

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Thursday, 19 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Ms Mary-Anne Thomas MP, Minister for Regional Development,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary,

Ms Beth Jones, Deputy Secretary, Rural and Regional Victoria,

Mr Paul Smith, Deputy Secretary, Forestry, Resources and Climate Change, and

Mr Matt Lowe, Deputy Secretary, Agriculture, and Chief Executive, Agriculture Victoria, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting and pay our respects to them and their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

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

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

We again welcome Minister Thomas, this time for the regional development portfolio. We invite you to make a presentation, which will be followed by questions from the committee.

Visual presentation.

Ms THOMAS: Thank you very much, Ms Blandthorn. Regional Victoria is thriving, and while the COVID-19 pandemic has had significant economic and social impacts, the regional Victorian economy is rebounding strongly. Thanks to our government's record investment since 2015 and COVID support of \$13 billion, our regional unemployment rate is the lowest in the country at 3.2 per cent. That means there are another 81 900 regional Victorians in jobs than there were seven years ago. Total employment across regional Victoria now exceeds prepandemic levels.

We continue to see Victorians moving to our regions and, importantly, those that have moved over the last couple of years are staying because of the opportunities that have been created in regional Victoria. Our investment of \$5.7 billion in rural and regional Victoria across all portfolios continues our Labor government's consistent track record of high levels of investment in the infrastructure and services that will enable our regions to not only grow but thrive. This takes this government's investment in regional Victoria to more than \$36 billion since 2015, and I think this slide really tells the story of our government's commitment to rural and regional Victoria. The Regional Jobs and Infrastructure Fund is a signature Labor policy. It is creating and retaining jobs, leveraging private sector investment, growing and diversifying regional economies, enabling population growth and improving the livability of our regional city centres and our rural towns and communities. To date this year 110 grants have been awarded, totalling over \$116 million across the three streams of RJIF, the Regional Infrastructure Fund, the Regional Jobs Fund and the Investment Fast-Track Fund, and I have included examples for you of each of those projects there on the slide.

Our investments also back in transformative opportunities based on regional strengths, and we continue our work to support transition by diversifying local economies to drive resilience and growth. Two great examples of our work include the Geelong city deal, a more than \$500 million investment in infrastructure projects in Geelong and along the Great Ocean Road which will support 600 jobs during construction and 270 ongoing jobs, and of course the Latrobe Valley Authority, established by our government back in 2016.

Chair, may I check with you? Do I have 10 minutes or 5?

The CHAIR: You have 10.

Ms THOMAS: Thank you. If we look to 2021–22, we also played a major role in the recovery of regional economies through the implementation of the \$10 million Regional Recovery Fund, including the delivery of 50 local projects that supported everything from retail reactivation to skills development, housing and workforce attraction, business repair and new job creation.

Our cross-border commissioner was central to working with communities and businesses to navigate border restrictions. Our government is delivering \$5 million in regional workforce pilots which are targeting place-based drivers of workforce shortages right across rural and regional Victoria, and we are planning for and positioning the next generation of regional development initiatives through investment in our Investment Fast-Track Fund, which is supporting projects across the state. We have renewed our commitment to this fund in the recent budget announcement.

Our future focus is underpinned by our recently developed regional economic development strategies, which will be central to our engagement with regional stakeholders and across government to realise the most transformative opportunities for regional communities and economies. I might say that the work of the department in the development of the REDS has been truly outstanding, and we now have an evidence-based approach that can be utilised across all government agencies to ensure that regional investments are meeting the challenges of rural and regional communities but importantly also growing those strengths.

If we look at the output costs, you can see this slide demonstrates that our regional communities are powering the Victorian economy and boosting our COVID recovery. We continue to back our regional communities with a strong record of new investment in regional development.

Key initiatives from this budget include our government's commitment to back our regional leaders with \$3.9 million. This includes support to the Country Women's Association and our cross-border commissioner. In terms of regional economic transition in the Latrobe Valley, we are backing this in with an extra \$7.5 million for the Latrobe Valley Authority to continue its important work, and we have allocated \$30 million to enable the Regional Jobs and Infrastructure Fund to continue to deliver projects that support important community infrastructure, grow jobs and investments and improve livability. This funding comes as rural and regional councils continue the delivery of hundreds of large and small projects that have already been funded through our record stimulus round.

The budget announces the Living Local fund. With our growing and changing regional communities we have seen a real need for new community and public rail infrastructure as well as local community grants for equipment and initiatives that promote social cohesion. Guidelines are currently being developed for this program. The new initiatives highlighted in the 2022–23 budget build on our government's ongoing commitment to make rural and regional Victoria the best place to live, work and invest.

Chair, I am pleased to have presented that presentation to you, and I am very happy to take any questions from the committee.

The CHAIR: Thank you very much. Deputy Chair.

Mr D O'BRIEN: Thank you, Chair. Ms Jones, can I begin with you? Of the Latrobe Valley Authority funding, how much of the \$7.5 million is for staff wages and how much is for grants or other project funding?

Ms JONES: I will just get that figure for you, Mr O'Brien. It is to continue 32 of the staff from the Latrobe Valley Authority based in the Latrobe Valley. I would need to get the exact figure there for you, Mr O'Brien, but it would be in the vicinity of around, I think, \$11 million.

Mr D O'BRIEN: It is what, sorry?

Ms JONES: In the vicinity of around about \$11 million—sorry, in the vicinity of about \$5 million.

Mr D O'BRIEN: It is the staff figure?

Ms JONES: Yes.

Mr D O'BRIEN: When you said it continues for 32 of the staff, does that mean there are staff that are no longer funded?

Ms JONES: The funding continues. There are Melbourne-based staff, Mr O'Brien, who will not be continued.

Mr D O'BRIEN: Who will not be continued?

Ms JONES: Correct.

Mr D O'BRIEN: How many of those?

Ms JONES: Five.

Mr D O'BRIEN: Sorry?

Ms JONES: Five.

Mr D O'BRIEN: Five. Do I take it that there is \$2.5 million? Is that for grants or is that for ongoing projects? What is going to be available for job creation?

Ms THOMAS: I might talk to that, if I may, Mr O'Brien.

Mr D O'BRIEN: Well, if you can answer the question, yes.

Ms THOMAS: As you would know, the Latrobe Valley Authority was established by our government in 2016 in response to the Hazelwood mine closure, and—

Mr D O'BRIEN: I know all that. We have done all that, Minister. I have got 5 minutes; I just need to know what the \$2.5 million is for.

Ms THOMAS: Thank you. But I need to give you this context: the Latrobe Valley Authority has done a lot of work, but it did work in response to a big disruption in the Latrobe Valley. The new CEO of the Latrobe Valley Authority has been directed by me in the statement of expectations to develop a transition plan for the Latrobe Valley.

Mr D O'BRIEN: Is that what the \$2.5 million will go to?

Ms THOMAS: Now, that is not to say that this work has not been being undertaken. I know you would know this well, but the Latrobe Valley Authority has run a range of programs that have been very successful, and indeed under our government more than 4000 jobs—

Mr D O'BRIEN: Okay. I just want to know: going forward, of the \$7.5 million, is there any more grant funding available or not?

Ms THOMAS: The Ladder Step Up program will be continuing, because that has been a highly successful program that meets the needs of the most vulnerable jobseekers in the valley—

Mr D O'BRIEN: But grant funding for business facilitation, for business expansion and for new jobs—is there any? I just want to know.

Ms THOMAS: Again, this is work that is done by Regional Development Victoria—

Mr D O'BRIEN: It always could have been done by RDV. Anyway, thank you, Minister.

Can I go on. Ms Jones, we have asked before many times about SEA Electric and have always been told, 'Commercial in confidence'. Given the deal is not going ahead, has the government recouped any of the money it paid originally to SEA Electric?

Ms JONES: No, Mr O'Brien. There were two milestone payments made to SEA Electric very early on in the execution of that contract. Those payments were made in line with fulfilment of contractual commitments. Once the contract was terminated, no further payments were made.

Mr D O'BRIEN: Okay. So they had met their milestones?

Ms JONES: Correct.

Mr D O'BRIEN: Can I ask how much that money was for those two grants?

Ms JONES: No, I am not able to provide that information, Mr O'Brien.

Mr D O'BRIEN: Well, perhaps I will go to the Secretary on this, because we constantly get, particularly from this department, 'Commercial in confidence'. Now, Secretary, the *Regional Development Victoria: Annual Report 13–14* lists all the grants that were given at that time, including to Longwarry Food Park, \$500 000; Murray Goulburn Co-operative, \$1.5 million; \$250 000 to Fonterra Australia; and \$200 000 to Australian fresh salads. All of these are commercial companies. Even under this government last year \$40 million was announced by the Premier and the minister for energy and environment for offshore wind farms for three different projects: \$16 million to Macquarie Group, one of Australia's biggest companies; Flotation Energy, \$2.3 million; and Star of the South, \$19.5 million. Why can't this department, RDV in particular, tell us what the funding is? I mean, don't Victorians deserve to know where their taxpayer dollars are going?

Mr PHEMISTER: I cannot change the rules of commercial in confidence, Mr O'Brien. This funding was—

Mr D O'BRIEN: But why can the Premier announce it?

Mr PHEMISTER: Because they are very different commercial transactions. It is governed by a set of rules that we—I will just make the point—

Mr D O'BRIEN: When did the rules change, Secretary?

Mr PHEMISTER: No. They are grants funded based on public milestones. This money with SEA Electric was part of an international capital raise, and so if those numbers were disclosed publicly, it would disrupt the capital raise. I could list many of those projects where we have commercial-in-confidence arrangements in place—not made up by our department, but governed by the rules around commercial transactions, particularly in the midst of an international capital raise.

Mr D O'BRIEN: Well, do you ever provide the funding for—

The CHAIR: Thank you, Mr O'Brien. Your time has expired. Mr Maas.

Mr MAAS: Thanks, Chair. And thanks, Minister. Minister, I would like to take you to the Regional Jobs and Infrastructure Fund in BP3, page 84. Could you explain and provide examples of how the fund creates and retains jobs, leverages private sector investment and helps grow and diversify regional economies?

Ms THOMAS: Thanks very much, Mr Maas, for that question. So again this budget commits \$30 million to our flagship Regional Jobs and Infrastructure Fund, and this year's funding brings it to a total of \$700 million that has been invested in regional Victoria by the Andrews government since in 2015, supporting more than 1100 projects and creating or retaining around 11 000 jobs. Now, Mr Maas, you may know this, but RJIF is celebrating its 20th year. This was an initiative of course of the Andrews Labor government, established—

Mr D O'BRIEN: I do not think so, Minister.

The CHAIR: Mr O'Brien.

Ms THOMAS: Sorry, the Bracks Labor government, established by former Premier and great advocate for rural and regional Victoria Mr John Brumby. Of course we remember that time because the Bracks government came in off the back of the former Liberal Premier Jeff Kennett describing regional Victoria as the toenails of the state.

Mr D O'Brien interjected.

The CHAIR: Mr O'Brien.

Ms THOMAS: Now, I know it is a long time ago, but it is something that people in regional Victoria have never forgotten. So it is great that we have got bipartisan support now for RJIF, because it was continued under the previous Liberal-National government, and this year it is part of our government's total investment in rural and regional Victoria, which as I have already detailed equates to \$36 billion.

Now, talking about some of the projects that have been funded—and I have been able to visit each of these—there is \$4 million for the Portland foreshore development. Now, Portland, if you have not been there, is a very beautiful maritime town. It was of course the birthplace of Vida Goldstein, who is very well known by many of you. It has a very strong and proud community and some of the best seafood that you will ever eat—ever. But because it is a port, the foreshore itself has not always been as attractive as it could be. Now, our government has worked in partnership with the Glenelg Shire Council to redevelop that foreshore, and it looks incredible. Similarly, in Mildura, \$5.25 million to support the Mildura riverfront precinct, and \$300 000 invested in Sea Lake, which leverages previous investment in the viewing platform at Lake Tyrrell. We have supported the shire with its visitor information centre. I was very proud, I might say, to be the very first customer of the Sea Lake visitor centre when it officially opened, and as I thought was appropriate, I spent quite a bit of money there on the day.

But it is these projects and projects that are underway that are just contributing to the renaissance that we are seeing right across rural and regional Victoria. This \$5.75 billion that we are investing in regional Victoria in this budget is still three times more than the \$1.8 billion the coalition invested when they were in government through their contributions. So this is a fantastic program, Mr Maas. It is delivering right across rural and regional Victoria. It is, as we said, building infrastructure. We work with the private sector, Mr O'Brien, to leverage their investment. These are contractual negotiations. They are reviewed by the investment program group. They are independently verified so that we get the best taxpayer value when we are making a contribution to the Regional Jobs Fund.

Mr D O'BRIEN: How do we know? How do we know? You won't tell us how much it is.

The CHAIR: Mr O'Brien.

Ms THOMAS: Thank you. I think that our record—our low unemployment, the amount of investment that we have made—speaks for itself and that the Victorian people can see clearly who is making the best investments in rural and regional Victoria.

Mr MAAS: Thank you, Minister. I think I am out of time. I will hand back to the Chair. Thank you.

The CHAIR: You are. Thank you, Mr Maas. Mr Barton.

Mr BARTON: Thank you, Chair. Minister, if I can just talk about the cross-border commissioner—and I will just give a little bit of context so you can understand why we are asking this question.

Ms THOMAS: Yes.

Mr BARTON: We had a situation in the commercial passenger vehicles sector where taxis from New South Wales could come into Victoria, pick up fares in Wodonga and then go back to Albury—good luck collecting the levy for that. Victorian taxis could drop off in Albury but could not pick up a fare and had to drive back to Wodonga, back to Victoria, and that was a huge problem for our industry. What has the cross-border commissioner done to resolve transport issues and anomalies between the states?

Ms THOMAS: Thank you very much, Mr Barton, for that question. The cross-border commissioner is a fantastic initiative that we are very proud to continue to support. It was established in response to a priority of

the Mallee regional partnership. The cross-border commissioner has great work to do with his counterpart in New South Wales. And before I come to directly answering your question, can I tell you that it was great to meet with the newly appointed minister for regional development in South Australia, the Labor Party's Clare Scriven, and I note that South Australian Labor made a commitment to implement a cross-border commissioner as well. So this is fantastic news for our cross-border communities. Our cross-border commissioner has worked very closely with New South Wales and is actually currently pursuing specific reforms in relation to taxi services. But if I can let you know, Commercial Passenger Vehicles Victoria has adjusted its recognition arrangements for New South Wales driver licence holders, and the New South Wales regulator has clarified operating rules for Victorian taxis. The Department of Transport is pursuing legislative change to make it easier for holders of non-Victorian licences to get Victorian accreditation. And the cross-border commissioner is pursuing specific border anomalies, including inconsistent taxi passenger service levy collection, with different reporting requirements for both states—now, that is in progress; taxi owners being charged a levy without government compensation, and that is in progress; and Wodonga taxis taking journeys into Albury unable to collect return fares. Now, that is a classic example of a cross-border anomaly that makes no sense.

Mr BARTON: Well, the regulator did well there, Minister.

Ms THOMAS: And so the cross-border commissioner has been facilitating a regulatory solution. These are the issues that our cross-border commissioners work on every day, and they are very vital. But I might say I need to acknowledge that the cross-border commissioner has played a very significant role during COVID and indeed managed all the conflicts that I know you can only imagine arose as a result of different border restrictions but also worked cooperatively state to state, with both New South Wales and indeed straight into the South Australian government, to make it as easy as possible for all Victorians and indeed their neighbours in New South Wales and South Australia to continue through those COVID restrictions. The cross-border commissioner took 9000 calls during that time, which is just quite extraordinary. But certainly I sat in many, many meetings with Luke Wilson, our commissioner, where we met with border business organisations. We had very many meetings. We took on all questions—any and all questions were always welcome. Luke Wilson, together with my department, worked very hard throughout COVID to help resolve the issues that were very frustrating for cross-border communities. But there is so much more work to do, and it would be great to see the federal government take this seriously and support more regulatory reform for border communities. We would love to have seen a focus of that in the much-touted Albury-Wodonga regional deal, which unfortunately did not include any of that very important work—the work that would make a real difference to the lives of people living in border communities every day.

Mrs McArthur interjected.

The CHAIR: Mrs McArthur, please.

Mr BARTON: Thank you.

Ms THOMAS: Thanks, Mr Barton.

The CHAIR: Thank you. Ms Richards.

Ms RICHARDS: Thanks, Minister and officials, for your time. I would like to explore the Latrobe Valley Authority and particularly refer you to budget paper 3, pages 73 and 83. I am interested in understanding how the funding allocated to the Latrobe Valley Authority will support workers and their families in the Latrobe Valley and assist the region with economic transition.

Ms THOMAS: Thank you, Ms Richards, for that very important question. As I had the opportunity to say earlier today, our government stands by workers of the Latrobe Valley. We stand by that community. We always have and we always will. Our support for the Latrobe Valley Authority is indeed evidence of that very real commitment that we have. The Latrobe Valley Authority was established to ensure a just and fair transition for workers and their families in response to the closure of Hazelwood and indeed is playing a very important role now as we look to more changes in the valley, including the closure of Yallourn in 2028.

The proof of our commitment is in our \$2 billion investment that we have made in the valley since 2014 and the more than 4000 additional jobs that this investment has created. When we talk about jobs, as you well

know, Ms Richards, this is not just numbers on a page. These are real people, with real lives, making a real impact.

In February this year I had the great pleasure of visiting the Latrobe Community Health Service's dental prosthetics clinic in Churchill. While I was there I met Ashleigh. Ashleigh was previously working as a prison guard, but this was not the work that she felt was best suited to her skills or indeed to her aspirations for herself and her future. Our government invested \$2 million to support the development of the Latrobe Valley university training and dental prosthetics clinic there at the community health service, and Ashleigh has completed an apprenticeship in dental prosthetics. To speak with her and to see the difference that our investment has made to her life was just incredible. As she told me, her job is to put smiles on the people of the Latrobe Valley, and she does that through working with some of the most disadvantaged members of the community who have very poor dental health, many of whom do not have any teeth. Ashleigh's job is to build their teeth and, as I said, to put smiles on their faces. That is what we are working to do right across the valley. Ashleigh did a diploma of dental technology at RMIT and she did her apprenticeship at Latrobe Community Health Service.

Our government will continue to invest in the valley. I was up there again—I have been many times in my role as Minister for Regional Development—for the opening of the Gippsland Performing Arts Centre. Again, if you have not been, I really encourage you to head there. I think it is very well complemented by our government's further investment through other portfolios in ensuring that we are taking more creative shows and performances to rural and regional Victoria, because we have the facilities to host them. That was a \$12 million investment in what is absolutely a transformative project for the Latrobe Valley. That of course is on top of \$46 million for the Gippsland Regional Aquatic Centre, another outstanding facility, which I opened in March last year. That project created 273 jobs during construction and 50 new jobs upon completion. That facility is the centrepiece of our government's \$85 million Latrobe Valley sports and community initiative. I mean, if we are realistic, without our government's investment in these absolutely world-class public infrastructure facilities, we would not be in the position that we are—to be able to make a commitment to Gippsland that with the Victorian regional games Gippsland will be one of the four host regions. That is fantastic. There is \$21 million for the Morwell GovHub. As you can see, Ms Richards, our government stands by the people of the Latrobe Valley. We always have, we always will. We will continue to invest in life-changing investments that deliver jobs and opportunities for people of the Latrobe Valley.

Ms RICHARDS: Thanks, Minister.

The CHAIR: Thank you. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Ms Jones, just following on from that, has the government secured a new major tenant for the Gippsland logistics precinct?

Ms JONES: Mr O'Brien, the government is working actively with Latrobe City Council around the activation of that site. My understanding is that there are several conversations with several potential tenants and a real focus on really trying to activate that precinct.

Mr D O'BRIEN: And there is no additional funding in this budget for the precinct itself, either through RDV or through the LVA?

Ms JONES: Not specifically for that precinct, no.

Mr D O'BRIEN: Okay. Minister, I note your comments on the previous question and also that your presentation, actually, regarding the LVA referred to long-term diversification and long-term jobs. In 2016 you put in \$266 million over four years, in 2020 you put in \$26 million over two years, this year you put in \$7.5 million for one year, and as you have indicated, we are losing Yallourn in 2028. How can you possibly say that you have got a long-term commitment to the Latrobe Valley when there is no money beyond the end of the financial year?

Ms THOMAS: Because from the funding that has been allocated this year, a key deliverable is the development of the transition plan, and the transition plan itself will drive—

Mr D O'BRIEN: We have been transitioning for 20 years.

Ms THOMAS: future investment. Indeed, as you say, a number of industries have been previously identified through the Latrobe Valley Authority as opportunities for growth, and we are seeing—

Mr D O'BRIEN: And failed.

Ms THOMAS: Well, as you detailed yourself before, significant investment is being made through the energy portfolio into the Latrobe Valley. We see new energy as an absolute opportunity for the Latrobe Valley. I spoke about the performing arts centre. We know also that tourism and the visitor economy is a fantastic opportunity for the valley and Gippsland more broadly, and I am sure, Mr O'Brien, you would have been very pleased when you saw that Visit Gippsland won a tourism award this year for the fantastic work that they are doing.

Mr D O'BRIEN: Of course I was, Minister. But with the shutting down of another power station, your government's policy decision to shut down the timber industry and having slashed funding three years in a row now to the LVA—anyway, I have got the answer.

Can I perhaps move on, and maybe to Ms Jones again. I think, Minister, you referenced 110 projects in the RJIF. Can we get a list of those projects, including the grant funding levels, where they are available—and I will have the argument over commercial in confidence another time, but at the very least what the organisation is and where possible the grant funding?

Ms JONES: Certainly, Mr O'Brien. I believe most of that is on our website, but we can certainly provide that.

Mr D O'BRIEN: Okay. And what is the total value of RJIF's pool of funding going forward?

Ms THOMAS: The budget this year allocates \$30 million for RJIF. This brings it to a \$700 million investment in RJIF. And as we have seen, I think the proof is in the pudding in terms of RJIF delivering for the regions—

Mr D O'BRIEN: Sorry, Minister—

Ms THOMAS: It is the Regional Jobs and Infrastructure Fund. It has delivered jobs and it has delivered infrastructure.

Mr D O'BRIEN: So has all the previous funding now been allocated or expended?

Ms THOMAS: No, because there are projects that are still underway—like, we have literally hundreds of projects—

Mr D O'BRIEN: I will rephrase it. In addition to the \$30 million that has been put in the budget this year, is there any other grant funding still available—still up for grabs, not already allocated? I am happy for you to answer, Ms Jones.

Ms THOMAS: No. We have committed our current funds, but as I said to you, project milestones and so on are still being paid out of money that has previously been allocated.

Mr D O'BRIEN: It will still come out. Yes, I get that. Minister and Ms Jones, we have heard at previous inquiries that there would be no reduction in staffing levels at Regional Development Victoria; we heard that in December 2020 and again last year. Can you confirm that there have been no job cuts or staffing reductions since December 2020 at RDV?

Ms JONES: Mr O'Brien, since December 2020, no, we have had stable job numbers in RDV. In fact probably I would say they would have increased slightly in response to various fixed-term initiatives in relation to COVID response.

Mr D O'BRIEN: Do you anticipate any job reductions in the forward year, 2022–23, or any early retirements or redundancy payments?

Ms JONES: Mr O'Brien, the Secretary might want to speak more broadly to this, but this is part of a broader savings initiative process that we are working through now to achieve some savings. We are in a process of working through that with staff, but I might refer it to the Secretary.

Mr D O'BRIEN: I am interested in RDV specifically. Perhaps you could take that on notice.

Mr PHEMISTER: Yes, it is publicly available. The ATO has the ERP, so we can certainly package that up for you.

The CHAIR: Thank you. The member's time has expired. Ms Taylor.

Ms TAYLOR: Yes. I was wanting to explore, for the benefit of the committee, outcomes from regional partnerships. The notable example is the Mallee regional partnership, which secured the establishment of the cross-border commissioner. It would be actually good to explore a number of those examples for our purposes here today.

Ms THOMAS: Okay. Thank you very much for that question, Ms Taylor. I did have the opportunity earlier to outline some of the very important work of the cross-border commissioner, which of course was an initiative of our regional partnerships. I talked specifically to some of the transport work that the commissioner has done, but I might detail some more important work that has been progressed by the cross-border commissioner. New South Wales and Victoria have now adopted bridging courses for responsible service of alcohol training, with recognition of the relevant national accreditation by Victoria, opening to online delivery and transportability of qualifications across the New South Wales-Victorian border. Now, of course when I worked in the SS&A club in Albury and yet lived in Victoria there was no requirement for a responsible service of alcohol certificate. That is how long ago it was. But I am glad to see that that anomaly has been fixed also so that young people can work across the regions.

In terms of vocational education and training, New South Wales has agreed to pursue reforms to facilitate use of Victoria's TAFE services to support workforce development along the Murray region. So that is good news. With schools data sharing and specific school transport issues, which Mr Barton will also have an interest in, our Department of Education and Training here in Victoria and the South Australian counterparts are now sharing cross-border school student data, and our commissioner has facilitated a successful resolution of specific school transport issues in East Gippsland, Echuca and Apsley, near the South Australian border. The cross-border commissioner advised the Department of Treasury and Finance on the Mutual Recognition (Victoria) Amendment Bill, advocating for border residents employed in a different state to their state of residence. That is just to round out all of the work that the cross-border commissioner has done.

But in terms of other work being undertaken by our regional partnerships, the Barwon and Great South Coast partnership has been absolutely instrumental as an advocate for the Geelong city deal, which has brought \$370 million towards new infrastructure projects in Geelong, along the Great Ocean Road and at the Twelve Apostles. In addition, the Barwon women's and children's hospital for Geelong, announced in our budget, receiving \$500 million, has also been an advocacy priority for the partnership. The Central Highlands partnership is a founding member of the Grampians New Energy Taskforce, which is driving collaboration across the region's new energy future. In the Loddon Campaspe region, the region in which I live, the partnership has worked directly with young people across the region on the youth employment pathways program and has secured \$6.6 million to continue the Healthy Heart of Victoria program. The Loddon Campaspe partnership has also been a great advocate for the Live4Life program, which started in the Macedon Ranges and has now been rolled out across rural and regional Victoria and has received funding from our government's mental health budget. So I think the point there for you, Ms Taylor, is that our regional partnerships are much-valued partners with us as a government and that we listen to the voices of people in rural and regional Victoria. I did mention the word 'advocacy' before, and advocacy is an important role, but just as important is to bring the leaders and community together so that they can devise ways in which they can solve problems themselves locally and, where needed, partner with the Victorian government or indeed other levels of government to achieve the outcomes that they are seeking for their rural and regional communities.

Gippsland of course secured \$7.5 million from the Regional Tourism Infrastructure Fund to develop the Croajingolong coastal wilderness walk, which will be a premier and iconic visitor destination for people from

all around the world. It is in one of the most beautiful parts of regional Victoria, and I am sure Mr O'Brien would agree with me on that.

Mr D O'BRIEN: Of course—the most beautiful part.

The CHAIR: Thank you. Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Minister, continuing on that theme, the regional development output has lost \$370 million in the past two budgets. If you go to last year's budget paper 3, there was a 52.5 per cent cut to the regional development output, and this year there is a 31.2 per cent cut. They are some massive cuts. We have heard all the good news. What programs and projects are being cut to adhere with this change?

Ms THOMAS: Mr O'Brien, I refer you to the slide that I presented earlier. As you would expect, the Regional Jobs and Infrastructure Fund, indeed our whole investment—the investments that we make across rural and regional Victoria—responds to the circumstances of any given time. You will see of course the massive investment that was made here in response to the COVID pandemic. During that time our government made a decision that we would invest to secure jobs, to secure small business, to look after the health and wellbeing of regional communities. So we had a record investment, and I would imagine, Mr O'Brien, that you would not expect the government to continue stimulus investments at such a record amount into the future, because we are stimulating the economy. That is what is happening right now, and you know we have hundreds of projects underway. Regional unemployment is at 3.2 per cent—

Mr D O'BRIEN: So we are all good—we have recovered, we do not need to worry about it anymore?

Ms THOMAS: No, not at all.

Mr D O'BRIEN: We have cut 50 per cent and then 31 per cent in the last two years out of your portfolio.

The CHAIR: Mr O'Brien.

Mr D O'BRIEN: The question that I asked was: what programs are being cut or not going on?

Ms THOMAS: Our target this year reflects the funding profile of the current range of our regional development initiatives, and it includes lapsing projects as a result of a reduction in the need for COVID-19 stimulus funding. Now, you do understand—

Mr D O'BRIEN: I am asking you what those programs are.

Ms THOMAS: Well, I can tell you that. So in this year there is less funding allocated for the Geelong city deal, because a lot of that money has either been invested up-front or is to be invested in the out years. GovHubs are now nearing completion—well, all bar Bendigo, which is nearing completion—so that funding has now been expended. Bushfire recovery was another element of our regional development funding, and of course the Alcoa assistance package. And there is more: the ag workforce plan is a lapsing program—that was established in response to the COVID pandemic—and building stimulus. So, Mr O'Brien, to try and suggest that we are cutting funding to rural and regional Victoria—

Mr D O'BRIEN: You are.

Ms THOMAS: No, you know that is a furphy.

Mr D O'BRIEN: This is the exact same—

The CHAIR: Mr O'Brien, please allow the minister to answer.

Ms THOMAS: You know it is a furphy, because you know that governments all around the world invested much more additional funding in response to the COVID pandemic. We have seen the federal government now has a deficit of more than \$1 trillion, so we have seen—

Mr D O'BRIEN: I did not ask about the federal government.

Ms THOMAS: Yes, but I am making the point that all governments around the world—

Members interjecting.

The CHAIR: Mr Newbury! Mrs McArthur!

Ms THOMAS: made additional investments to support their communities through the COVID pandemic. That is what we have done. Unemployment is now 3.2 per cent.

Mr D O'BRIEN: Okay, if you have done that, Minister, can I go back to my previous question that I really did not get an answer to: the Latrobe Valley, where there is another power station going to close in the next six years, where you have shut the timber industry, putting at threat—

Ms THOMAS: Well—

Mr D O'BRIEN: You are shutting the timber industry and putting at threat the region's biggest employer. How can it possibly be that you just give \$7.5 million for one more year to the LVA and say, 'Our job here is done'?

Ms THOMAS: Mr O'Brien, the LVA is only one part of our government's contribution and funding support into the Latrobe Valley. RDV and all of our RJIF funding is as available to the Latrobe Valley region as it is anywhere else in the state. We have, as I said, more than \$200 million supporting the transition of the timber industry to a plantation-based industry—

Mr D O'BRIEN: They do not want a transition; they want to actually have a job and an industry.

Ms THOMAS: so we are investing additional funding into the region.

Mrs McArthur interjected.

The CHAIR: Mrs McArthur, you have chosen not to ask questions in this session. Please do not interrupt those who are. Mr Richardson.

Mr RICHARDSON: Thanks, Chair. Thank you, Minister and department officials, for joining us again this morning. Minister, you mentioned briefly in your answer to Mr O'Brien's questions the GovHubs, and I wanted to refer you to budget paper 4, page 73. For the committee's benefit, Minister, can you update us on the status of the Ballarat, Bendigo and Latrobe GovHubs and information which would be beneficial to the committee on how the GovHubs are benefiting these communities?

Ms THOMAS: Thank you very much, Mr Richardson. Again, it is a very important question, and I do reflect that unless we had had the foresight and the commitment to invest in rural and regional Victoria we would not be in the position that we were to win the Commonwealth Games for regional Victoria. It is the total of investment that we have made over the years to improve and enhance the infrastructure across rural and regional Victoria that has put us in the place that we are.

Based in Ballarat, Bendigo and Morwell, our GovHubs will diversify regional city economies. They will increase labour market opportunities in regional cities—they definitely are doing that—support the concentration of government and private sector investment in regional CBDs and consolidate government services into one place, which is great for service provision. The construction of the GovHubs, as you would expect, has already created thousands of jobs, most of them, and I am very proud of this, using local labour and local suppliers. Indeed what we have been able to do is see regional builders partner with tier 1 builders, I think—is it tier 1 or tier 2 builders?—in the case of Ballarat, to upskill our regional construction industry, so that has been fantastic as well.

I have been to each of the GovHubs and had the pleasure of opening them. The \$90 million Bendigo GovHub is being delivered in partnership with my department and Development Victoria, and it is due to be completed in early 2023. The topping-out ceremony is scheduled for a few weeks time, marking the completion of the building's frame and its highest point. It was great to announce that this work is being done by Bendigo-based head contractor Fairbrother to manage the build. Construction commenced in August 2021 following a significant and very fruitful, but it did cause us some delays in our time lines, archaeological dig. Of course, as you would expect in a place like Bendigo, the dig uncovered a startling number, to the tune of 67 000, artefacts

revealing insights into life during Bendigo's first boom in the late 19th and 20th centuries, and of course its gold rush heritage coming to the fore.

Mr RICHARDSON: Did they find any gold?

Ms THOMAS: Well, there is plenty of gold in Bendigo, Mr Richardson. Indeed we are finding more gold. Gold miners will tell you that where there was gold found, if you look hard enough, you will find some more, and that is indeed what they are doing.

I cut the ribbon to open the Latrobe Valley GovHub in Morwell on 7 July 2021, along with a hardworking Member for Eastern Victoria, Harriet Shing. Now, that GovHub has delivered on our commitment to accommodate up to 300 public sector employees, of which nearly 200 are new jobs into the Latrobe Valley, so that is a fantastic outcome. It is currently home to four government agencies: Parks Victoria, Solar Victoria—which is very appropriate, I believe—the Mine Land Rehabilitation Authority and Earth Resources Regulation. This \$30 million project was a key part of our \$266 million Latrobe Valley transition package, which was announced back in 2016. More than 500 construction jobs were created during the building of that project.

Now, the Ballarat GovHub, very quickly, opened on 21 April 2021, and I was there with Juliana Addison, Michaela Settle and other well-known friends and other Ballarat community leaders. The \$100 million Ballarat GovHub has been delivered as a partnership, once again, between RDV and Development Victoria, and it will accommodate up to 1000 workers in Ballarat. These are fantastic initiatives. Thank you very much for your question, Mr Richardson.

The CHAIR: Thank you, Minister. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. I want to ask about the Latrobe Valley Authority. Now, you indicated that a transition plan was being developed in this year's funding. Surely a Latrobe Valley transition plan would have been the first thing the authority would have done rather than something done years later. Why is it happening now instead of when the authority was first set up?

Ms THOMAS: I do not want to get bogged down in nomenclature here, Mr Hibbins, but the Latrobe Valley Authority, when it was established, worked immediately to respond to the needs of workers who were being impacted by the mine closure and worked very hard on a worker transition program and really delivered for workers that were impacted by the mine closure at that time.

The Latrobe Valley Authority did a lot of work on smart specialisation, which is actually a kind of world-leading approach to regional development, to do a sort of deep dive, if you like, into what are the industries that are going to support the Latrobe Valley and its communities into the future. That work has been done. It is a foundation stone of—well, it is complemented, I might say, by—our regional economic development strategies. We are taking an evidence-based approach to transition in the Latrobe Valley. The transition plan itself responds to a need that the community has expressed. They want to see a plan, and we are going to deliver that for them.

But I can assure you, absolutely, that we have been working every single day—and not just the Latrobe Valley Authority, but Regional Development Victoria—to support transition in the valley from coal-fired power generation to new industries, including new energy, including health and wellbeing—

Mr HIBBINS: Given there is one year's funding allocated in this year's budget, can you commit to the community that the Latrobe Valley Authority will continue until the very last coal power station closes, if not beyond?

Ms THOMAS: The funding in this year's budget is to establish the transition plan, and that will guide our future investments into the Latrobe Valley. What is most important for the people of the Latrobe Valley every single day is that they have a government that wants to work in partnership with the community to create new jobs and opportunities. I might use this moment, if I may, to congratulate the Gippsland Trades and Labour Council for the absolutely critical role that they have played—and will always play with the Labor government—in supporting a fair and just transition for the workers in the Latrobe Valley.

Mr HIBBINS: In terms of the plan, there has been some advice I think that Loy Yang B and Loy Yang A may actually close much sooner than is forecast, perhaps in 2029–32. Will the transition plan include an updated power station closure time line?

Ms THOMAS: That is a bit of a hypothetical question, Mr Hibbins.

Mr HIBBINS: It is fair to ask what is in the plan or what that plan is considering.

Ms THOMAS: It was our government that moved to ensure that we received five years notice so that we can work on the ground to plan and prepare for the job losses that will inevitably come and that are slated for 2028. But I might say that since 2016 the LVA has contributed to more than 4000 jobs in the valley, including 1156 jobs created through the economic growth zone reimbursement scheme, 1498 unemployed people have been hired as a result of the back-to-work scheme, over 730 workers who were impacted by the closure of Hazelwood and Carter Holt Harvey have been supported to find employment by the worker transition service and 500 jobs across the region have resulted from major infrastructure projects funded through the Latrobe Valley sports and community initiative. It is probably worth pointing out at this moment, Mr Hibbins, that of course with Gippsland on track to host one of the games villages we see great opportunity, and I have certainly had these conversations already with the City of Latrobe mayor, to grow even more opportunities for young people in particular in the Latrobe Valley.

The CHAIR: Thank you, Mr Hibbins. Thank you, Minister. That concludes the time we have set aside for consideration of the regional development portfolio with you today. Thank you for appearing before the committee. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a short break before moving to consideration of the energy, environment and climate change portfolio. I declare this hearing adjourned.

Witnesses withdrew.