

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **2021–22 Budget Estimates**

Melbourne—Wednesday, 30 June 2021

### **MEMBERS**

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr James Newbury

Mr Danny O’Brien

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, and Chief Executive Officer, Regional Development Victoria, and, and

Mr Ben Stewart, Associate Deputy Secretary, Commercial, Department of Jobs, Precincts and Regions.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee. On behalf of the Parliament the committee is conducting this Inquiry into the 2021–22 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

Please note that witnesses and members may remove their masks when speaking to the committee but must replace them afterwards. All mobile telephones should be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. 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 as soon as possible.

We welcome Minister Thomas in the first instance for the consideration of your regional development portfolio. I invite you to make a 5-minute opening statement, and that will be followed by questions from the committee.

**Ms THOMAS:** Thanks very much, Ms Blandthorn, and thank you to the committee. Rural and regional Victoria is a great place to live, work and invest, and our regions account for around a quarter of the state's economic output, population and employment. There is no doubt that the past year has been challenging, but the resilience and optimism of regional and rural Victorians continues to shine and is borne out in our economic data. Our regional economy is growing at a significantly higher rate than metropolitan Melbourne, and the current unemployment rate of 4.3 per cent compares favourably with pre-pandemic levels and the 6.6 per cent rate that we inherited when this government first came to office in November 2014.

During the height of the COVID pandemic last year, Melburnians woke up to the appeal of regional Victoria. Real estate searches in regional Victoria increased by more than 130 per cent between April and August 2020 to a historic high. Net migration from Melbourne to the regions remains high. Across rural and regional Victoria we have welcomed this population increase, which has the potential to translate into sustainable long-term growth. This will deliver the benefits of new skills, diversity and stronger economies. At the same time, this unprecedented boom is bringing inevitable challenges in terms of housing availability and affordability, a challenge that we are addressing as a government across a number of portfolios.

Our investment of almost \$3.7 billion in rural and regional Victoria across all portfolios builds on the unprecedented \$8 billion committed in last year's budget. It also continues this 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. It will also enable a strong recovery from COVID but also other recent challenges, including drought, bushfire and of course, more recently, floods and storm events. As always, in these times of adversity the Andrews Labor government stands with rural and regional Victorians.

Our stimulus package has seen unprecedented delivery across all regions. Just some of these great projects include: \$5 million for the Portland foreshore multipurpose community pavilion; \$1 million for the Fyansford paper mill precinct in Geelong; \$2 million for the Wonthaggi activity centre streetscapes; a \$1.8 million investment towards the Maryborough railway station upgrade and activation; \$3 million for the Nagambie foreshore walk; in the Mallee, \$2.6 million for the Buloke play spaces trail; and I am sure Mr Riordan will be pleased that the Bannockburn south-west industrial estate has received \$2 million for a major expansion. And

just today I announced \$6 million for stage 1 of the Port Campbell town centre revitalisation project. And of course even more exciting projects will be announced over the coming months.

Regional partnerships continue to serve a critical role, connecting communities with government. The 2021–22 budget continues to deliver wins for projects and initiatives that regional partnerships have advocated for, and to support the regional partnerships to continue their work the budget has allocated \$5.1 million to the Regional Partnerships Development Fund.

In other initiatives across my regional development portfolio, this year's budget delivers a total of \$31.5 million for five key initiatives. The Go Goldfields: Every Child, Every Chance program will bring together community, business, government and not-for-profit partners to support children aged 0 to 8. The Morwell food manufacturing precinct will deliver pioneering infrastructure in the Latrobe Valley to enable the precinct to manage greater water and energy demands and create up to 1700 local jobs, and our investment in the Seymour revitalisation will contribute to the design and construction of enabling infrastructure at the Hilldene employment precinct. Our investment in Portland and the south-west will deliver local freight road upgrades, stage 2 of the Henty employment precinct, a Portland diversification fund and a new regional Portland Victorian government office. Ready to Grow is supporting regional population growth through our successful community leadership program and growing opportunities for work program. With even more targeted investment in this budget we are ensuring that regional Victoria becomes an even better place to live, work and invest.

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

**Mr RIORDAN:** Thanks, Chair. Welcome, Minister and department—some of you back again. The first question this evening is: in hearings undertaken by this committee back in December the Deputy Secretary of Regional Development Victoria confirmed that all staff had secure employment until 30 June 2021—which is not very far away, at the stroke of midnight. Have those people got jobs tomorrow?

**Ms THOMAS:** I am sorry, Mr Riordan. The question was in relation to the employment of public servants?

**Mr RIORDAN:** Yes. All staff in RDV, Regional Development Victoria. Have they got jobs tomorrow?

**Ms THOMAS:** Thank you. Well, I might ask the Secretary of the department, who is responsible for the employment of public servants, to answer that question.

**Mr PHEMISTER:** Thanks, Minister, and thanks for the question, Mr Riordan. Indeed, so all fixed-term staff during COVID were given blanket extensions so we could continue to draw on their expertise and skills during the COVID response. We are back into a phase now of budget where we are aligning staff needs and diversity to budget needs, so to line up with budget phasings. Now, with regard to all staff across DJPR, we have a pretty bright future in the budget and we are looking to use every available resource there in their current field or different fields. I cannot answer your question exactly with regard to all staff, unless the CEO of RDV can, but I can say at the moment there are no plans on the horizon for job losses within the department.

**Mr RIORDAN:** So, Ms Jones, you are the RDV boss?

**Ms JONES:** Correct, Mr Riordan, yes. So exactly consistent with what Mr Phemister has just said, we have had a stable workforce this year and last year. We have had no reduction this year, and at the moment there are no plans—

**Mr RIORDAN:** Okay. So everyone who has had a job with RDV this month has got one next month through to the end of the year?

**Ms JONES:** Has got one tomorrow, yes. What I would say, though, is that our staffing structure is commensurate with the programs that we are delivering at any one time. So things come on and off, like bushfire recovery, but yes, absolutely, people who have jobs this year will have jobs tomorrow.

**Mr RIORDAN:** Okay. So if we are keeping all the staff—everyone is still there; we have not given anybody up at midnight tonight—how does that work when the budget, and we have discussed this before, has been cut by 52 per cent? It is a massive decline in funding for RDV, for regional development.

**Ms THOMAS:** Well, I need to interject, Mr Riordan—

**Mr RIORDAN:** So that is on budget—

**Ms THOMAS:** I need to interject there and respond to that assertion, which is wrong.

**Mr RIORDAN:** Can you point to me where it is showing that it is not a big cut?

**Ms THOMAS:** What I want to do, if you will allow me to, is talk you through the way in which the outputs and the investment in Regional Development Victoria—

**Mr RIORDAN:** No, I actually do not want you to talk it out.

**The CHAIR:** Mr Riordan!

**Mr RIORDAN:** What I want you to do is, Minister, if you can just point to where it is not showing a big cut.

**The CHAIR:** Mr Riordan, you have made a proposition and the minister is entitled to answer it.

**Mr RIORDAN:** Yes, but she is not entitled to waste the whole evening on it.

**The CHAIR:** You have not given her any opportunity yet to answer the proposition, Mr Riordan.

**Mr RIORDAN:** Well, the question is simple: where in the budget?

**Ms THOMAS:** What I need you to understand, Mr Riordan, is that the 2021–22 state budget is \$257.5 million for RDV to support a number of new and ongoing projects to support regional Victoria and to grow jobs. And it is important that we understand—as I am sure that you do—that last year’s budget delivered in November was a record stimulus budget and it was a budget that was delivered in the face of the global pandemic and the COVID crisis. So that budget was a stimulus budget, and a number of projects being delivered under that budget are still being rolled out. That is what the most important thing is in regional development. So the difference between that budget and the record stimulus budget is not about cuts, but it is about additional projects that were funded as a response to COVID.

**Mr RIORDAN:** Yes. But, Minister, it is not a magic pudding. You cannot have all these extra projects and all these extra staff for less money.

**The CHAIR:** Mr Riordan!

**Ms THOMAS:** To call it a cut is actually disingenuous, and I think it is probably important at this point—

**Mr RIORDAN:** Well, would you like to tell me—

**The CHAIR:** Mr Riordan, could you allow the minister to complete her answer.

**Mr RIORDAN:** Look, there are only 19 seconds. Just tell me where to look in the budget if this is not a cut.

**The CHAIR:** Mr Riordan, stop interrupting.

**Ms THOMAS:** Mr Riordan, I would like to draw you back to my slide that I presented during my presentation, which will demonstrate that under this government we have invested \$30 billion in rural and regional Victoria, more than four times what was invested when last of the Liberal and National parties were in government.

**Mr RIORDAN:** That is not what I asked. I just asked—

**The CHAIR:** Mr Riordan, your time has expired. Thank you, Minister.

**Mr RIORDAN:** It was a really simple question. Just point to where—

**The CHAIR:** Mr Riordan, your time has expired, and I will pass the call to Mr Maas.

**Mr MAAS:** Thank you, Chair. And thank you, Minister and departmental officials, for your appearance this evening. Minister, the first question to you, if I could take you to the topic of investment in the Latrobe Valley, and specifically I refer you to budget paper 3 at page 81. On that page there is a section at the bottom that says, 'Addressing opportunities in place: Latrobe Valley transition and transformation'. Minister, I was hoping you would be able to explain to the committee what initiatives will support ongoing economic diversification in the Latrobe Valley.

**Ms THOMAS:** Thanks very much for the question, Mr Maas. I am very proud of what our government is doing and has done consistently to support the people of the Latrobe Valley. The initiative that you referred to will see a \$10 million investment in the development of the Latrobe manufacturing precinct on Alexanders Road in Morwell. This is a project that the mayor of the Latrobe City Council has informed me will deliver a notable boost to the region's employment, with up to 1700 jobs potentially being delivered on that precinct once it is fully operational. It will also assist in the diversification of the valley's economic base and build resilience through enabling further investment in our food and fibre sector. I might also say that this \$10 million investment was very warmly welcomed by the Independent Member for Morwell. That was recorded in the local newspaper, and he had been an advocate for that project.

The Latrobe food manufacturing precinct will provide a high-quality modern industrial development to cater for larger high-amenity, low-density manufacturing industries and provide much-needed local employment opportunities in the valley. At 89 hectares the site will be able to accommodate up to 44 prime industrial lots and will create jobs for locals during construction, with the potential, as I said, to create up to 1700 ongoing manufacturing jobs once it is up and running. Again, I am proud of this investment because the Andrews government fully supports the further development of our manufacturing sector here in Victoria. We have always been proud to be the home of manufacturing, and I feel very proud as Minister for Regional Development to be able to continue the opportunities for that to grow, particularly thinking about food manufacturing. With my minister for ag hat on for a moment, given the wealth of our primary produce, which is amongst the world's best, the more that we can value add and here in Victoria the more jobs we can create—certainly that is my mission as Minister for Regional Development.

The works will include vital construction upgrades. Now, it is not always that exciting, to be sure, when you are talking about power, water and sewerage; they are not always the sexiest things on offer going around. But this is all about how we ensure that the private sector responds to government investment. If we can invest in that enabling infrastructure, we will see a private sector response, and we have seen that with many of our projects here in regional development. The works will include those upgrades, as I said. The precinct is co-located adjacent to a Bega Cheese-owned fresh yoghurt processing facility and will attract successful food manufacturing businesses. As I talked about earlier, Bega Cheese is of course a very large employer now here in Victoria. I also had the opportunity to visit their processing facility in Tatura and it was very interesting to learn about. Of course we milk Australia's cows here in Victoria, and it is great to see our milk being processed locally and indeed in the Latrobe Valley.

This investment will further strengthen and support Gippsland's food and fibre sector, which is worth an estimated \$7 billion and directly employs 15 400 people. Strategic investment like this in the region's area of specialisation, which includes food and fibre, is really vital for the valley. As I have said, I know this has been very warmly received by the community and it is something I am very proud of.

**Mr MAAS:** Thank you very much, Minister.

**The CHAIR:** Thank you, Mr Maas. Mr Hibbins.

**Mr HIBBINS:** Thanks, Chair. Thank you, Minister and your team, for appearing this evening. I have got some questions. I am not sure to what extent it fits into the regional development portfolio, but I understand a decision was made recently to respond to the recommendations to set up some new national parks in regional Victoria. Obviously national parks have been found to have a really strong return for investment for regions. Is there going to be any funding set-up provided for Parks Victoria to actually establish and manage these parks?

**Ms THOMAS:** Look, thanks very much for the question, Mr Hibbins. It is a question that is best directed to the minister for environment, Ms Lily D'Ambrosio, because she is responsible for the establishment of those parks, but I would say this: one of the parks proposed to be established encompasses parts of my electorate, the

Wombat-Lerderberg park, and certainly this government is very proud of the investments that we have made through our great outdoors package to encourage people to take advantage of our parks, national parks, state parks, reserves and so on. I am very pleased that the decision that has been taken by the minister provides for both conservation and environmental protections through the establishment of the national park but is also about encouraging recreation in our state parks and to a limited extent in our national parks. Having said that, of course all sorts of recreation activities are still able to happen in national parks, but it is about getting that balance right. I think the minister has done a really great job, because from my point of view I see that the parks that exist in the electorate of Macedon are a vital resource for the people of Melbourne's northern and western suburbs. They are very readily accessible, and this government is one that is really committed to ensuring that working people and those on lower incomes have access to nature, to the environment, and have the opportunity to have affordable holidays, be they camping, so I am really pleased with the outcomes of the Victorian Environmental Assessment Council report and more importantly the minister's response to that report.

**Mr HIBBINS:** What is the go with some of the national parks, given that logging is not actually allowed in national parks? In some of these proposed national parks logging is going to continue until 2030. What is the reason behind that, and does the government intend to bring in legislation to create these new parks?

**Ms THOMAS:** Well, as I said, Mr Hibbins, you will need to speak with the minister for the environment about the detail. In terms of my response to you, I am giving you what I know in relation to my role as the local member for the electorate of Macedon. But the parks that are being created, many of them are being created in what were forests, and forests, as you would know, were actively developed to support Victoria's timber industry.

**Mr HIBBINS:** Okay. Thanks, Minister. Thanks, Chair.

**The CHAIR:** Thank you very much, Mr Hibbins. Mr O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Good evening, Minister and team. Secretary, we heard last year in the hearings that there was \$26.9 million over two years for the Latrobe Valley Authority, so that was over two budgets. How much is there for the Latrobe Valley Authority in 2021–22?

**Mr PHEMISTER:** Thanks, Mr O'Brien. I do not have that number at hand for you. I will look to my left to the CEO of RDV, Ms Jones.

**Ms JONES:** Yes. Thank you. Mr O'Brien, just to clarify your question, the money provided last year had a two-year phasing on it for staff and programs. The staffing continues, and many of the programs do as well.

**Mr D O'BRIEN:** Well, that is what I am wanting to know, though. So it was \$26.9 million over two years. I am actually not entirely sure whether—I assume that was 2020–21 and 2021–22.

**Ms JONES:** Correct.

**Mr D O'BRIEN:** So what I want to know is: how much is left in 2021–22?

**Ms JONES:** The staffing is equivalent, so it is maintained over the two years—staffing for both years at the equivalent level. Some of the programs have concluded this year, but some different ones have come on. As the minister said, there was the announcement of the Morwell food manufacturing precinct. But the staffing has continued at the same level over the two years.

**Mr D O'BRIEN:** So we heard last year that the staffing was about half and half—it was about \$13 million for staff and about \$13 million for grants.

**Ms JONES:** Correct. Roughly, yes.

**Mr D O'BRIEN:** Did the \$10 million grant that the minister has talked about come from that \$13 million that was allocated last year?

**Ms JONES:** No.

**Ms THOMAS:** No.

**Mr D O'BRIEN:** So it was additional funding?

**Ms THOMAS:** It is probably important, Mr O'Brien, that we focus on the outcomes and the good work of the Latrobe Valley Authority.

**Mr D O'BRIEN:** Well, look, you can do that, Minister; I ask questions about the budget and how much money is being allocated in the out years, and that is my next question. We have had the Yallourn decision, announcing the closure of Yallourn power station coming up in a few short years. Last year we had two years' allocation for the Latrobe Valley Authority. How much is allocated for 2022–23?

**Ms THOMAS:** I would like to respond in part to that question by pointing out that the government has worked very closely with EnergyAustralia to secure jobs at Yallourn until 2028. This is seven years away, but we are working already. The Latrobe Valley Authority has built up a really terrific skill set in transition and support for industries during change—

**Mr D O'BRIEN:** I get all that, Minister. The question is quite straightforward: what money is allocated for the LVA next year?

**Ms THOMAS:** Well, the LVA budget—this will be subject to a budget process.

**Mr D O'BRIEN:** Okay. So the LVA budget at this point runs out at the end of June next year, 2022?

**Ms THOMAS:** Well, it will be subject to further budget processes—

**Mr D O'BRIEN:** Okay. Sure.

**Ms THOMAS:** because the focus has to be on providing the resources at the right time and in the right place. So the Latrobe Valley Authority has done a fantastic job and continues to do really great work, but the real pinch point, which is around the Yallourn closure, is not going to be experienced for a number of years. It is important that I put on the record that our government has invested \$750 million in job-creating projects in the Latrobe Valley, and this has had a direct impact on the employment of 3800 people.

**Mr D O'BRIEN:** Thank you, Minister. Can I—

**Ms THOMAS:** So we are continuing to deliver for the people of the Latrobe Valley through both the Latrobe Valley Authority and Regional Development Victoria.

**Mr D O'BRIEN:** Thank you. Could I—

**Ms THOMAS:** I am sorry, Mr O'Brien. The focus is on creating jobs for people in the Latrobe Valley—

**Mr D O'BRIEN:** I get that. Yes.

**Ms THOMAS:** and that is the whole focus of our department. Thank you.

**Mr D O'BRIEN:** Ms Jones, can I ask to have on notice what is left for 2021–22 in programming grants funding? Thank you. Could you say yes for the record for Hansard.

**Ms JONES:** Yes, Mr O'Brien.

**Mr D O'BRIEN:** Thank you. Minister, is the government providing financial support to the proposed lead battery recycling plant at Hazelwood North, either from the LVA, RDV or any other source?

**Ms THOMAS:** You might need to direct that question to the minister for the environment, Minister D'Ambrosio.

**Mr D O'BRIEN:** Why? I am asking about grant support for a business.

**Ms THOMAS:** Oh, sorry, minister for energy. But there is no grant from my department.

**Mr D O'BRIEN:** Why would I—okay, I will come back to that, Minister. That is weird.

**Ms THOMAS:** Because the minister for energy is responsible for the investments in energy and energy technologies.

**The CHAIR:** Thank you, Minister. I will pass the call to Ms Richards.

**Ms RICHARDS:** Thanks, Minister and officials, for your time here this evening. I would like to explore GovHubs, and in particular I will refer you to budget paper 4, pages 88 and 90. I am interested in perhaps understanding how the government's investment in the Bendigo, Ballarat and Latrobe Valley GovHubs are supporting Victoria's regional communities and economies.

**Ms THOMAS:** Thank you very much, Ms Richards, for that question. Our GovHubs are transforming our magnificent regional cities of Ballarat, Bendigo and indeed Morwell in the Latrobe Valley, and the impact of the GovHubs is truly quite extraordinary. I had the great privilege of opening the Ballarat GovHub only recently with the Member for Wendouree and the Member for Buninyong—very proud members, I might say—and the mayor of the City of Ballarat, and it was truly a fantastic occasion. Since then, I might say, I have had the opportunity to work out of the Ballarat GovHub. As I said, this is transformational infrastructure that is occurring in our magnificent regional cities. What we are seeing is that the private sector is responding to the creation of the GovHubs and all of the employment that they bring—indeed in Ballarat the cafes, the bars, the restaurants are springing up in order to service all of those public servants. And I am reminded of course of the fact of the significance and importance of us establishing GovHubs in our regional cities. As the Premier has said, it is not the Melbourne public service, it is the Victorian public service, so we are very proud to be creating opportunities for our fantastic public servants across a range of departments to work out of the regions.

So if I take you back to some background, it was the 2017–18 budget where the Andrews Labor government committed \$47.8 million to construct a GovHub in Ballarat and \$21 million for a GovHub in the Latrobe Valley as part of our \$266 million Latrobe Valley transition package, and in the 2018–19 budget a further \$16 million was committed to build a third GovHub in Bendigo. These investments, as I said, are about the attraction of the private sector in response to government investment. But what we are seeing with these knowledge sector jobs being made available in our regional cities is a real strengthening of the social fabric of those cities as well, greater diversity in skills and opportunities, and of course the aspirations of young people living in these communities who can now aspire to a fantastic career in their home town rather than thinking that if they want to work for the state of Victoria they have to head to the city. So that is something that I feel very strongly about.

I was talking about the Latrobe Valley before, so I would like to sort of focus on that for a bit. I am delighted to say that I will be heading to Morwell shortly for a pretty significant event in relation to the GovHub. This is part of our government's commitment to supporting the valley and its transition from a resource-based economy to a much more diverse and robust economy and one that, as I said earlier, employs knowledge sector workers. Again this is about ensuring that young people growing up in the Latrobe Valley and in surrounding LGAs can aspire to those knowledge sector jobs in the communities in which they live.

I talked about being in Ballarat and how proud I was to stand there with our local members—who were also bursting with pride, I might say—but one of the things about that site is that it sits on the Civic Hall site, which has long been recognised as one of the most strategically important sites for Ballarat. This magnificent architecturally designed building is bringing this part of the Ballarat CBD back to life, and another really great outcome—so many great outcomes and so little time.

**Ms RICHARDS:** That was very Minister Wynnesque then, when you finished.

**The CHAIR:** It was.

**Ms RICHARDS:** Thank you very much, Minister.

**The CHAIR:** Mr Limbrick.

**Mr LIMBRICK:** Thank you, Chair, and thank you, Minister and team. I would like to ask a couple of questions about budget paper 3, page 71. 'Strengthening Regional and Metropolitan Partnerships'—so there is

\$16 million over two years on that. It was not very clear to me what that actually is for. Could you explain what this money is actually going to be used for, please?

**Ms THOMAS:** Yes, absolutely. As I detailed in my presentation, we have committed in regional development \$5.1 million to support our partnerships. The regional partnerships were established by my predecessor, Minister Pulford, and they were first up and running in 2016. The partnerships enable the coming together of community members across regions to inform me directly and have a voice straight into government about the priorities for their regions and the aspirations of their communities. I am very proud of what we have been able to do, some of the changes and reforms that we have made across government, really off the back of initiatives arising from our regional partnerships. To give you a couple of examples, our cross border commissioner, Luke Wilson, has played an incredible role—and one that he perhaps was not expecting—in response to the COVID pandemic, but the establishment of that role was as a result of a recommendation arising from our regional partnerships. Similarly, the Deputy Premier and Minister for Education’s announcement in relation to VCAL being incorporated back into VCE was also an issue that was raised in our regional partnerships. I am really proud to say that our partnerships are really engaging with some of the policy challenges that we face across the state. But the \$5.1 million is an investment in our partnerships. It will enable them to deliver strategic and targeted local projects that create local jobs and community connections.

**Mr LIMBRICK:** So these are like grants, are they?

**Ms THOMAS:** Well, the funding is available for some of the really terrific ideas that partnerships have that we may choose to implement. So they allow the partnerships to co-invest with businesses, community, state and local government. The \$5.1 million also assists the partnerships to enhance Aboriginal social and economic development, with dedicated funding for projects to be led by Aboriginal partnership members and communities. So it is a fund that is available to support the regional partnerships with some of the particular projects that they might identify.

But the point that I should make, though, is that their role is much greater than that, and there are a number of investments across the state that are a direct consequence of the partnerships identifying them as priorities, including, in the Loddon Campaspe region, the Healthy Heart of Victoria initiative. We have talked about Portland diversification, which was similarly a partnership priority, funding for a jobs and skills centre for the Mallee region and the money that this government has invested in the Northern Aquatic and Community Hub. So it is a small portion of the money that is invested in partnership priorities, but the \$5.1 million helps those partnerships to tick along and ensure that we have got funding to support them with the work that they want to do.

**Mr LIMBRICK:** Thank you very much. I think I am out of time.

**The CHAIR:** Thank you, Mr Limbrick. I will pass the call to Ms Taylor.

**Ms TAYLOR:** Minister and officials, I just wanted to explore economic diversification. So if I could refer you to budget paper 3, page 82, could you please explain how ‘Addressing opportunities in place: Portland Economic Diversification Plan’ and the ‘Seymour revitalisation’ initiatives will support Portland and Seymour communities to diversify their economic base and encourage new industry and employment opportunities?

**Ms THOMAS:** Thank you very much for that question. The Andrews Labor government is a government that governs for the whole of the state, and we understand full well that there are regional communities that have become, potentially, over time, single-industry dependent. So it is important to always be keeping an eye on this. Indeed we talked about the Latrobe Valley and some of the work that we are doing there, but that is not the only part of the state. And if we look to Portland, the point that I would like to raise with you and to make sure that you understand is that the Portland community themselves have recognised that they are highly dependent on the Alcoa smelter for employment and that the community, the Shire of Glenelg, our community partnership and the south-west coast trades and labour council have all recognised the vulnerability that they face, being so dependent upon one industry. So it has been fantastic, again, and something that I am very proud of, to be able to announce this funding for the diversification strategy, a strategy that was developed by the shire.

Indeed I was up on 21 May in Portland—that was my third visit to Portland in the time that I have been minister; it is a very beautiful place, and if you have not been, I really suggest that you do head up there—

where I was joined by the mayor, Cr Anita Rank, and of course our fabulous representative, the minister for training and higher education and skills, Gayle Tierney, Member for Western Victoria, to announce this funding. The \$17.4 million over four years in Portland is spread across a number of streams. This includes \$4.8 million to upgrade Mumbannar-Wanwin Road, Wilsons Road and Heathfield-Lindsay Road, which are important to the region's freight network; \$2.5 million for the Henty employment precinct stage 2 development; establishing a Regional Development office in Portland, which—I am very pleased the CEO of Regional Development is with me, here—is going to be fantastic; and \$7.5 million for the Portland diversification fund. Now, the fund will support emerging priority projects that assist diversified businesses and create jobs and respond to emerging priorities, including tourism. Again, I do encourage you, if you have not been, to take the opportunity to go and see the opportunity that exists up there. And on your way you would do well to stop at the UNESCO world heritage-listed Budj Bim cultural landscape because it is amazing, and I am very proud that our government has invested significantly there as well. So that is Portland.

In terms of Seymour, Seymour again is an example of a regional community that is getting ahead of the game and recognising that they too need to take full advantage of their proximity to the Hume Highway. We are investing \$1.6 million over three years to progress the design and construction of the Hildene employment precinct in Seymour, and that will help address the lack of industrial land that is in the town and, again as I said, attract the private sector. It is about some of that boring enabling infrastructure but will encourage business to come to Seymour and take advantage of that proximity to the Hume. So that is designed to fix gaps in their industrial land use offerings that are holding back growth in Seymour. These are both really great examples; I am sure you would agree. Working in partnership but being ahead of the change is really important. Thank you very much for your question.

**Ms TAYLOR:** Thank you.

**The CHAIR:** Thank you. Mr O'Brien.

**Mr D O'BRIEN:** Thank you, Chair. Could I, Minister, go back to the last question. In 2019 the Chinese-owned Chunxing company told locals that Treasurer Tim Pallas had visited the company in China and met with the chairman and that the LVA would reimburse the company for wages costs up to \$5000 per employee and for EPA fees. Can you confirm if that is going to happen?

**Ms THOMAS:** Would you be able to direct me to where this is referenced in the budget papers?

**Mr D O'BRIEN:** Well, funnily enough, the conversation between a private company and locals is not referenced in the budget papers, but I am asking—

**Ms THOMAS:** Well, exactly my point: a private conversation.

**Mr D O'BRIEN:** Minister, it is a simple question. Is the government going to be providing funding to the lead battery smelter? If not, just say no.

**Ms THOMAS:** I did answer this before, and my answer was: not through my department, and you will need to take that up with another minister.

**Mr D O'BRIEN:** Okay. So there is no funding agreement of any sort being negotiated with Chunxing with respect to—

**The CHAIR:** Mr O'Brien, I think the minister has made it clear that the responsibility for the matter you seek to ask questions about is the domain of another minister to whom you have already had the opportunity to ask questions. If you could make your questions relevant to the relevant inquiry and the relevant portfolio, that would be appreciated.

**Mr D O'BRIEN:** I specifically just asked if it was being funded out of the LVA or RDV. That is for this minister, Chair.

**Ms THOMAS:** And the answer is no.

**Mr D O'BRIEN:** Thank you. Can I move on. Minister, are there still four staff being ferried at taxpayer expense from the Latrobe Valley to the SEA Electric Dandenong factory? That was the evidence we were given in December. I just want to know whether that is still occurring.

**Ms THOMAS:** Look, I will have a go at answering that question for you in that I understand that—

**Mr RIORDAN:** It is a yes or no.

**The CHAIR:** Mr Riordan, you do not have the call.

**Mr RIORDAN:** It does not mean have a go at it.

**The CHAIR:** Mr Riordan, please. You do not have the call.

**Ms THOMAS:** I understand that SEA Electric has a facility in Dandenong and that they may employ people from various parts of the state, including the Latrobe Valley. But that is all.

**Mr D O'BRIEN:** No. Specifically, your predecessor confirmed that there were four staff at the time being transported from the valley each day to Dandenong and that LVA was paying for it.

**Ms THOMAS:** The advice I have is that four employees from the Latrobe Valley are currently employed by SEA Electric in Dandenong.

**Mr D O'BRIEN:** Okay. Is the SEA Electric project going ahead given the Premier promised 500 jobs by the end of 2019—well, he said certainly the plant would be up and going by the end of 2019—and as far as we are aware nothing has happened?

**Ms THOMAS:** Look, thank you for that question. I think it is important to point out again that since 2016 our government has helped create over 3800 jobs across the Latrobe Valley—

**Mr D O'BRIEN:** I am just asking about SEA Electric.

**Mr RIORDAN:** Do not use the pandemic—

**The CHAIR:** Mr Riordan, you do not have the call.

**Ms THOMAS:** and this government has always had the back of workers in the valley and will continue to do so. That is why this budget contains, as I have already outlined, \$10 million for the Latrobe food manufacturing precinct in Morwell.

**Mr D O'BRIEN:** On a point of order, Chair, on the question of relevance. The minister has been going for 15, 20 seconds now. I am asking about SEA Electric. I do not need a background on the Latrobe Valley. I just want an answer: has anything progressed on the SEA Electric project?

**The CHAIR:** I am sure the minister is trying to answer your question.

**Mr D O'BRIEN:** No, she is not. She is trying to waste my time.

**The CHAIR:** If she is free from interruption from Mr Riordan and your point of order, I am sure we will get an answer.

**Ms THOMAS:** I am extremely disappointed that SEA Electric has been unable to meet its commitment to the Victorian community. Now, of course a number of things have happened since our first engagement with SEA Electric, including the global pandemic, but I am, as I said, extremely disappointed that they have been unable to meet the commitments that were made.

**Mr D O'BRIEN:** Is the project going to happen at all, Minister?

**Ms THOMAS:** I can confirm that no government financial support has been provided to SEA Electric since May 2019.

**Mr D O'BRIEN:** Is the project going to go ahead?

**The CHAIR:** Mr O'Brien, it is very difficult to answer when constantly interrupted. If you could allow the minister the opportunity, please, I am sure you will receive an answer.

**Ms THOMAS:** My department has now sent formal correspondence to SEA Electric seeking answers as to why the government should continue to support the company's plans for the Latrobe Valley and requesting clarification on SEA Electric's commitment to this project.

**Mr D O'BRIEN:** Okay. There was obviously a payment before May 2019. Has the department asked for that to be paid back? I am happy to take that on notice given my time has expired, Minister.

**Ms THOMAS:** As with all of our regional development projects, our agreement or negotiations and contracts with SEA Electric are commercial in confidence.

**Mr D O'BRIEN:** Well, I am sure taxpayers in the Latrobe Valley—

**The CHAIR:** Mr O'Brien, your time has expired. Mr Richardson.

**Mr RICHARDSON:** Thank you, Chair, and thank you, Minister and department officials, for joining us this evening. I want to take you, Minister, to budget paper 3 at pages 81 and 82. I am wondering if, for the committee's benefit, you could please explain how the investment in Go Goldfields and the regional community leadership program support thriving and connected communities in regional Victoria.

**Ms THOMAS:** Thank you very much, Mr Richardson. I know with your commitment to education and also with our government's focus on early years that you will be very interested to hear a little more about Go Goldfields in particular. It is really important that we understand—as I know that you do and our government does—that where we live, learn, work and play matters and that a person's postcode can affect their life outcomes. That is why we are very proud to support place-based initiatives across rural and regional Victoria. Unfortunately some of the most disadvantaged communities are in regional Victoria, so our government, the Andrews Labor government, is very pleased to be able to support really great initiatives on the ground that are making a difference.

**Mr RIORDAN:** On a point of order, Chair, I am just seeking clarification. The department of regional development, why is it in charge of ensuring that 'every child in the Central Goldfields shire has the opportunity to grow up safe, healthy and confident'?

**The CHAIR:** Mr Riordan, that is not a point of order. Mr Richardson has the call.

**A member:** Are you opposed to that?

**Mr RIORDAN:** No, no, no. It would seem a central tenet of any good government that children should grow up safe, healthy and confident—

**The CHAIR:** Mr Riordan, there is no point—

**Mr RIORDAN:** I am just wondering why we do not have answers on the huge amounts of money—

**Ms THOMAS:** Thank you, Mr Riordan.

**The CHAIR:** Mr Riordan, there is no point of order.

**Mr Riordan** interjected.

**The CHAIR:** Mr Riordan, you are out of order.

**Mr Riordan** interjected.

**The CHAIR:** Mr Riordan, could you please stop speaking over the top of me. You are out of order. You know there is no point of order and Mr Richardson had the call—

**Mr RIORDAN:** I just thought it would be a childhood, early development, education—any number of other portfolios—

**The CHAIR:** Mr Riordan, please stop speaking over the top of me.

**Mr RIORDAN:** but regional development?

**The CHAIR:** Mr Riordan, can you control yourself. Member Richardson has the call and the minister is attempting to answer his question.

**Ms THOMAS:** Thank you very much, Ms Blandthorn. Our government's approach to regional development recognises the need to build on local strengths and work with individuals, businesses and communities in place, and Go Goldfields is an example of an in-place project. The community recognised that they had a particular challenge in ensuring that every child in their community had the opportunity to have the best start in life and therefore put a proposal to us to help support their project. Every Child, Every Chance is about ensuring that mothers-to-be, their partners and their children are given really great local support to ensure healthy pregnancies and support during those very first few days and months—which can be, as you well know, very challenging at times—and to deliver this place-based response with local service providers wrapping around some of the most disadvantaged parents-to-be in our community and ensuring that they are well placed to then take advantage of other government initiatives that we have been very proud to implement, including access for all children to 3-year-old kinder, not just those whose parents can afford it. And of course Go Goldfields Every Child, Every Chance is a regional partnership priority, and that is why Regional Development Victoria have supported its funding. So as I said, the driving principle of this initiative is recognising that a child's start in life has long-lasting impacts on their social and economic outcome.

Now, in terms of the leadership program as well, this is a program that our government has supported for many years, and it is about ensuring that people in rural and regional Victoria have access to leadership development to enable them to take on roles in our community, including our partnerships and including local government. There are many opportunities and a need for leaders in regional communities, and that is exactly what our funding delivers.

**Mr RICHARDSON:** I do not know how you could be opposed to it.

**Ms THOMAS:** Well, I certainly do not know how you could be opposed to supporting some of the most disadvantaged people in regional Victoria.

**The CHAIR:** Thank you, all.

**Mr Riordan** interjected.

**The CHAIR:** Thank you, Deputy Chair. You have had your opportunity.

Thank you, Minister. That concludes the time we have for consideration of the regional development portfolio with you today. Questions which were taken on notice you will receive in writing, and responses will be required within 10 working days of the committee's request. The committee will take a short break before resuming consideration with you of the agriculture portfolio.

**Ms THOMAS:** Thank you very much.

**Witnesses withdrew.**