years, but in relation to 2015 that is outside of the scope.

**Mr D. O'BRIEN** — Could we have the rest on notice if possible, Minister?

**Ms PULFORD** — We can probably have a go at answering them now, if you like. What was the first one again?

**Mr D. O'BRIEN** — I would rather not waste time going through the whole list again. If they could be provided at the end of the hearing, that would be great.

**Ms PULFORD** — Did you want answers or did you not?

**Mr D. O'BRIEN** — They are quite detailed, Minister. If Mr Flintoft has them listed right in front of him —

**Ms PULFORD** — All right, if you prefer us to take them on notice, we can.

**Mr D. O'BRIEN** — Unless Mr Flintoft has them literally at hand.

**Mr FLINTOFT** — I do not have them on hand right here, so I think it is probably best to take it on notice.

**Ms PULFORD** — Okay, we will provide them.

**Mr D. O'BRIEN** — Can I just then continue, at budget paper 3, page 10, there are a number of small projects that are funded in the budget. There is a list there under 'Regional development' — quite a number of them. Why are these funded outside the Regional Jobs and Infrastructure Fund?

**Ms PULFORD** — They are regional partnership priorities.

**Mr D. O'BRIEN** — Do they meet the criteria for funding under the Regional Jobs and Infrastructure Fund?

**Ms PULFORD** — Many of them would, yes.

**Mr D. O'BRIEN** — Why are they funded separately?

**Ms PULFORD** — Because the regional partnerships access the budget process in a different way, as I explained in the presentation. The regional partnerships present to the cabinet committee, which is an important input into budget. The regional partnerships do not only measure their success by budget outcomes — some they do, some they do not — but I can give you a good example of one that is not a budget-line item to be found anywhere. It is a trial of early years service delivery in the Wimmera Southern Mallee. That has been a very high priority for them, but it is not a budget item as such.

**Mr D. O'BRIEN** — Will they be subject to the same reporting and assessment requirements as the RJIF projects?

**Ms PENNICUIK** — Can I just refer to page 3 of your presentation, where you say, 'Every \$1 of government investment driving additional \$3.95 investment'. Is there a report or study that is publicly available with regard to that, which could be provided to the committee? Perhaps you could take it on notice, Minister; the clock is ticking.

**Ms PULFORD** — Yes, sure.

**Ms SHING** — That is the shortest question you have ever asked, Ms Pennicuik. No-one had time to prepare.

**Ms PENNICUIK** — I was going to say that you were getting the record for the longest preamble earlier, but anyway.

**Ms SHING** — No-one can take that away from you, Ms Pennicuik.

**Ms PULFORD** — I was just waiting to check. We can provide that information to the committee.

**Ms PENNICUIK** — Just above that — a couple of dot points up, it says, 'Supporting all Victorian regional local government areas'. Given we only have a short time, I wondered if you could broadbrush explain what that means.

**Ms PULFORD** — In the Regional Development Victoria Act there is a schedule at the back that lists 48 municipalities, and 38 of them organise themselves into a group called rural councils Victoria and 10 of them organise themselves into a group called regional cities Victoria. Yes, there are some of these areas that are close to the edges of Melbourne and that have very, very different needs as interface communities to those in our more remote and rural areas. Yes, it does include Geelong, which I think has a population of around 240 000. I stand to be corrected, but it is in that order. I was in Rupanyup the other day and I think the population there is about 350.

**Ms PENNICUIK** — Later on in your presentation — in fact, on the last page — you talked about the regional partnership priorities, but you also said that RDV 'plays an important role in coordinating initiatives'. You just mentioned regional areas close to Melbourne. I wonder, does the department in terms of its jobs and economic development focus work with local councils in making sure those are sustainable and culturally appropriate to the areas and, in this regard, does the department work with the department of planning, for example? For example, an area close to Melbourne is the Macedon Ranges, and it has a local planning scheme. Is your department working with the department of planning and with local councils is on how that all fits together?

**Ms PULFORD** — The Regional Development Victoria policy team do interact with, I imagine, almost every other part of government at some point or another. They play a very important advocacy role but also a coordination role. If the Macedon Ranges Shire Council were to propose to the government an application or an idea seeking funding against the Regional Jobs and Infrastructure Fund, it would be in the first instance incumbent upon that municipality to make sure that it was sensitive and appropriate to the needs of that community.

**Ms PENNICUIK** — For example, under the new act that we just passed, the distinctive areas act, not necessarily everyone is happy with the first round of that. My question really is: is Regional Development Victoria working with planning and working with the local government area to make sure that these plans are sustainable, culturally significant and well supported, as your KPI on page 146 of the budget papers suggests?

**Ms PULFORD** — Yes and no. The existence of Regional Development Victoria does not remove the responsibility for, say, DELWP to be engaging with communities and ensuring — that is the examples that you have given — that they are undertaking their role.

**Ms PENNICUIK** — Sorry, Minister, just to maybe give you a bit more info because obviously regional development, jobs and investment are going to impact on planning. I suppose that is the question: how does Regional Development Victoria in facilitating that work in with the planning to make sure —

**Ms PULFORD** — Very closely. There is an example that I can give you. We are doing quite a lot of work very closely with the department of planning and environment around the development of the Shipwreck Coast Master Plan. There is a great intersection. There are very, very important environmental assets to be protected and regional developments needs for the community that need to be sensitive to those for a multitude of reasons. On the Macedon Ranges, I am not sure if we have had specific involvement, but I imagine that we have had at least some.

**Ms PENNICUIK** — I think I am going to get cut off very shortly.

**Ms PULFORD** — Not specifically the Macedon Ranges. That is being led by DELWP.

**Ms PENNICUIK** — And I am presuming of course that you are working closely with the department of environment as well. So I do not know if there is any sort of protocols or anything that you can share with the committee about how that all works, but I would be really interested in that.

**Ms PULFORD** — Okay, if there is something we can share further with the committee on that, we will.

**Ms SHING** — Thank you, Chair. I am about to hopefully cut the length of my preamble significantly to enable Ms Pennicuik's epic world record to remain unchallenged. I would like to talk about jobs growth in regional Victoria and to pick up on some of the context that we were discussing before. The development of jobs — and I think you referred to this in your presentation — includes around 40 000 jobs in regional Victoria over the past four years. You have referred to things like the cuts to payroll tax and the incentives to decentralise people by building and moving to regional Victoria, but as we have indicated earlier, jobs — secure and stable jobs — are a really important part of enabling people to live in our regional communities and rural areas.

Public sector work is a big part of this, and GovHubs have been a really big part of this. Can we go through the way in which jobs facilitation targets for 17–18 have been met and what the work is as far as ongoing decentralisation, given the need you have expressed to pull people into the regions for work that does not just relate to primary production and industry?

**Ms PULFORD** — Yes. In addition to the jobs that are directly facilitated — and Mr Hanney referred to the process that sits behind those figures — the numbers that are accounted for in the budget papers are jobs that have been directly facilitated. That would not have occurred without the grant or the quite deliberate and specific intervention. More broadly than that, I think that the jobs growth numbers that you have seen reflect a couple of things. They reflect the underlying strength of the Victorian economy and the whole of the Victorian economy. I think we also need to recognise that during this period we have faced drought, we have had the dairy industry facing very, very significant turmoil.

**Ms SHING** — Milk price drop, yes.

**Ms PULFORD** — In spite of that the regional Victorian economy has continued to perform very strongly. We cut payroll tax for regional Victoria in the last budget and then again in this recent budget, bringing it now to 2.43 per cent. That makes it the lowest in Australia, and I believe when it was done in the budget last year it was the first time in Australia that there had ever been a differential country-city payroll tax rate. Anecdotally this has been a wonderful boost for our regional communities. There are many, many businesses that have benefited from that. The concession for stamp duty as well for first home buyers and particularly those purchasing property under \$600 000 has also, I think, resulted in a real boom in construction activity, but also the major projects that we have underway — freight rail projects, passenger rail projects, road infrastructure expenditure — they all create a lot of activity and a lot of jobs.

The public sector employment is really important as well. If you look at the employment needs, there are a number of regional communities where one of the greatest economic challenges they have is in finding

sufficient people to participate in their workforce. This is an issue that I encounter a bit in places like Stawell and Ararat. It is an issue that, I suspect, in south-west Victoria later tonight will come up as well because it is certainly an issue in that region. One of the biggest constraints to employment growth is the availability of people, and so that is an ongoing challenge that we work with communities to address, but public sector employment is very important when you think about the growth in demand for the disability workforce that we are experiencing at the moment and the growth in demand for the aged-care workforce. Regional and rural communities are also experiencing this as well, and so there are great opportunities for employment growth in those areas.

In terms of the things that government can do more specifically and more deliberately, the establishment of GovHubs is something that has been a really important part of the work that we have done in this portfolio. We are relocating 600 Melbourne-based public service jobs to Ballarat and 150 to the Latrobe Valley, and the GovHubs not only represent a relocation of some public sector work, they also represent a consolidation of a number of different functions. They serve as a regional development project or a significant construction project that is a catalyst for a whole lot of other economic activity, and they also bring together a whole lot of different services to really create better synergies between different types of work.

Bendigo GovHub, for instance, is going to also include the council and the water authority as well as our own government staff. The Ballarat GovHub will include around 400 existing public sector employees that are located in four or so other buildings that are all over town, plus the 600 new. Of course in the Morwell GovHub will be some new positions and some existing positions as well. It is a really, really important project in terms of what it will mean for the streetscape and for the town in terms of construction activity but also just that burst of injection — a big injection of activity.

**Ms SHING** — When you say a burst or an injection of activity, this is something — and I think every economist out there will agree with this proposition — that requires ongoing commitment and follow-through to ensure that these funding models are not simply flashes in the pan. I note that the unemployment rate has fallen from 6.6 to 5.7 under this term, and one of the things that emerges time and time again within regional Victoria is the disparity in population growth between some areas over others. Just looking at the population stats, Geelong has got around 250 000, Ballarat has got around 107 000 and Bendigo has got around 110 000. Then we look to other areas of the state up in the north and then down to the east, for example, and we see that the growth is not quite at those rates but is still continuing. How do we make sure then that allocation of funds and attention and engagement for regional development is also driven to those areas to make sure that they have an opportunity to thrive, even where those numbers, on the face of it, are not the same in total?

**Ms PULFORD** — Those smaller communities absolutely have our full attention.

**Ms SHING** — Because Traralgon, for example, has got only about 25 000 people; the Latrobe-Gippsland catchment for ABS purposes is about the same size as Ballarat or Bendigo. So again how do we make sure that we keep that —

**Ms PULFORD** — That is right. And those lines on a map can actually be quite misleading. If you look at Wodonga in isolation, it is a smaller regional city, but of course if you live in Wodonga you would never do that, because that would be a ridiculous way to think about the community you live in. Albury-Wodonga combined is much closer in scale to Bendigo and Ballarat. And exactly: the communities of the Latrobe Valley, the municipal area combined, would count as our fifth largest population centre, I think, in Victoria, but distinctly separate communities and quite different scale among them within that municipality. So it is, I think, really important to take each community as you find it.

As you were asking the question I was reminded of a place that I visited the week before last, Rupanyup. It is on my mind a bit at the moment because they have presented to us a really interesting challenge. The supermarket in Rupanyup does not have an all-that-bright future. The people who currently operate it are looking to move on. It has suffered quite some damage with flooding. The community in Rupanyup have come to the government and said, 'Will you help us? We want to buy the supermarket'.

**Ms SHING** — As a co-op sort of model?

**Ms PULFORD** — A co-op sort of model. So I met with the people that are proposing this in Rupanyup the other day and I said to them, 'Yes, some towns have bought their pub', and they said, 'Oh, yes, we did that, and

we fixed it up and we sold it, and then we bought the newsagency and we fixed it up and we sold it'. And so now they wanted to do the —

**Ms SHING** — Or Lara, for example, is an excellent example of that.

**Ms PULFORD** — Yes. There are lots and lots of examples. This poses for us a really interesting policy question about what is the role of government in helping communities to do these things. For some communities, population growth is attractive and for others it is not.

**Ms SHING** — Is that where the regional partnerships and that sort of discussion on summits comes in — around tailoring solutions to individual communities?

**Ms PULFORD** — Yes and no. We had a very interesting small towns discussion with the Mallee Regional Partnership the other day. What some small towns, what the people resident in them, love about them often is their scale. So it is not a one-size-fits-all approach in terms of population dispersal. For example, Macedon Ranges, which Ms Pennicuik was asking about before, is not a community that would warmly welcome large-scale population growth. The same could be said of Torquay.

**Mr T. SMITH** — Minister, referring to budget paper 3, page 10 — and this is the cross-border commission — how will that be funded after June 2020?

**Ms PULFORD** — The funding is in the budget to establish the cross-border commissioner. We will then evaluate that as it has been established and it will be the subject of future budget processes and budget rounds. The funding exists really —

**Mr T. SMITH** — So this is just a trial, so to speak?

**Ms PULFORD** — It is to establish the cross-border commissioner and to see what is the best model, what is the better amount of funding ongoing. This is something that came to us as a suggestion from the Mallee Regional Partnership — a really, really interesting idea. They have observed the work of James McTavish, the New South Wales cross-border commissioner. I had the opportunity to meet with Mr McTavish probably a year or so ago and then actually saw him again last week at the regional assembly in Kerang. I think that we will borrow reasonably heavily from the model that has proved to be successful in New South Wales, and look forward to it having great success. We hope to be recruiting within the next month, really, so it will be up and running in no time.

**Mr T. SMITH** — Where do you expect the commissioner to be based?

**Ms PULFORD** — I certainly do not expect the commissioner to be based anywhere near Melbourne. I think that we would not want to limit our selection of the cross-border commissioner through the recruitment process by predetermining a location, but a key selection criterion will be having a very thorough understanding of cross-border issues. Where the cross-border commissioner lives or chooses to live I think is probably best left a matter for the cross-border commissioner, but I think we can rule out Bendigo, Ballarat, Geelong, Melbourne — somewhere in proximity to one of our borders. There is some merit in some locations that are proximate to both our South Australian border and our New South Wales border, but let us have the recruitment process run its course, get the best candidate we can and then have a look after that.

I met with the Mallee Regional Partnership the week before last in Kerang just before the regional assembly, and we had a chat about how this office would be established. The bulk of the expenses incurred by the New South Wales cross-border commissioner's office are accommodation and transport expenses. This is somebody who I do not envisage spending a lot of time in their office. So there was a light moment in the conversation where somebody said perhaps instead of an office we could get a houseboat, but that would not of course help with the South Australian border. We are looking to set up something very mobile and very practical, like the New South Wales model.

**Mr T. SMITH** — How many FTEs are you envisaging for this commission?

**Ms PULFORD** — Two, the same as New South Wales.

**Mr D. O'BRIEN** — Can I just ask where they will likely be based, Minister?

**Ms PULFORD** — In the same place.

**Mr D. O'BRIEN** — So you will be doing a process to appoint the commissioner based on where they might come from?

**Ms PULFORD** — Yes, and then the commissioner can recruit their additional staff person.

**Mr T. SMITH** — In your press release on 1 May you said you were allocating \$760 000 for this commissioner, but you have allocated 800 000 over two years in the budget. Is that simply a rounding differential between your press release and the budget?

**Ms PULFORD** — Yes. I am advised that that is likely to be rounding in the budget papers.

**Mr T. SMITH** — In terms of the initial priorities for the commissioner, what do you expect him or her to be looking at as the first issues they want to tackle?

**Ms PULFORD** — Look, that is a great question. I think that the development of instruments to ease the management of cross-border issues with New South Wales and South Australia would probably be a reasonably high priority. We would also take soundings across government and, perhaps even more importantly, from our cross-border communities about the things that are of highest priority to them.

**Mr T. SMITH** — Can you give us an example, like a specific policy issue at the moment that is —

**Ms PULFORD** — Yes. One example would be a little girl living with a disability on the Victorian side of the border that goes to a special needs school on the New South Wales side of the border because it is her nearest location and how to make the school bus service work for her. Plumbing registrations, taxi licences — there are loads of examples. I grew up in Castlemaine. I live in Ballarat these days. I have never lived anywhere near any of our border communities, but whenever I am talking to people from our border communities — and again, this will no doubt come up tonight in Hamilton with the communities in the south-west — I am always struck by how completely maddening these issues can be for them on a daily basis, like the plumber that lives in the tri-state area that needs three different registration stickers for the car and three different licences. That is the sort of stuff that would just drive people to distraction.

I think it is also worth noting, in the context of the committee's interest around cross-border issues, that Minister Dalidakis was in Wodonga yesterday with the Deputy Premier of New South Wales and the small business minister from the federal government looking at small business red tape reduction. Prior to the establishment of the cross-border commissioner — in fact in parallel really — the three of them have been having some discussions about some trials, I believe, for joint recognition of a range of different licensing and things, but you might get more detail on that from Minister Dalidakis.

**Mr D. O'BRIEN** — Can I just move on to budget paper 3, page 16, where you commit to establish a task force to oversee a leadership program to develop a Gippsland agriculture agenda. Who will appoint the task force and will the appointment need to be ministerially approved?

**Ms PULFORD** — This is a Gippsland Regional Partnership initiative, and so they will appoint that person.

**Mr D. O'BRIEN** — You do not have an oversight role in that?

**Ms PULFORD** — No. My department will provide support as required for that work.

**Mr D. O'BRIEN** — In your pre-budget media release you said that the \$700 000 budget allocation would implement the new Gippsland food and fibre agenda, but in the budget papers, on page 16, it actually says it will 'drive development of the Gippsland agriculture agenda'. Which is it? Is there one already developed or is to be developed?

**Ms PULFORD** — I will take on notice the question about how the two projects intersect.

**Mr D. O'BRIEN** — Two projects? I am talking about —

**Ms PULFORD** — Yes. The latter builds on the former, but in terms of specifics I will seek some further information and provide that to you.

**Mr D. O'BRIEN** — I understood from your press release the \$700 000 was to implement the new Gippsland food and fibre agenda. The budget papers say 'to drive development of the Gippsland agriculture agenda in the food and fibre sectors'. That is the same \$700 000, is it not?

**Ms PULFORD** — We will take that on notice. There are a couple of projects and they will in part run concurrently, so let me take that on notice and provide you with some more information on that.

**Mr D. O'BRIEN** — There is \$700 000 over one year for this initiative. How will it be funded after June 2019?

**Ms PULFORD** — The one-year funding is to support the work of the task force, and, as I indicated, I will provide you with some further information on that.

**Mr D. O'BRIEN** — You mentioned the GovHub projects before, and you said — I think I am right in saying — 150 jobs will be relocated to the Latrobe Valley GovHub. Have those jobs been identified within the public service?

**Ms SHING** — EPA, Parks Vic, Earth Resources Regulation.

**Mr D. O'BRIEN** — Sorry, I am asking the minister, Ms Shing.

**Ms SHING** — You live in Gippsland. You have commented on this already.

**The CHAIR** — Order! Ms Shing! Through the Chair.

**Ms PULFORD** — Yes, they have, and they have been announced.

**Mr D. O'BRIEN** — Can you tell me what they are and what the breakdown is?

**Mr HANNEY** — Minister, we can give the exact breakdown. Earth Resources has a number of staff. We can give the exact number of staff; I do not have them in front of me right now.

**Mr D. O'BRIEN** — If I could have that on notice, that would be great. Perhaps the more pertinent question is: have the —

**Ms PULFORD** — Sorry, just in addition to that, so Earth Resources, Parks Victoria and the EPA.

**Ms PATTEN** — I am just referring to the budget papers but also to your presentation about the establishment of a regional centre of excellence in the Mallee, and also, as you were saying earlier, the GovHub in Bendigo. You talk about the unemployment rates and of those assisting in improving unemployment rates. I take particular note of youth unemployment in regional areas, and certainly the Brotherhood of St Laurence figures show that youth unemployment is well above double what the average employment rate is. I am wondering if you can expand on what steps you are taking to ensure that those projects engage young people and provide new career opportunities for younger rural Australians?

**Ms PULFORD** — Yes, certainly. Food Next Door is particularly targeted to newer migrant communities and their families, but many of the initiatives that are proposed by regional partnerships and supported by the government are particularly focused on creating opportunities for young people into employment. Of course members would be well aware of the significant work that the government is doing in terms of strengthening the opportunities for participation in vocational education and training and the relationship between skills development and what the workforce needs, and there are many, many different examples of how we are working to that end.

**Ms PATTEN** — There is nothing specific that you could direct me to within those two projects that —

**Ms PULFORD** — Those two projects are probably not great examples of what you are asking about. The GovHub project in Bendigo will have jobs in construction and the consolidation of existing employment activity across a whole lot of different public sector entities. Food Next Door is very much targeted to newer migrant communities, but there are certainly other initiatives and programs that are very specifically targeted to opportunities for young people. I know the Mallee region is particularly conscious of the need to encourage young people into agriculture, which is the most important sector of the economy for their region.

**Ms PATTEN** — Just following on from that, with the announcement of \$5.1 million to help regional communities develop their own strategies to address climate change and energy transition — I read it in the ‘rural and regional budget paper explained’ — again thinking about young Victorians and the fact that they will be disproportionately affected by climate change, I wondered what steps you are taking to engage young people in the planning process and in the development of these strategies for climate change and energy transition.

**Ms PULFORD** — That initiative that you referred to, I am not responsible for. I might point you in the direction of Minister D’Ambrosio on that question. But if I could just further add to my earlier comments about GovHubs, the work within will be largely comprised of an existing workforce but all GovHub projects will meet the threshold for government projects over \$20 million — having to use apprentices, trainees and cadets for at least 10 per cent of labour hours. That may go some way to answering that question.

And our regional partnerships certainly have younger members of the community involved in them, and they actively seek the participation of younger people. At the Central Highlands regional partnership tomorrow evening there is a youth partnership beforehand where we will hear from young people in the community about their priorities and needs as well. They have made a really concerted effort to do that. I was sitting at the table in Kerang at their recent assembly with a year 7 student. But often it is older secondary school students and those involved in training, university and the like, and the workforce of course.

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Regional Development, the Honourable Jaala Pulford, MLC; Mr Bolt, Mr Hanney and Mr Flintoft. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request.

**Witnesses withdrew.**