

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020-21 (Symes)

Melbourne—Friday, 18 December 2020

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Ms Jaelyn Symes, MLC, Minister for Regional Development,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary,

Mr Ben Stewart, Associate Deputy Secretary, and

Ms Beth Jones, Deputy Secretary, Rural and Regional Victoria, Department of Jobs, Precincts and Regions.

The CHAIR: Welcome back, Minister Symes. We are now considering the regional development portfolio. We invite you to make a 5-minute presentation, and this will be followed by questions from the committee.

Ms SYMES: Excellent. Thank you so much, Chair.

Visual presentation.

Ms SYMES: We will just sort out the clicker. You have got hard copies, haven't you?

The CHAIR: Yes, it has been emailed.

Ms SYMES: Yes, right. Okay. Well, I will just start. The Andrews Labor government is certainly proud to continue our record of backing regional Victoria. We have delivered significant outcomes for communities under difficult circumstances, including drought and dry season conditions, last summer's bushfires, ongoing industry transition and the response obviously to the pandemic. Despite these unprecedented challenges, the regional Victorian economy has remained strong and is a significant contributor to our state's economy, with over \$80.5 billion of value generated in regional Vic. Regional Vic also supports around 730 000 jobs, and around a third of all exports originate in country Victoria.

This strong position has been achieved with the help of our government's sustained investment in infrastructure and people as well as ongoing improvements to government service delivery. We continue to invest in the things that matter to communities—schools, hospitals and transport—making our regions the best place to live, work and visit. Unsurprisingly, we know that more people now are looking to regional Victoria to raise a family or start a business. We have also made sure that our regional businesses are in the best position to establish and expand, targeting investment in critical infrastructure and growing industries, and this is aided by the lowest payroll tax in the country. Getting to this position requires attention and coordination, and our regional development portfolio is about connecting priorities across government and delivering outcomes that work for each community.

This year's budget is about putting people first. Our significant commitments build on our proven track record, with an emphasis on making sure every community can recover. But these investments are much more than just getting back to where we were; it is about creating secure jobs, investing in our communities, supporting our most vulnerable and ensuring regional Vic experiences a strong recovery. The slide shows that although unemployment has increased, regional Victoria does remain in a strong position.

As we set up for recovery, we are committed to investing in projects that get shovels in the ground and deliver world-class facilities right across the state. Our country communities should have access to high-quality roads and rail, health care, schools and cheap, green energy. We are investing in infrastructure for every Victorian, regardless of where they live. This year's budget delivers a suite of investment initiatives in infrastructure to get regional Victorians back on their feet. And as you can see, this year has a record investment in regional Victoria and continues to build on our proud history of delivering for this part of our state.

During the pandemic, department staff across government have fulfilled roles and undertaken tasks well beyond their PDs. RDV staff have supported country businesses and communities as they have navigated challenges of COVID-19, such as changes to supply chains, reduced international visitors and travel restrictions. Across our 18 regional offices we were able to support workers, businesses and communities with targeted support delivered

through Minister Pakula as Minister for the Coordination of Jobs, Precincts and Regions—COVID-19. Over 28 000 businesses in regional Victoria were provided with financial support. The government's \$1.7 billion economic survival package provided direct assistance to businesses struggling as a result of the pandemic. Additional funds supported rural and regional businesses to prepare for COVID-normal practices.

I am incredibly proud of RDV's work to help businesses at a local level with support and ongoing advice, in many cases helping businesses pivot their operations to continue producing and delivering produce and goods. A close engagement with the rural and regional industry community through numerous roundtables and discussions has meant we have heard firsthand how Victorians have been impacted this year.

Through our response to COVID-19 regional Victoria is benefiting from wideranging investment right across the state as part of the \$2.7 billion building works package. You can see some highlights here on the screen, some key projects—the Mildura riverfront precinct, Portland foreshore redevelopment, Macedon Ranges trails and Growing Mount Hotham.

Our way of working continues to reach across government to deliver initiatives that respond to local needs. Through the Rural and Regional Victoria group we continue to listen to communities that we serve, helping to strengthen regional Victoria and grow local jobs. Support is targeted, so we get the most out of government. Service delivery in regional communities needs to be different to how we service metropolitan Melbourne, and our work focuses on building resilience, supporting economic transition and making sure regional businesses are able to focus on the future.

This year's budget has over \$8 billion to help regional communities recover and come back fairer and stronger. Investments obviously go across many portfolios, but they are all about ensuring that regional Victoria is an attractive place to live, visit and invest. Some of the highlights on the screen include 25 per cent of our record investment in social and affordable housing and the importance of regional tourism to our economic recovery, while \$156 million is in the budget to continue our Regional Jobs and Infrastructure Fund. Members will be pretty familiar with this fund, I believe, but it is delivering three streams of support: the economic and community development stream, the Regional Jobs Fund and an accelerating readiness stream.

Additional regional priorities will support regional recovery, diversification, and planning and resilience for communities, and \$124.5 million continues the work operations of the RRV group.

I will quickly just go to the last slide, because our regional partnerships are awesome.

The CHAIR: Excellent. Thank you, Minister. Deputy Chair.

Mr RIORDAN: Thanks, Chair. Regional development is of course an important issue. So my question, Minister, is: budget paper 3, pages 83 to 84; these pages outline output initiatives of the Department of Jobs, Precincts and Regions. Why is there no new output provision for the Regional Development Victoria agency?

Ms SYMES: Can you just repeat that last bit, Mr Riordan.

Mr RIORDAN: Well, I am looking through here on pages 83 and 84 with the outputs. There is no mention of Regional Development Victoria as an agency for outputs. You have got, you know, 'Melanoma and Clinical Trials Centre', 'Startup Capital Fund'.

Ms SYMES: Yes. Mr Riordan, if I could bring—

Mr RIORDAN: 'Women's founders Angel Sidecar Fund', but there is nothing for Regional Development Victoria.

Ms SYMES: If I can bring your attention to page 14.

Mr RIORDAN: Page 14, of budget paper 3?

Ms SYMES: Yes. 'Delivering for Rural and Regional Victoria' is the fifth one down. That is RDV there.

Mr RIORDAN: That is RDV?

Ms SYMES: Yes.

Mr RIORDAN: And, from memory, when we had this conversation last year there was a decline in funding, and looking at that line, RDV has the good fortune of seeing its budget continue to be slashed in each of the forward periods. Would that be right?

Ms SYMES: No. That is not true, Mr Riordan. What we went through last year was the process of decoupling the operational budget of RDV from the RJIF itself. What is important is to see that the operational budget is a separate line item. Otherwise it became quite confusing to communities thinking that there was this enormous bucket that was available for grants, when some of it was paying for administration costs, which was deemed not to be an appropriate way to operate that fund. So it is important to talk—

Mr RIORDAN: So this is for supporting—this line you have referred me to does not include any operational costs?

Ms SYMES: That is the operational cost.

Mr RIORDAN: That is the operational cost; right. So you are cutting their operations funding significantly. So does that mean it is also, long term, cutting the funding to programs as well?

Ms SYMES: Mr Riordan, there are no plans to reduce any of the efforts or staffing of RDV.

Mr RIORDAN: Right, even though I think it is nearly half the amount of money in two years time in the budget; that seems extraordinary. What, we are just using that much photocopying at the moment, are we, or—

Ms SYMES: No, it is also—currently the LVA's budget is secured for two years in this year's budget. So for LVA it is two years' staffing—programs are for one year. RDV is ongoing.

Mr RIORDAN: Okay. So I do not think it is just me reading the budget. It is understood that many of the employees across RDV are pretty unsettled because they are unable to secure long-term contracts and are seeking secure employment in other departments. How many contracts were terminated during 2019–20, and how many employment contracts are set to expire this current financial year?

Ms SYMES: I might ask Ms McKay to respond to that question.

Ms McKAY: There were no fixed-term staff who were not given duration—who were terminated during that period.

Mr RIORDAN: But how many are set to terminate in this financial year?

Ms McKAY: None.

Mr RIORDAN: So for everyone that is working at RDV today the position is there for the rest of this financial year and into next? No cuts at all?

Ms McKAY: No.

Mr RIORDAN: Okay. Have you got a People Matter survey on staff turnover at RDV?

Ms McKAY: We do have a People Matter survey—it does not look at turnover, it addresses cultural issues—but there were no staff who were terminated during this financial year.

Mr RIORDAN: But is there a sentiment on whether staff are planning to stay in the department or stay in the agency?

Ms SYMES: We have had very strong retention in RDV in the two years that I have been there. All the regional directors are the—

Mr RIORDAN: Are you able to supply us the most recent staff survey for RDV?

Ms SYMES: It was released yesterday publicly. I have not had an opportunity to review it myself, Mr Riordan, but I am sure that if you cannot locate it—

Mr RIORDAN: Okay, that is great. Good. Thanks.

Ms SYMES: we would be able to furnish you with a link.

The CHAIR: Thank you. Mr Gary Maas, MP.

Mr MAAS: Thank you, Chair, and thank you, Minister. If I could take you to budget paper 3, page 14, and specifically the topic of support for regional jobs growth, would you be able to explain how the extension of the Regional Jobs and Infrastructure Fund is supporting jobs growth in Victoria over the next year?

Ms SYMES: I am delighted to, Mr Maas. Thank you for your question. It is a fantastic fund that really brings about some really good outcomes for regional Victoria. It is about creating and retaining jobs in this part of our state and it is funded, as you identified, in the budget papers under the ‘Making rural and regional Victoria a better place to live, work and invest by growing jobs and strengthening communities’ initiative.

As flagged in my presentation, there is \$156 million over two years. There are three key streams in relation to this fund, and it is estimated to deliver economic outcomes for more than 1.5 million regional Victorians.

The fund is the overarching regional development package. It is designed to support major projects, new job growth opportunities and investment within country communities. Our central jobs growth stream is delivered through the Regional Jobs Fund, recognising that businesses looking to establish, grow or expand in regional Victoria face different conditions and unique opportunities. So therefore it is designed to leverage our state’s strategic strengths and also identify local competitive advantages.

Support will be provided for regional businesses in high-potential, high-value sectors. For example, as we have previously discussed, Victoria is Australia’s largest food and fibre producer, so a lot of businesses that RDV work with have a crossover with the ag portfolio. We also have considerable advantages in advanced manufacturing, professional services and new energy, and particularly a lot of pivoting opportunities Homegrown manufacturing and the like—as a result of COVID—is going to present a lot of opportunities that we would be very interested in helping industry pursue.

There is an additional \$36 million in the Regional Jobs Fund to support the expansion, retention and relocation of businesses who can demonstrate quantifiable job benefits and economic impacts on local communities. The fund has an added aim to support our regional communities’ competitiveness and productivity, which can actually look different depending on where you are in the state, because it is looking at investment in local capability. Overall the objectives of the Regional Jobs Fund are to drive long-term growth through supporting business development opportunities, catalysing and increasing private sector investment in regional Vic, delivering economic benefits to the state, aligning with other investment and economic development opportunities of government and maximising value to Victoria.

I am certainly committed to ensuring our regional businesses are supported to continue to grow and expand through looking at new opportunities through diversification and shoring up of existing markets, and this fund is going to be critical to support the future of many businesses. These investments not only help businesses but they help country people into country jobs, or indeed attract people from city areas or other states to what I would consider the best part of our state.

Mr MAAS: Great. Thanks, Minister. COVID has impacted many communities across regional Victoria. How important is it that the Regional Jobs and Infrastructure Fund supports Victoria’s COVID-19 recovery?

Ms SYMES: It is very important, Mr Maas. It is very clear that the impacts have not played out consistently or evenly across the state. Many parts of country Victoria obviously have had the double, triple or sometimes more than that whammy this year, whether it is drought, dry seasonal conditions, bushfires or indeed just industry transition in some communities. Many parts of rural Victoria have low industry diversity. They might have only one major employer or they are dependent on one key export, and these communities are particularly vulnerable at these times. On the flip side, as noted in my presentation, there are also significant opportunities for regional Victoria, and regional Victorian industries can be less exposed compared to those in our cities in

some sectors. The \$156 million RJIF is designed to support those industries and communities to recover quickly and to identify those opportunities. It is clear that some businesses are already ready to take advantage of new opportunities. They have been pivoting to online platforms or identifying local domestic markets, and our fund will certainly be helping to support those growth activities.

Apologies, Mr Maas, I have run out of time. I could talk about the benefits of this fund to regional Victoria for a long time.

Mr MAAS: All good. Thank you.

The CHAIR: Thank you, Minister. Mr Sam Hibbins, MP.

Mr HIBBINS: Thank you, Chair. And thank you, Minister and your team, for appearing this morning. The initiative delivering for rural and regional Victoria includes funding for the Latrobe Valley Authority. Can you indicate how much of this funding is allocated to the LVA?

Ms SYMES: In this budget, Mr Hibbins, it is important that we are continuing funding for the LVA as part of the rural and regional Victoria group through the \$124.5 million delivering for rural and regional Victoria initiative. The LVA has been part of this group since January 2019. It was previously established in 2016 under a separate department, but then moved into my department when I became minister. The funding that is allocated to the LVA will maintain current staffing levels and continue a range of its programs. Some of the most important ones are the worker transition service and the special economic growth zone to ensure that we continue to ensure that the Latrobe Valley can be one of the most attractive places in Victoria to do business. We are reimbursing government fees and charges for businesses creating jobs to make it a really attractive place to draw hopefully more employers and to enable more people in that area to take up those opportunities.

In relation to the specific breakdown of funding referred to in your question, \$13.8 million is allocated to staff to June 2020, \$13.1 million to program delivery funds to June 2021, \$26.9 million over two years is part of the delivering for rural and regional Victoria.

Mr HIBBINS: So just to clarify, \$13.8 million for the next financial year and then \$13.1 million for the financial year after that?

Ms SYMES: No, no, \$13.8 million is for staff and \$13.1 million is for programs.

Mr HIBBINS: Okay, and that is over—

Ms SYMES: Two years.

Mr HIBBINS: Two years; okay. Is that consistent with previous years' funding?

Ms SYMES: It is the same. It maintains the existing staff cohort, for example.

Mr HIBBINS: One of the issues that has always been that comes up is that it is for only two years or so—the actual length of the funding—when we know the transition is actually going to take many years. Rather than having to revisit this every odd budget or so, why isn't there a longer funding arrangement put in place, basically?

Ms SYMES: It is a good outcome to be able to announce two years of certainty for the LVA. Obviously they work hand in hand with RDV in that part of the world, and it is obviously an area that is undergoing much transition, whether it is as a result of changes in our energy production or indeed our forest timber transition plan, so it is important to ensure that we have got capacity to respond to the needs of that area. Two years is appropriate at this point time.

Mr HIBBINS: Okay; great. Thank you. I now want to move on to the initiative the visitor economy regional tourism infrastructure and specifically the Falls to Hotham alpine crossing stage 1.

Ms SYMES: Awesome.

Mr HIBBINS: How much money is allocated for this particular initiative?

Ms SYMES: I announced that; I should know that off the top of my head. It is a very exciting project, Mr Hibbins, particularly activating an area of the world that in a non-2020 year does very well in winter. But ensuring that year-round tourism offerings are available is something that we have been committed to, and this is a project that—as the local member for that area—is something that has been campaigned for for many years. So it is great that we were able to provide funding. Just for context, the Falls to Hotham crossing will create an iconic facilitated walk across the high plains between the two ski resorts to establish them as a leading nature-based tourism destination with, as I said, year-round appeal. The project includes trail works, a trail head at Falls Creek, interpretation facilities and signage. The answer to your question is \$15 million.

Mr HIBBINS: Thank you.

The CHAIR: Thank you, Minister. Mr Danny O'Brien, MP.

Mr D O'BRIEN: Thanks, Chair. Can I first just clarify with Ms McKay, will all RDV staff have ongoing employment after 30 June?

Ms MCKAY: I am really sorry; I could not hear the question.

Mr D O'BRIEN: Will all RDV staff have ongoing employment after 30 June next year?

Ms MCKAY: Yes, they will.

Mr D O'BRIEN: Thank you. Minister, can I just follow up a couple of things that Mr Hibbins just asked about the LVA. So you just confirmed that budget paper 3, page 14, the line item there 'Delivering for rural and regional Victoria' is, as you said, \$124.5 million—\$26.9 million of that is for the LVA for the next two years; correct?

Ms SYMES: Yes.

Mr D O'BRIEN: Given that the original allocation for the LVA was \$266 million over four years, how can you justify your statement to Mr Hibbins just then that it is consistent with the previous spending? That is a massive cut to the LVA's budget.

Ms SYMES: Yes, the \$266 million was for all programs and unrelated to the staff, and what my—

Mr D O'BRIEN: I am not just talking about the staff, I am talking about the programs—the worker transition scheme, the Latrobe Valley economic zone. It is considerably less.

Ms SYMES: There has been a lot of investment in East Gippsland, and the Latrobe Valley remains an important priority of government, which is demonstrated by the budget allocations and the continuation of a dedicated agency to ensure the prosperity of that region.

Mr D O'BRIEN: So we have got \$266 million over four years down to now \$26.9 million for two years. Is that right—just two years?

Ms SYMES: Yes, but you have got to remember that the Latrobe Valley is not excluded from the other budget initiatives that were announced this year—\$8 billion for regional Victoria is record investment; it does not mean that that money cannot go to Latrobe Valley as well. I think I have demonstrated since being minister in this portfolio I am very interested in a whole-of-government approach to regional and rural Victoria and I do not put in silos a dedicated amount for a particular region. They get to benefit from a range of government programs.

Mr D O'BRIEN: Can I just confirm, then: after the budget your colleague in Eastern Victoria, Harriet Shing, told the *Latrobe Valley Express* that there was \$125 million for the LVA. You are now saying that is actually not correct, is it?

Ms SYMES: I am not sure of the—

Mr D O'BRIEN: It was in the *Latrobe Valley Express*:

The Victorian government will maintain funding for the Latrobe Valley Authority through the next two years as part of Tuesday's State Budget.

The Budget is providing \$125 million to continue the LVA ...

Ms SYMES: It is because the \$125 million is the overarching budget item that the funding for the LVA comes under, and as I have indicated—

Mr D O'BRIEN: So Ms Shing has wilfully misled the people of the Latrobe Valley by saying there was \$125 million.

Ms SYMES: I think that is unfair, Mr O'Brien.

Mr D O'BRIEN: That is what the *Express* reported.

Ms SYMES: The budget item continues the funding for the LVA as part of the rural and regional Victoria group of DJPR through a \$124.5 million 'Delivering for rural and regional Victoria' initiative, and as I have said, there is no limitation on the Latrobe Valley's capacity to attract investment. Indeed I had a meeting with the Latrobe City Council this week about some of the projects that are priorities to them, and they are not necessarily going to be accessing funding under the LVA for some of their projects; we have other buckets that will contribute to that area.

Mr D O'BRIEN: So on that, there is \$97.6 million left out of that line item—is that solely for RDV? Yes? Okay, how much of that is grant money available to the rest of Victoria statewide?

Ms SYMES: I would point you to the RJIF for the available grants to regional Victoria.

Mr D O'BRIEN: So the \$97.6 million for RDV is just to run RDV, that is just the staff. Okay. What is the available grant money, then, through the RJIF for the next four years?

Ms SYMES: \$156 million over two.

Mr D O'BRIEN: \$156 million over two? Where is that in the budget, please?

Ms SYMES: Page 14:

Making rural and regional Victoria a better place to live, work and invest by growing jobs and strengthening communities.

Mr D O'BRIEN: So that is for two years?

Ms SYMES: Yes.

Mr D O'BRIEN: So there is no funding beyond the two-year program for RJIF?

Ms SYMES: Not in this year's budget.

Mr D O'BRIEN: Thank you. I am out of time.

The CHAIR: You had 2 seconds, Mr O'Brien. Ms Pauline Richards, MP.

Ms RICHARDS: Thank you, Chair. Thank you, Minister. I am also interested in exploring a little bit more budget paper 3, page 14, 'Making rural and regional Victoria a better place to live, work and invest', and continuing on from the insights you were providing before when you said you could talk all day. I would like you to have another opportunity. Will the support that is provided for community development support the growth and recovery of regional Victoria's economy?

Ms SYMES: Thank you for your question, Ms Richards. The government is certainly committed to ensuring that regional Victoria is the very best place to live, work and visit, and we include investing in local communities as a driver of economic growth. Priority projects under the economic and community development stream of RJIF will be activated quickly because we want to ensure that we can create local jobs and opportunities and support the recovery of those communities as effectively as possible. Funding will be provided for priority economic and community projects across the state, as I said, with an attempt to retain jobs and support communities in their self-led recoveries. There is, I have always maintained, a strong connection between livability and economic growth. When you spend money on livability initiatives, it flows through to

attracting more people to live in communities, and indeed businesses are more attractive to set up in those communities when you have adequate community facilities.

Throughout the year there has been understandably strong interest in relocating to country Victoria. Obviously the pandemic has shown that flexible working arrangements can be quite easily accommodated if people turn their minds to it, so the fact that you might have a Melbourne-based job does not necessarily mean you have to be in Melbourne five days a week going forward.

So there are a lot of people that are looking for a lifestyle change, and therefore they will be looking for communities that have the services and facilities that they would like to have in their home. We have been investing. I guess for a tangible example of the kinds of projects—you get good bang for your buck in country Vic—investing in projects such as streetscape upgrades has the capacity to boost civic pride and help attract commercial and residential investment, for example, and it is certainly complementary to our Regional Tourism Infrastructure Fund. Often you hear from people—you go on a holiday and you like where you go, and then a lot of people want to move there. I went to Beechworth for five days in July and my husband was like, ‘Let’s move here because it’s lovely’. So making sure that you are having communities that have fantastic facilities will mean that people will be attracted to raise their families in those communities and indeed create jobs by starting businesses.

Ms RICHARDS: That is lovely. And yes, anecdotally I think we all know people who have done that move recently. How are you supporting the development of a pipeline of investment-ready projects and infrastructure for our regional communities in this fund?

Ms SYMES: Yes, so I think that has been really important. Obviously we had the \$2.7 billion stimulus package, and what we wanted were shovel-ready projects so that you could generate jobs as quickly as possible. Most of the projects that we do in this space are generally partnering with local councils, so ensuring that they are in a position to be able to apply for funding, having their business cases ready and things is something that has proved challenging the past, because they have only got small budgets, and spending money on planning is not that much fun. So it is really great that we have been able to support an acceleration readiness stream, which will help facilitate some of those projects. So it is \$10 million, which will include the development of business cases and planning for projects of strategic importance so that they are really ready to be activated. We are factoring in short-term investments as part of the stimulus, but we are wanting to make sure that we have got a pipeline going forward—particularly as there are going to be a lot of people getting construction jobs, you want to make sure there is ongoing work for those people, whether it is private or public sector developments. The process will indeed produce a robust pipeline of investment-ready opportunities, which could be particularly attractive to the private sector. I think, as you would have heard from the Treasurer, it is really important in an economic recovery sense for the state government to be using our balance sheet to shore up the economic prosperity of the community, but by leveraging for private investment you are going to get much better bang for your buck and quicker recovery.

Ms RICHARDS: Thank you, Minister.

The CHAIR: Thank you, Minister. Thank you, Ms Richards. Mr Sam Hibbins, MP.

Mr HIBBINS: Thanks, Chair. I would like to just follow up on the Hotham to alpine crossing, which sounds like a project that you are very familiar with. When the Alpine National Park boundaries were drawn originally they actually were drawn around Falls Creek and Hotham resorts so development could occur there. Now you are putting development within the national park. What is the justification for that?

Ms SYMES: I might have to get back to you on if there are any restrictions that we have had to overcome, because none of it comes to mind. I guess what I could lean into is that this is an ecotourism, low-impact development that is designed to facilitate an iconic walk that is about appreciating the natural environment. So this is more about eco-pods and little huts as opposed to what would be a familiar sight at an alpine resort—there are no plans to put four-storey luxury apartments in the middle of the walk.

Mr HIBBINS: But there will be development within the national park.

Ms SYMES: Low impact, similar to the Grampians trail. These are about making sure that people can be attracted to our wonderful national parks but be able to do it in a safe way, camp along the way et cetera.

Mr HIBBINS: Will they be privately operated?

Ms SYMES: The project is predominantly put forward by Parks Vic, and it will be for further determination, the commercial operation of them.

Mr HIBBINS: So are you still to decide whether it will be privately operated—

Ms SYMES: Correct.

Mr HIBBINS: or how it will be privately operated?

Ms SYMES: How. For instance, I have got a similar project at the Mount Buffalo Chalet with eco-pods, with the EOI out for those. I am really keen to work with the traditional owners on whether there are social enterprise opportunities in the example. We go to market with a view to making it commercially viable but also very keen on ensuring that there are local priorities that are picked up in that process.

Mr HIBBINS: When you say low impact, who determines that?

Ms SYMES: This is one of those processes where we work closely with Parks Vic, the environmental regulator and DELWP.

Mr HIBBINS: So in terms of who is the authority to actually—

Ms SYMES: Make the determination? DELWP.

Mr HIBBINS: Okay. Thank you. Thanks, Chair.

The CHAIR: Thank you, Mr Hibbins. Mr Tim Richardson, MP.

Mr RICHARDSON: Here we go. Thank you, Chair. Thank you, Minister and department representatives, for joining us this morning. Minister, I want to take you to the topic of regional building works, and if I could refer you, Minister, to budget paper 2 at page 84. You noted the importance of shovel-ready projects to drive recovery. I am just wondering if you could outline for the committee's benefit the committed works and how they will create local jobs?

Ms SYMES: Absolutely, Mr Richardson. Following on from previous discussion with Ms Richards, there is the \$2.7 billion building works package, which was announced earlier this year and is identified in the budget obviously post that time. It includes a range of small to medium construction projects and upgrades that were predominantly about identifying projects that could get started quickly so that more people could find opportunities for employment. The package provides obviously an immediate benefit. Of particular importance was for us to identify projects that are in areas that were impacted by summer's bushfires. The building works package is supporting a range of works across education, social housing, tourism, regional rail and upgrades to local assets such as CFA and SES stations. It is estimated that there will be thousands of jobs created, including vital support for those working in our state's supply chains. Importantly, of that \$2.7 billion that was announced, more than half of these projects will be delivered in regional Victoria.

As with other initiatives, the works package has been driven by a local approach, responding to what locals have been asking for and identifying as their priorities so therefore having the most impact for those particularly small and remote communities. Projects have included investing in local infrastructure such as a \$2.5 million investment in the Chiltern community hub; a major tourism project which I was referring to with Mr Hibbins just then, the Mount Buffalo wilderness eco-pods; and investment in employment opportunities such as the \$2.7 million investment in the Parwan employment precinct, which is sort of like enabling infrastructure to attract more commercial operations.

So the range of projects are focused very much on quick returns for that investment and more jobs, which is predominantly the best way to respond to the recovery from the pandemic. Within the regional development portfolio there are 29 initiatives that will be delivered by my department.

Mr RICHARDSON: Fantastic, Minister. Obviously during the pandemic there were disproportionate impacts for certain sectors and industries. Tourism was hit pretty hard during that time, and building on that

recovery is really critical. I understand that many of these projects are focused on visitor experiences. How will regional tourism be supported in this recovery?

Ms SYMES: Regional tourism—first of all it has taken a massive hit because of international restrictions and indeed interstate and Melbourne country restrictions in the past year. So it has certainly been an area that is important to have government attention on, not to mention some of those areas were also impacted by bushfires. It was great to be able to announce the \$465 million visitor recovery tourism package along with the Premier and the Minister for Tourism just before the budget. There are significant funds allocated to provide an ongoing pipeline of projects that support not only local governments through investment but obviously making those important investments in the visitor economy, because we know that this is going to be a good driver for the state to get back on its feet. International travel is obviously restricted and may be for some time. We really want people holidaying in their own backyard, providing that all-important tourism dollar to our regional communities. So making those investments in quality attractions is what people expect when they want to go on holidays. We are ensuring that there is accommodation and facilitation of better facilities at the world-class tourism attractions that we have.

A really good example would be in Mr Riordan's sort of general area. The South-West Coast has some of the most significant Indigenous sites in the country, and we have celebrated our significant investment in the World Heritage-listed Budj Bim Cultural Landscape. And some of the further investments recently will bolster Indigenous tourism opportunities, showcasing Tower Hill Wildlife Reserve, for example. So there are a lot of great places to visit in country Vic, but sometimes you want to make sure that you have got the right accommodation and the right paths and trails so that people can safely access them to encourage more and more visitors to go to wonderful parts of our state.

Mr RICHARDSON: Fantastic. Thank you.

The CHAIR: Thank you, Minister. Mr O'Brien, MP.

Mr D O'BRIEN: Thanks, Chair. I cannot believe the member for Mordialloc did not get Mordi into one of his questions. Very disappointed.

Mr RIORDAN: Or a dog park.

Mr D O'BRIEN: Or a dog park. Minister, I want to continue on budget paper 3, page 14, the 'Delivering for Rural and Regional Victoria' output and continuing the LVA discussions. The government committed before the last election to establish 500 jobs with SEA Electric, an electric vehicle manufacturer. Has the site yet been secured for that facility?

Ms SYMES: Thanks, Mr O'Brien, for your question in relation to the Latrobe Valley and of course the SEA Electric proposal. What I would say is that the government has helped to create over 4200 jobs across the valley in recent times—

Mr D O'BRIEN: Sorry, Minister. I am after specifically SEA Electric.

Ms SYMES: You had a preamble to your question, Mr O'Brien, but that is fine.

Mr D O'BRIEN: Only to give the budget paper reference, Minister.

Ms SYMES: In relation to SEA I certainly acknowledge that there have been delays with the project, specifically with the company securing a site and commencing construction. SEA Electric has been negotiating with the Latrobe City Council to develop a site at the council-owned Gippsland logistics precinct in Morwell. Importantly, future milestone payments to SEA Electric are conditional on them hiring additional workers from the Latrobe Valley, finalising a site and entering into a contract for the construction of the new facility. Progress of these milestones has been reliant on their ability to access private finance, and this is and always has been a matter for the company. As you would be well aware, I am pretty sure, Mr O'Brien, because it is public knowledge, the company has defaulted with Westpac, which has put in further delays. Resolution of that issue between SEA Electric and its bank needs to be resolved before any further payments from the state can be made.

Mr D O'BRIEN: You mention any further payments. Have any milestone payments been made? And if so, how much?

Ms SYMES: I have got Ben Stewart here with me, who has been very close to this project, and he might be able to take you through the steps to date in a very—

Mr D O'BRIEN: I have a very short amount of time. Mr Stewart, if you can just answer the question of whether there have been any payments made, and if so, how much.

Mr STEWART: No payments have been made since May 2019. I do not think we are able to say what has been paid to date.

Mr D O'BRIEN: Sorry, what was the last bit? None since May 2019?

Mr STEWART: I do not think we are comfortable saying what has been paid to date. That is commercial-in-confidence.

Mr D O'BRIEN: Are we able to have that on notice, perchance?

Mr STEWART: Sure. We will take that on notice.

Mr D O'BRIEN: So there has been a payment, but not since May 2019?

Mr STEWART: That is correct.

Mr D O'BRIEN: And you cannot tell me how much it was?

Mr STEWART: I do not think that has been made public, and I am not sure that is—

Ms SYMES: You will recall this is in connection to the facilitation of the employment opportunities for Latrobe Valley people to travel to the Dandenong site facility.

Mr D O'BRIEN: Yes.

Ms SYMES: That was conditional on the employment of those locals.

Mr D O'BRIEN: In May Minister Pakula told us there were 59 jobs currently—59 Latrobe Valley people going to the Dandenong plant. Is that still the case?

Ms SYMES: As of 27 October, four of SEA Electric's 40 employees reside in the Valley, and we are continuing to support those workers to travel to the factory, reimbursing their travel costs each year.

Mr D O'BRIEN: Four?

Ms SYMES: At the moment my advice is there are four.

Mr D O'BRIEN: There are four staff? I would love to know what we have paid to get four jobs that we are subsidising to travel to Dandenong. Is the project going to go ahead and deliver the 500 jobs that the Premier actually promised on the eve of the 2018 election, Minister?

Ms SYMES: I think I have given you the context of where this project is up to.

Mr D O'BRIEN: Has any legal action been initiated by either party with respect to milestone agreements?

Ms SYMES: No.

Mr D O'BRIEN: Okay. Minister, you talked a moment ago about the \$8 billion that you are very proud of being spent on regional Victoria. That is obviously not just your portfolio. That, in a budget where there is \$90 billion of expenses, is 8.9 per cent, and the Victorian regional population is 25 per cent of the state. Why are you short-changing regional Victoria?

Ms SYMES: Have a look at our investment compared to your investment. There is no short-changing of regional Victorians here.

Mr D O'BRIEN: No—8.9 per cent. If you want to explain what the \$8 billion supposedly is, that would be fine. It is all well and good to just say \$8 billion—it sounds great—but it is less than 10 per cent of the state budget for 25 per cent of the population.

Ms SYMES: This budget responds to communities' priorities in rural and regional Victoria, whether they are roads, transport, hospitals or schools, and I am very proud of the fact that we have \$8 billion of dedicated regional money in this year's budget.

Mr D O'BRIEN: Proud of less than 10 per cent?

The CHAIR: Thank you, Mr O'Brien, your time has expired. Ms Nina Taylor, MLC.

Ms TAYLOR: Thinking a bit further about the building works package, I just want to understand—or maybe you could provide some examples of—how these works will support bushfire recovery, because I noticed you were talking about several projects that are supporting fire-affected communities. So it would just be nice to understand that nexus and how it is helping in the bushfire recovery.

Ms SYMES: Thank you, Ms Taylor, for your question. It is really important that we continue to support bushfire-impacted communities. We know from experience they are only at the very start of their recovery as they are approaching their first-year anniversary of that devastation. So it is important to keep front of mind and continually connect with those communities because their recovery does take some time. Many of the communities are still heavily impacted, and therefore it is really important that alongside Bushfire Recovery Victoria my department continue to support them through delivery of programs and indeed by really making sure that we are side by side with their recovery committees that have been established in each of the impacted areas based on the local needs and the local leaders that wanted to stand up.

The building works package looks to support as many early opportunities as we can—so investing in regional tourism or community infrastructure, particularly coming back to the previous conversation about how they are good investments but also create local jobs as well as become a focal point for the community to get behind. You asked for examples. In Paynesville a new \$1.1 million investment in a seawall and boardwalk will benefit visitors to the region as a whole. This is the first part of a revitalisation aimed at enhancing the waterway, and the project was aimed at visitor experiences in a region that had basically no visitors over the summer period this year because of the impact of the fires. Similarly, there are major investments in the north-east of the state, including a \$3.5 million investment for a new viewing tower and siege site to enhance the Ned Kelly experience at Glenrowan as well as in alpine areas, as Mr Hibbins has shown interest in, to kickstart stages of the new alpine walk, and there is also investment in Mount Hotham as the gateway to the visitation of and snow offerings in that part of the world.

Ms TAYLOR: Thank you. I note that these projects are supporting the short-term recovery, but will there be longer term benefits?

Ms SYMES: As with the projects that have been identified through both this budget and the building works package, they are diverse and they are designed to create jobs. In terms of long-term investment, obviously when you are investing in tourism you are wanting for it to be an investment that will ensure long-term benefits so that more people continue to experience and return to these regions. A good example would be the Parwan industrial estate. In terms of long-term benefit, it has considerable potential to create an export-oriented hub for intensive agriculture, which has the potential to create 1500 full-time jobs over six years. This is through a \$2.7 million investment towards a project to supply a much-needed city gas gate, so creating an environment where industry can set up without having to put up-front some of those important enabling infrastructure projects. Similarly we are supporting the expansion of the Kerang industrial estate through a contribution to complete the final stage of that development, which includes, again, some of that enabling infrastructure which can be a barrier for people wanting to set up their businesses, such as power, water, sewerage and roads. There are 130 positions currently on site, and so we would be aiming to significantly increase the opportunities for people.

I guess Portland is a good example of somewhere very vulnerable to economic shocks. It has one major employer. So we are wanting to make sure that we are supporting that community to have diversified options for employment. There is an important project that we are providing facilitating funding for, and that is the Cape Bridgewater project, which will have a \$1.5 million investment to support the redevelopment and

enabling works for a proposed resort that will go down there along with some foreshore improvements, which comes back to that connection between livability and commercial outcomes.

Ms TAYLOR: Thank you.

The CHAIR: Thank you very much, Minister. That concludes the time we have set aside for the consideration of the regional development portfolio. We thank you for appearing before the committee in that capacity today and thank you to your officials. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

The committee will now take a short break before moving with you to consideration of the resources portfolio. I declare this hearing adjourned.

Witnesses withdrew.