

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Budget Estimates 2019–20 (Regional Development)

Melbourne—Wednesday, 12 June 2019

#### MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallence



**WITNESSES**

Ms Jaelyn Symes, Minister for Regional Development,

Mr Simon Phemister, Secretary,

Ms Lill Healy, Deputy Secretary, Rural and Regional Victoria group; and

Ms Penelope McKay, Deputy Secretary, Corporate Services, Department of Jobs, Precincts and Regions.

**The CHAIR:** Thank you again for your patience as I now declare open this hearing of the Public Accounts and Estimates Committee. On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates, in case anyone was in any doubt. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. The committee will now begin consideration of the regional development portfolio. Once again I welcome to the table Honourable Jaelyn Symes, the Minister for Regional Development, and officers from the department, and I thank them for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence—never me—may be in contempt of Parliament and subject to penalty. Minister, I invite you to make a small, brief opening statement or presentation of not more than 10 minutes. Your time starts now.

**Visual presentation.**

**Ms SYMES:** Thank you, Chair. It is a great opportunity to address the committee in relation to the regional development portfolio. Since the Andrews Labor government came to office in 2014 regional Victoria has experienced solid growth. The clear highlight is an increase in regional employment of more than 60 000 jobs. Victoria now has the lowest regional unemployment rate in Australia, with regional unemployment falling from 6.6 per cent in November 2014 to 4.2 per cent in April of this year. Since November 2014 the unemployment rate has reduced in all eight ABS regional areas. That remarkable record on regional jobs just does not happen by accident; it is the result of the Andrews Labor government's focus on delivering employment opportunities for regional and rural Victoria. Population growth has been stable on average, but it is highly variable across the state. There is more to do to encourage people to make the move to our rural towns and regional cities, but of course we know that people want good schools, access to health care and to be connected by hard infrastructure like roads and rail, but also mobile connectivity and broadband that they can rely on. Targeting investment in infrastructure programs and job creation is key to building a thriving and prosperous regional Victoria that is a great place to visit, invest, live and work, and in essence this is the regional development portfolio.

The commitments in this year's budget add to the Victorian government's proven track record on delivering for rural and regional Victoria. Wherever you live every Victorian deserves the security of a decent, stable job and a fair wage. It is more than just a pay cheque; it is about being able to provide for yourself and your family and plan for your future. The Andrews Labor government has made job creation our priority, slashing payroll tax in regional areas, introducing free TAFE and putting Victorian workers and Victorian jobs first. This slide clearly demonstrates that these efforts are having an impact. In the three months to March regional jobs across Australia fell by 7300, but in Victoria's regional areas we bucked this trend, gaining an extra 6200 jobs.

Every Victorian family, wherever they live, should have access to great schools, good hospitals, quality training and reliable infrastructure such as rail and road. They rely on governments to make these investments. Since regional rail link in 2010 Labor governments have had a strong record of investing in infrastructure in our country communities. We are fixing our roads and getting products moving to get people home to their families safer and sooner, and we are doing this using local workers and local materials. We are building two new schools and upgrading or planning another 29, while ensuring families doing it tough are getting the support they need. We have established the landmark Regional Health and Infrastructure Fund, and in its first term the Andrews Labor government delivered more than \$13 billion towards the projects that matter most to regional Victorians. This was almost double the former coalition government's efforts.

In every community, in every corner of our state, we have been building and strengthening Victoria. On top of this we directed commonwealth funding towards the regional rail revival, upgrading every single regional line in the state. This budget continues to deliver our positive plan, beginning or acquitting all of the commitments that we made to the Victorian people at the election.

Through our major funding initiatives we are continuing to deliver projects across regional Victoria. Our focus is to invest in projects that grow jobs, develop infrastructure and develop our communities. Through the Regional Jobs and Infrastructure Fund the government has facilitated more than 8500 jobs and supported projects in all 48 local government regional areas. We also adopt a place-based approach to support communities experiencing structural adjustment pressures, like the Latrobe Valley after the closure of Hazelwood, and we are making sure as many people as possible know that Victoria is a great place to live, work, visit and invest through population attraction campaigns, like East Gippsland shire's Live Like a Local marketing campaign. We have also supported workforce development plans that help identify and address future skills gaps in regional areas. An example of that would be the Leadership Great South Coast economic migration pilot. So whether it is our Ready When You Are campaign to attract new residents to our country communities or assisting local government to plan for their future growth, the Labor government is driving the population and economic potential of our regions.

Building on our track record, a priority of mine is to work with my ministerial colleagues on government and community priorities that cross traditional portfolio boundaries. A more joined-up approach will provide leverage, profile and impact to regional initiatives and service delivery. We are establishing a new rural and regional Victoria group within the Department of Jobs, Precincts and Regions to support better delivery models and outcomes. I recently appointed Beth Jones to a dual role as the new chief executive of RDV and deputy secretary of the rural and regional Victoria group. Beth starts this week so we did not drag her along tonight as a first start. Beth and the headquarters for rural and regional Victoria will be based in Ballarat. The Labor government is bringing more public sector jobs to our regions—new GovHubs in Ballarat, Bendigo and the Latrobe Valley include a mix of new roles and consolidation of existing staff—and I am personally committed to looking for other opportunities to grow the presence of departmental staff across rural and regional Victoria.

The Delivering for Regional and Rural Victoria program will make a \$2.6 billion investment to boost regional tourism, create local jobs, underpin key industries and provide the infrastructure and services that local communities rely on. The program will improve public transport, country roads and TAFE facilities and provide critical health facility upgrades. Modelling by the Department of Treasury and Finance forecasts the creation of 4500 jobs. The program covers many portfolios, reflecting our whole-of-government approach to regional development.

In the regional development portfolio \$134 million is allocated to deliver a range of priority initiatives across rural and regional Victoria. They are basically listed up there. One of my favourites is the Benalla splash park. I come from Benalla and I have friends with little kids who are very happy that we are building a splash park there in Benalla, which will attract visitors and grow that local economy.

Within the regional development priorities initiative there is also funding allocated in the 19–20 budget to renew the Regional Jobs and Infrastructure Fund. Whilst I am looking at the guidelines for the program streams going forward, these funds will continue to be directed towards projects and initiatives that focus on job creation and support local community infrastructure. This builds on the outstanding achievements of RJIF and the RDV team who delivered it over our previous term.

On to regional partnerships, these were established in 2016. We have nine regional partnerships who bring their community priorities to the heart of government. Members of regional partnerships have a combination of skills and expertise relevant to each region from across business, tourism, agriculture, community services and education. During 2018 each partnership held its assembly, with more than 2000 people attending. Those assemblies were in country areas. Lots of people also engaged with the assemblies online. As part of this year's budget the government has announced several initiatives that respond to regional partnership priorities such as health, tourism and education. For example, there is \$2.4 million for Wangaratta health, which is a priority for that regional partnership, and the Geelong and Great Ocean Road city deal is obviously very important for the Barwon regional partnership as well.

We will strengthen the operating model of our regional partnerships and empower them to deliver on what is important to their respective communities. The regional partnerships are great people. I love working with them, and they allow me to have a good sense of localised issues. I look forward to continuing my relationship with them.

**Ms STITT:** Let's get into this, Minister. This is a very exciting area, I think, investment in our regional and rural communities. I would like to take you first up to budget paper 3, pages 6 and 14. Minister, can you explain to PAEC how the initiatives outlined in tables 1.4 and 1.5 are taking a new approach to regional development?

**Ms SYMES:** Yes, sure. Thanks, Ms Stitt, for your question. I think just starting with a little bit of the history, I guess, because it sort of explains why we are evolving the way we are. So over the last four years we have been getting on with the projects and the policies that we promised we would—that every Victorian family, wherever you live, should have great access to schools, hospitals, training, public transport and roads. In its first term the Andrews Labor government delivered more than \$13 billion towards the projects and programs, and we made job creation our priority.

Of course part of the initiatives that underpinned those was slashing regional payroll tax, introducing free TAFE and investing in job-creating projects with councils and employers. These efforts have seen more than 60 000 regional jobs created and, as I said, we have the lowest regional unemployment rate in the country. We are pretty proud of the efforts in regional Victoria, but of course you can always do better.

This budget continues our commitment with the brand-new Delivering for Regional and Rural Victoria program. It is a \$2.6 billion investment and it is dedicated to ensuring a whole-of-government focus on the needs of regional communities. We promised to continue the work that we had previously been doing over the last four years, and this budget delivers on that commitment. It invests \$804 million across the regional road network, with a \$615 million investment to continue to improve regional rail, delivering connected and reliable public transport for our country communities. There is \$340 million for the purchase of 18 new VLocity trains for our country lines and \$100 million to begin detailed planning for the *Western Rail Plan*. There is \$50 million to construct new stations around Bendigo. We also have \$46.3 million to upgrade and develop TAFEs across regional Victoria. Some of those TAFES that will be receiving funding have not had funding for a very long time, so it has been a welcome investment in those communities.

So as I said, all Victorians deserve reliable health care, and this year's budget delivers on our commitment to ensure that people have access, regardless of where they live, to quality facilities. We have \$136 million to deliver our promised 500 000 extra specialist appointments for rural and regional Victorians, which is really important as it allows people to access health care close to their home and not have to come to Melbourne, which many people do not want to do and actually in fact a lot of country people avoid doing, putting their health in jeopardy. Sixty million dollars is going to build a new rehabilitation centre at Bendigo Hospital, \$7 million is being put towards planning the expansion of the Latrobe Regional Hospital and \$2.4 million to plan the redevelopment of the Wangaratta hospital, as I said before.

There is also \$100 million over two years for the Regional Health Infrastructure Fund, which is part of the \$2.6 billion. I have to say, as a country MP, that has been one of my favourite funds over the past four years, delivering a lot of quality infrastructure for country hospitals. It is a really good investment. A lot of our country hospitals double as nursing homes, so providing investment so that you can reduce shared bathrooms and the like has just been transformational for some of our country towns. So we are working with regional communities to deliver as many initiatives as we can to make regional Victoria not just a great place to work but to live, raise your family, invest, and hopefully more people will want to move to country Victoria.

This budget is really committed to continuing our work, providing a whole-of-government approach. As I highlighted in my presentation, there is a \$134 million regional development priorities initiative, which will provide funding for RDV. They do a stellar job, RDV, and to have the funding to enable them to continue to create new jobs and deliver important local infrastructure is something that I am particularly proud that we are recommitting to.

**Ms STITT:** Thank you, Minister. The government has said that the budget delivers on the commitments made to the Victorian people. Minister, are you able to take us through the details of those specific promises for regional and rural Victoria?

**Ms SYMES:** The promises that I am responsible for delivering?

**Ms STITT:** Yes, Minister.

**Ms SYMES:** Yes, sure. As I have outlined, it is a whole-of-government approach, but I am not purporting to take over the health minister's responsibility in country Victoria—

**Ms STITT:** Sure.

**Ms SYMES:** in any instance. But the election commitments and projects that I, as Minister for Regional Development in Victoria will be responsible for are under the \$134 million regional development portfolio line item, which details some local priorities. Within that is \$30 million for the Regional Car Parks Fund, which will provide more free car parks in Ballarat and the Latrobe Valley, and we are also delivering free public wi-fi in Ararat and the Latrobe Valley. The regional development portfolio will be directly responsible for delivering several election commitments, which include the Barwon Heads community hub; the restoration of Her Majesty's Theatre in Ballarat; lighting for Lake Wendouree and Victoria Park in Ballarat; the Sebastopol revitalisation; one of my favourite projects, the Benalla splash park that I highlighted earlier; Romsey Ecotherapy Park, which is a high priority for that hardworking local member out there; and an on-water cafe in Lakes Entrance. They will all be project delivered by my department.

**Ms STITT:** Fantastic. Minister, in relation to the Regional Jobs and Infrastructure Fund your department's response in the departmental questionnaire indicates that funding will be provided and will continue under the RJIF, yet the opposition have claimed that this has been cut. Are you able to let the committee know which is the case?

**Ms SYMES:** Sure. Yes, I am more than happy to clarify that. Within the \$2.6 billion regional and rural Victoria initiative sits the \$134 million dedicated fund to deliver regional development portfolio priorities and election commitments. The regional development priorities initiative provides funding for RDV to enable us to keep supporting those projects that create new jobs and deliver infrastructure, as they are very good at doing. It could have been possible to call the \$134 million line item the Regional Jobs and Infrastructure Fund, which would mimic the approach that has occurred over several years. Trust funds that are administered by RDV have traditionally had election and budget commitments acquitted against them, but I wanted to take a different approach and be a little bit more clear about what is available for grants funding-based projects.

**Mr D O'BRIEN:** I am sorry to interrupt, Minister. Which line item did you refer to? I did not actually hear what you said. Which line item?

**Ms SYMES:** The 134, regional—

**Mr D O'BRIEN:** On page 6?

**Ms SYMES:** Yes.

**Mr D O'BRIEN:** I am sorry to take time; I just wanted to clarify.

**Ms SYMES:** Did you find it?

**Mr D O'BRIEN:** I cannot find 134. What is it actually called? Regional development priorities?

**Ms SYMES:** Yes. There have been several Auditor-General reports that have identified some criticism in how these funds have been operated in the past and that they are not overly clear about how people can access them. So what I have done is decouple the grants pool from the announced projects and also remove it from the staffing costs. Of the \$134 million I can inform the committee that there is \$30.8 million that is wholly for grants-based funding on its own. This is a much clearer indication to local councils and community groups and employers of what they can access through RDV, and I can confirm that from now until the end of next

financial year there is around \$50 million available for job-creating projects under a grants-based system that RDV are responsible for. We have got a strong pipeline of projects that we are currently considering.

What I would also like to point out to the committee is that there is a \$150 million Victorian jobs and infrastructure fund, which is overseen by the Treasurer, but it will be available to regional projects as well. So there are lots of opportunities for job creation in rural and regional Victoria as part of this budget.

**Ms STITT:** Thanks, Minister, for clearing that up. I think that is an important clarification. Just back on the creation of jobs, which is clearly so critical for regional and rural Victoria, what are your expectations about how many jobs will be created in the 2019–20 year through the efforts of you and your department?

**Ms SYMES:** Yes, awesome; thanks for that question. The \$2.6 billion Delivering for Regional and Rural Victoria program is, as I have said, dedicated to ensuring a whole-of-government focus on the needs of our regional communities. DTF do the modelling on these things, and they advise us that they expect this program to deliver around 4500 jobs over the next four years. As I said, the efforts of RDV in the 19–20 financial year will be as strong as ever. Within the \$2.6 billion is the line item that we have been discussing in relation to the 134, which does continue the grants-based funding, which is really important, for businesses to be able to access additional support from government—so in the instance that they might be seeking additional funding to enable them to expand, put on a greater workforce and the like. So there are some pretty good opportunities for regional employers.

If you look at budget paper 3, page 243, the target that is listed for the number of jobs in regional Victoria resulting from government investment facilitation services and assistance, it remains at 1200. This target is consistent with previous years, but of course we always endeavour to better those targets and for the last two years that has certainly been the case. One thousand seven hundred and seventy-nine jobs were created in 17–18 and we are on track for 1800 facilitated for the current financial year. On top of the direct grants to businesses through RJIF or indeed the Victorian jobs and infrastructure fund, we will be supporting expansions and market development programs that create jobs.

Obviously the other really important measure in this year's budget is the further reduction of regional payroll tax to 1.2 per cent, which will be 25 per cent of the metropolitan rate by 2022–23. It is a really important message to send to employers and businesses that if you do business in regional Victoria, then the government will support you by reducing your payroll expenditures. Even with the reduction that we have done over the past four years, as a member for Northern Victoria Region who abuts New South Wales I can confirm that we have actually attracted some companies from New South Wales to set up in Victoria because of the better regulatory and payroll tax environment that we provide for businesses. I am always on the lookout to pull any more over the border, but also if I can extract some out of Melbourne that would be a great outcome for country Victorians as well.

We have also made it easier to be eligible for the payroll tax reduction, and the tax-free threshold of \$650 000 will be lifted to \$700 000. So this is a good budget that sends a really strong message that regional Victoria is a great place to do business. My advice is that there are around 3500 businesses that will qualify for the regional employer rate and share in those savings from the payroll changes.

**Ms STITT:** How are you going to ensure that your department is coordinating this new approach that you have spoken about to regional development across the whole of government?

**Ms SYMES:** Good question. This all underpins our new rural and regional development Victoria section of the department. Obviously the Department of Jobs, Precincts and Regions itself is new after mob changes after the change of government, and together we have been doing a significant amount of work and thinking about how we can reform RDV and the regional development portfolio so that it is really at the pointy end of delivering great outcomes for all of our country communities. Whilst I think we have done a great job over the last four years it is undeniable that areas of regional and rural Victoria still lag behind metropolitan Melbourne, and some indicators are pretty compelling that there is more work to be done in this space. That is part of the reason that we are taking a more whole-of-government approach in this year's budget and obviously that is what the \$2.6 million program is all about.

What I would say is that in regional and rural Victoria, place is everything. People from the country often identify with the place they live more strongly than those in metropolitan Melbourne. In regional and particularly, I would say, rural communities, economic development, education policy, health policy and aged-care policy can take on new meaning depending on where you are. Policy solutions that satisfy regional and rural areas need to be more bespoke and involve real consultation with local communities. Often a tweak here or there to take into account place may be all that is needed to get some really targeted outcomes in those communities.

Part of a more place-based approach will be a change to the way we engage and use regional partnerships, which I touched on in my presentation. So yes, partnerships have done some really good work and attracted some strong investment for projects that have been important to their areas but they will be evolving over this term of government. They will become more focused on implementing their outcome frameworks which are going to articulate key priorities for their regions and develop specific actions that will improve outcomes depending on the specific areas that they are focused on—so again, building on that place-centred approach to regional development that my department will be undertaking.

As I said, we will have a new regional headquarters in Ballarat which, when Beth starts this week I think—tomorrow, she starts tomorrow—we will be able to grow our presence of RDV and DJPR more broadly in regional Victoria by filling those positions in the GovHubs as well. So many more public servants out in rural and regional Victoria, and really understanding the needs of rural and regional Victoria and making sure that the approach that they take is targeted to those specific areas.

**Ms STITT:** I think I have got a few minutes left, Chair, don't I?

**The CHAIR:** In fact you have 7 minutes.

**Ms STITT:** Wow, okay. I am going to ask you in that case a little bit about encouraging more people to live in regional Victoria because obviously that is a huge part of making a success of these initiatives. In the rural and regional budget information paper you make reference to ensuring a whole-of-government focus on the needs of our regional communities, and I think you mentioned in your presentation an outline for the annual population growth from 2014–18. What is the government doing to meet the needs of these growing communities and to encourage more people to live outside of Melbourne?

**Ms SYMES:** I have spent a lot of time talking to you about job creation and the programs and support that we have to encourage employers to set up, relocate or grow their businesses in rural and regional Victoria, but what is also important is that to move to country Victoria people are looking for more than just a job. Many people are moving to country Victoria because they want to be part of a community. Targeted investment in infrastructure that families rely on is integral to whether people are going to make that move or not. Infrastructure like parks and celebrating what is good about your community are really good investments, I think, as is, say, the streetscapes and the like for old run-down communities. Feeling some pride about the place that you live in is important to attract people to those areas, and obviously having the facilities and services that families rely on is integral.

So from my personal experience—grew up in country Victoria, moved to Melbourne for uni, worked down here, wanted to relocate to country Victoria with my family—I think my kids were two and three at the time—and we embarked on a little bit of a 'Let's go check out some country towns that we might want to move to'. I could not get my husband to move back to my home town of Benalla. I am not sure whether it was too far from Melbourne or too close to his in-laws, but Benalla was not part of the equation. So when we went looking for a town to move to the most important thing for us at that point in time was child care. There are many country towns in Victoria that do not provide child care, but what I can say is that in the last four years we have made really strong investments in our early learning years and have provided child care for the first time in many communities. Two that I can recall are Chiltern and Avenel. They have long day care facilities going forward because of Labor government investment. So it is more than just job creation; it is about creating good communities and making the right investment so that people can make the move.

**Ms STITT:** Thanks, Minister, and that does ring true with me, having helped my mother find somewhere to retire to in country Victoria recently, and her priorities were a bit different but health care was huge. So she

wanted to be in a community where that was accessible for her as she gets older. I just wanted to ask you a little bit more about attracting people to regional Victoria. In previous years we have had the regional living expo, which you would be familiar with, and the Ready When You Are campaign. What are your plans in terms of branding and advertising to attract Melbourne-based people to regional Victoria going forward?

**Ms SYMES:** Sure. What I would say in relation to that is that we often work with councils and local communities on—your chamber of commerce and things like that are always looking to attract more people to rural and regional Victoria. The different campaigns that we run are about enticing people to visit, because what we have learned from the experiences of people that move to country areas is they generally visit because they have an association with a family member that lives in country Victoria or they have been there for tourism opportunities. So in looking at the opportunities to promote visits to country Victoria, our tourism and our renewed focus on country areas for tourism is something that is really important, but also continually promoting the good stories of country Victoria, and we have got a few campaigns that are doing that.

**Mr RIORDAN:** Just to clarify: there are no forums, is that right? Just to clarify that question: there are no forums?

**Ms SYMES:** What do you mean?

**Mr RIORDAN:** Showcases for promoting regional Victoria?

**Mr D O'BRIEN:** The regional living expo I think might be it.

**Mr RIORDAN:** Yes, the regional living expo, sorry.

**Ms SYMES:** No, no, that does not work, so we will not be repeating that.

**Mr RIORDAN:** So there is nothing like that?

**Mr D O'BRIEN:** That was the question, though. That is why we are asking.

**Mr RIORDAN:** Yes, because I thought that was the question.

**Ms STITT:** No, it was a reference to what had been the case previously. My question was about what the minister saw as the priorities going forward in attracting people to regional Victoria.

**Ms SYMES:** Yes, programs that have demonstrated to be effective is a good use of government money. Having showcases and the like in Melbourne and expecting people to go along and grab a show bag and make a decision to move to country Victoria are not something that has been overly successful and not something that I would be seeking to resurrect.

**Ms STITT:** Understandable, Minister. Can I now ask you about the Geelong city deal. I refer you to budget paper 3, page 14, table 1.5. In the 'Asset initiatives' table there is \$174 million allocated over four years. Can you please explain to us how much exactly is committed from the state and commonwealth governments for this project?

**Ms SYMES:** Yes, sure. I can give you a good run-down of the Geelong city deal. Obviously it was one of those programs that started before my time, but I have spent some time getting my head around it, because it is very important to the Geelong region as it is one of Australia's fastest growing cities. It is a really exciting, dynamic city, because it offers an attractive lifestyle choice, lots of job opportunities in new and growing industries and it is a really vibrant community with an exciting future. Geelong of course is the gateway to the Shipwreck Coast and the Great Ocean Road, and the region's diverse natural beauty attracts over 5 million tourists each year.

**The CHAIR:** Minister, I know that you are on a roll and on a very important point; however, it is Mr O'Brien's call. Mr O'Brien, you have until 7.20 p.m. and not a second later.

**Mr D O'BRIEN:** Minister, I just want to go to what you were talking to Ms Stitt about before with respect to RJIF. Now, I am sorry to have interjected before, but I just want to clarify: you were talking about

\$134 million, and I am looking at that table on page 6 of budget paper 3, 'Regional development priorities'. The first and out-years only tallies to 91. So, sorry, where is the 134 coming from?

**Ms SYMES:** It is the asset number on page 2.

**Mr D O'BRIEN:** Okay, so that is the output and the asset?

**Ms SYMES:** Yes, sorry.

**Mr D O'BRIEN:** Righto. The bottom line, though, is you mentioned I think \$50 million available for next financial year for grants. Where is that?

**Ms SYMES:** 30.8 of it is within the 134.

**Mr D O'BRIEN:** So it is within the 82.9 for 19–20?

**Ms SYMES:** Yes.

**Mr D O'BRIEN:** You have said in your presentation and you also said in the Parliament that it is business as usual and that the budget renews the RJIF.

**Ms SYMES:** Correct.

**Mr D O'BRIEN:** But the RJIF was \$125 million a year over the last four years. You have just told us that it is now \$50 million. Do you agree that is a \$75 million cut in funds available?

**Ms SYMES:** No, absolutely not. If you had listened to the response that I gave Ms Stitt, what I explained is that in previous years, both under our government and the former coalition government, the jobs funds were coupled up with election commitments, budget announcements, staff costs and administration costs. What I am proposing to do is to be very clear about what is available for a grants round, and that is from now to the end of the next financial year around about \$50 million. That will not include any staff costs taken out of it, admin costs taken out of it, which has always been the past. We had a VAGO report that was quite critical of the former fund—

**Mr RIORDAN:** Very critical.

**Ms SYMES:** It was less critical of the new fund than it was of the former fund, but it has—

**Mr D O'BRIEN:** I am not that is how VAGO would actually describe it, Minister. I read that report too, and that is not quite what it said.

**Ms SYMES:** We will agree to disagree on that.

**Mr D O'BRIEN:** But the bottom line is—

**Ms SYMES:** VAGO has criticised the operation of both the jobs fund under the previous government and the Regional Jobs and Infrastructure Fund under our—

**Mr D O'BRIEN:** That is about the administration of the program, Minister. I am talking about the quantum.

**Ms SYMES:** Yes.

**Mr D O'BRIEN:** I will even give you some credit. In 2014 there was \$500 million for RJIF over four years. In 2019 there is nothing. There is \$50 million for one year in grants.

**Ms SYMES:** So of that \$500 million that was appropriated over four years, \$146 million of that was available for grants.

**Mr D O'BRIEN:** Right. This year there is \$50 million.

**Ms SYMES:** Yes.

**Mr D O'BRIEN:** So how much is available in 2021, 21–22 and 22–23?

**Ms SYMES:** I am taking the opportunity to make sure that we get this year done, and I will be seeking future years in a future budget. This budget is about 19–20, and I can confirm that I have got around \$50 million available for job creating projects under the grants system.

**Mr D O'BRIEN:** Since basically the days of John Brumby as Treasurer there has been funding in the forward estimates for regional development grant programs, and I am just highlighting the fact that there is not this time around. So there is nothing in the out years, and I guess my question, going to your statement earlier—that line item for regional development priorities actually lists on page 10 that it delivers on several government election commitments, as published in *Labor's Financial Statement 2018*. So of the funding that is available, what is already allocated?

**Ms SYMES:** It would be 134. So it lists all of the election commitments.

**Mr D O'BRIEN:** Yes.

**Ms SYMES:** Yes.

**Mr D O'BRIEN:** So is there any money still available for non-election commitment grants that a shire or a business might apply—

**Ms SYMES:** \$30.8 million.

**Mr D O'BRIEN:** Right. Okay. So 30.8 instead of 125 as we have had over the last eight years.

**Ms SYMES:** One hundred and twenty five was not available for grants funding. If you read the VAGO report, you would see that—

**Mr D O'BRIEN:** Well, hang on. You just told me that you are dealing with this year and in future years you will have funding. Are you going to have funding, or are you saying that VAGO says we should not be doing regional development funding?

**Ms SYMES:** No, look, I am going to take the opportunity as the new minister. I have got a new structure of rural and regional—

**Mr D O'BRIEN:** To gut the program.

**Ms SYMES:** Of course not. I have got a—

**Mr D O'BRIEN:** Well, this is literally nearly \$500 million less.

**Ms SYMES:** We have got \$2.6 billion that we are spending on a program for rural and regional Victoria. Just because your government was a one-trick pony with one fund does not mean that we have to be. We have a \$150 million Victorian jobs fund that is available for country Victoria. We have got health funds, we have got investment going into regional Victoria everywhere and I can confirm there is a grants round of 30—

**Mr D O'BRIEN:** Health funds are not your portfolio, Minister.

**Ms SYMES:** I have just been explaining to the committee—

**Mr D O'BRIEN:** Exactly.

**Ms SYMES:** about a whole-of-government—

**Mr D O'BRIEN:** So I am talking about your portfolio.

**Ms SYMES:** approach to rural and regional Victoria delivering outcomes for all of rural and regional Victoria. Confining your efforts to one fund would be pretty irresponsible.

**Mr D O'BRIEN:** I am not suggesting that you should, and neither did the previous government. Minister, in the departmental questionnaire provided to the committee with respect to the Regional Jobs and Infrastructure Fund there is a question that asks for evidence of the continued need for the program and the role for government in delivering it. The response from the department is:

The need for the program and role of Government was demonstrated through the 2019–20 State Budget process.

Why, then, is there no further funding for the RJIF in the out years?

**Ms SYMES:** We have got \$30.8 million available in this year's budget—

**Mr D O'BRIEN:** Your own department says it is a good program.

**Ms SYMES:** and I have got a year to show how we have got a new structure, we are operating differently, and I think it is a good opportunity to reset. We have got the best employment growth and unemployment stats the state has seen.

**Mr D O'BRIEN:** Yes.

**Ms SYMES:** So I am pretty sure that our record speaks for itself in our commitment to growing jobs in regional Victoria. So whether it is funding through a grants-based system or funding through other streams into rural and regional Victoria, I would say that our record speaks for itself, Mr O'Brien.

**Mr D O'BRIEN:** Okay. Speaking of which, then, budget paper 3, page 243, demonstrates a \$130 million cut to the regional development budget between the 2018–19 actual and the 2019–20 target. How many job losses will occur as a result of this massive cut?

**Ms SYMES:** So I will take you through the output cost reduction, and often this is the case because projects are nearing completion and milestone payments are therefore a little bit lumpy. So, for example, projects supported through the RJIF and Regional Tourism Infrastructure Fund over past years have mostly been completed or are nearing completion. So when you—

**Mr D O'BRIEN:** Yes, and as we have just discovered they are not going to have any money—any significant amount of grants to administer over the next 12 months. My question is—

**Ms SYMES:** \$50 million.

**Mr D O'BRIEN:** My question is: with a \$130 million cut to the output what job losses can we expect to see in RDV?

**Ms SYMES:** None.

**Mr D O'BRIEN:** None. Okay. Minister, question 15 of the department questionnaire was a question with respect to the department's actual, expected and forecast full-time equivalent staff numbers for the financial year ended 30 June 2018 and the forecast for this year and next year. Could I get an answer to that on notice, please?

**Ms SYMES:** What was your question?

**Mr D O'BRIEN:** I will provide it on notice, Minister, if you like.

**Ms SYMES:** Okay.

**Mr D O'BRIEN:** It is about the figures I have just asked for in respect of RDV.

**Ms SYMES:** Well, it is a bit hard to agree to give you an answer—take it on notice if I was not quite sure what question you asked.

**Mr D O'BRIEN:** I guess, Minister, I am following the Chair's advice that we can provide questions on notice, so I am just giving you advance warning that that is what we are doing.

Minister, if I can continue on that page 6, Delivering for Regional and Rural Victoria program, with respect to that program your upper house colleague Mr Gepp told the Swan Hill *Guardian* on 29 May:

We're delivering \$2.6 billion to Regional Development Victoria ...

How do you account for that misappropriation of the truth?

**Ms SYMES:** I reckon that is pretty harsh, Mr O'Brien. If you are delivering a \$2.6 billion Delivering for Regional and Rural Victoria program, describing it as regional development funding is probably not too much of a stretch of the truth.

**Mr D O'BRIEN:** He actually said, 'It's to Regional Development Victoria'. That is not right, is it? There is not \$2.6 billion to Regional Development Victoria.

**Ms SYMES:** I think you can understand how he has articulated that. It is for the benefit of rural and regional Victoria. It is about growing jobs and infrastructure in rural and regional Victoria. In relation to the question about the money that is appropriated to Regional Development Victoria as an organisation, we have gone through that.

**Mr D O'BRIEN:** And it is not. So the \$2.6 billion that you have packaged up and you went through with Ms Stitt before, you mentioned quite a number of programs, and they are across many, many different departments. They are not actually from—

**Ms SYMES:** All for the benefit of rural and regional Victoria.

**Mr D O'BRIEN:** They are not for your department.

**Ms SYMES:** I am very proud to be delivering a record budget for rural and regional Victoria, Mr O'Brien.

**Mr D O'BRIEN:** Did you just get the budget papers in draft form and do control-F and find the word 'regional' and then package these all up into one big package to make it look better and to hide the fact, Minister, that you have cut \$500 million from the regional development budget?

**Ms SYMES:** This is a fantastic budget for rural and regional Victoria. It is going to spend billions of dollars creating jobs, infrastructure, roads and rail. I am very proud of this budget for rural and regional Victoria. I have got to say it has been absolutely endorsed overwhelmingly by country Victorians. The feedback from local councils has been great—

**Mr D O'BRIEN:** I bet they will be rapt when they realise there is no money to apply for.

**Ms SYMES:** We have just gone through the fact that there is \$50 million to apply for.

**Mr D O'BRIEN:** Fifty million, yes, a hell of a lot less than there was for the last eight years.

**Ms SYMES:** That is not true, and what has been available as a—

**Mr D O'BRIEN:** It is patently true, Minister. There was \$1 billion in the Regional Growth Fund and the Regional Jobs and Infrastructure Fund—

**Ms SYMES:** There was not \$1 billion in your fund, and you know that.

**Mr D O'BRIEN:** I said, 'and the Regional Jobs and Infrastructure Fund'. Minister, can I assist you, perhaps, because we actually asked about this when we had the Treasurer and the Treasury people here. We actually asked the secretary of DTF how this Delivering for Regional and Rural Victoria program was funded. He said they were all through the various portfolio outputs, so different departments. So all of this 2.6 billion that Mr Gepp is claiming is Regional Development Victoria, none of it is actually your budget, is it?

**Ms SYMES:** It is all going to develop regional areas, Mr O'Brien.

**Mr D O'BRIEN:** Can you explain, given that you are the agriculture minister as well, why drought funding from 18–19 was included in that package when we have just spoken about it in an entirely different portfolio? Why is drought funding included in the Delivering for Regional and Rural Victoria program?

**Ms SYMES:** You have got to live in rural and regional Victoria to be able to access that drought funding.

**Mr D O'BRIEN:** But it is not part of your portfolio, is it? It is not part of this portfolio.

**Mr RIORDAN:** Are you thinking of wrapping up hospital funding from country areas and popping that in as well?

**Ms SYMES:** The more you want to talk about \$2.6 billion going to rural and regional Victoria, I am more than happy to continue talking about our record investment and delivering for country Victorians. Regardless of which portfolio it comes from, we are a government that provides for rural and regional Victoria. The stats speak for themselves: more jobs, less unemployment and more people moving to regional Victoria. It is a very good budget for rural and regional Victoria.

**Mr D O'BRIEN:** I guess I am just highlighting the fact, Minister, that to make it look better than you having savagely cut regional development funding you are packaging up everything—

**Ms SYMES:** That is not true.

**Mr D O'BRIEN:** It is absolutely true.

**Ms SYMES:** It is not true.

**Mr D O'BRIEN:** You talked before about the regional—

**Ms SYMES:** As I explained to Ms Stitt, we could have quite easily called the \$134 million line item the Regional Jobs and Infrastructure Fund, but what we have been very clear on is that that fund will fund RDV staff, RDV administration costs, the election commitments and \$30.8 million available for grants-based funding. I think that is being pretty clear with the community about what is available, and I have got to say that is a similar amount to what has been available as a grants-based program every year.

**Mr D O'BRIEN:** Minister, budget paper 3, page 243, has the economic development and service delivery project supported performance measure. It has been cut in half from 120 to 60. Is this reduction due to the axing of the Regional Growth Fund and the Regional Jobs and Infrastructure Fund?

**Ms SYMES:** I might get the secretary to respond to that. He will do a better job.

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

**Mr PHEMISTER:** I do not accept that. The performance measure cut from 120 to 60, that comes down to the technical measurement, Mr O'Brien. Effectively that is saying—and we have to deliver on these output measures—that it is calculated on the number of approved projects within each financial year. The funding for these projects comes from the Regional Jobs and Infrastructure Fund. The lower target reflects a shift in focus towards larger projects with greater impact across the regions. So effectively we will be doing half the amount of projects that are double the size.

**Mr D O'BRIEN:** I would suggest that it also reflects the fact that it is more than half the amount of money. Minister, just briefly—

**Ms SYMES:** It does not matter how many times you try and say it, Mr O'Brien. It does not make it true.

**Mr D O'BRIEN:** I will just ask with respect to the grant to Steelvision in Morwell, you said on 25 March that you had ordered a review into the government's handling of that grant, given that Steelvision got, I think,

\$400 000 and subsequently left a trail of destruction through the Latrobe Valley business sector. You said you would release that report. Will you, and when will you do it?

**Ms SYMES:** I appreciate the question. I am really unhappy with Steelvision's conduct in relation to the connection with government. I would say that we are all up for supporting local businesses and want to do the best by country areas, particularly areas in Gippsland. As we know, we are wanting to make sure that we have got job opportunities for people in that region. In relation to the—

**The CHAIR:** There we have it, Minister. Sorry to interrupt, but we now get to move to Mr Hibbins.

**Mr D O'BRIEN:** Will you release the report?

**Ms SYMES:** My intention is to release it when I get it.

**The CHAIR:** Minister, eight; Mr O'Brien, zero. Mr Hibbins, you have 7 minutes. Use them wisely.

**Mr HIBBINS:** Thank you, Minister, and your team, for appearing. I could not find in the budget any reference to the Latrobe Valley Authority, which currently has its funding until 2020. Will that authority continue beyond 2020?

**Ms SYMES:** I did not need to consider it in this year's budget deliberations due to the funding being available for this financial year.

**Mr HIBBINS:** But you can guarantee it continuing on beyond 2020?

**Ms SYMES:** I think they do a fantastic job, but it just was not something that I needed to consider as part of this budget.

**Mr HIBBINS:** So you are still considering its future.

**Ms SYMES:** I go down and visit them all the time and see what job-creating opportunities they are providing for the Latrobe Valley. I think they do a fantastic job, and obviously they will be reviewed with considerations of their future going forward.

**Mr HIBBINS:** Thank you. In terms of the funding that was allocated following the closure of the Hazelwood power plant, can you outline how much of that has been expended and then how much is to be expended?

**Ms SYMES:** I thank you for your question. Thanks to the secretary for providing me with the figure that is remaining, and that is \$26.3 million of the funds managed by LVA are existing.

**Mr HIBBINS:** Has that been allocated?

**Ms SYMES:** Yes, it has been allocated at a program level but not to specific projects.

**Mr HIBBINS:** For a program but not specific projects—or programs.

**Ms SYMES:** So the LVA can continue.

**Mr HIBBINS:** Okay. Thank you.

**Mr D O'BRIEN:** Sorry, what was the figure, Minister? I just did not pick it up.

**Ms SYMES:** \$26.3 million.

**Mr D O'BRIEN:** Has been allocated?

**Mr HIBBINS:** Is remaining.

**Mr D O'BRIEN:** We are talking about remaining. Thank you.

**Mr HIBBINS:** And is that due to be expended by 2020 as well?

**Ms SYMES:** Yes.

**Mr HIBBINS:** Yes. Okay. Thank you. I have gone down this track with a couple of ministers—the economic development and the jobs minister as well. I guess it concerns what your role is in determining the interim carbon emissions targets for the government, given the release of the advice just recently. What is your role in providing advice to the whole of government in terms of a just transition for affected workers?

**Ms SYMES:** In relation to the emissions target?

**Mr HIBBINS:** Yes, correct.

**Ms SYMES:** We have obviously got a commitment by 2050 for reduction of our emissions, and we have had a report tabled last week that is providing advice to government on setting interim targets, and that is a matter that we are actively considering.

**Mr HIBBINS:** Is it core to your portfolio responsibilities?

**Ms SYMES:** I might just throw to the secretary just so I can be clear on what we are doing. It is because this is department-led activity that I am certainly very interested in but we have actually created a new role to specifically help us with responding to the targets that we are going to set, so I might just let Mr Phemister outline that process for you.

**Mr PHEMISTER:** Thanks, Minister, and thanks, Mr Hibbins. Obviously government has not responded to the report yet so we do not have the targets, but everyone is well aware of the potential ranges and the pledge process. So when it comes to us working with indeed our government colleagues and colleagues in the private sector, we will be leaders of the sector pledging, say, for instance, for agriculture. Our job in that instance will be to underpin the program of research, translating that research, so that the minister through her relevant portfolio can meet the emissions reductions required to contribute to the whole-of-government emissions reductions profile.

**Mr HIBBINS:** Okay. I guess I am trying to really discover who is the person in charge, or what department is in charge—

**The CHAIR:** Me—while we are sitting.

**Mr HIBBINS:** of determining these interim targets—emissions reduction targets—that there is going to be an inappropriate and just transition for any affected workers. It feels like I have been bumped from economic development to Minister Pakula to yourself in terms of who in government has the core responsibility. Whose responsibility is it? Is it regional development?

**Ms SYMES:** As the secretary of the department who is responsible for jobs, it is probably best if I throw to—

**Mr HIBBINS:** Right. Sure.

**Ms SYMES:** Just for perfect clarity, Mr Hibbins.

**Mr PHEMISTER:** Thanks, Mr Hibbins; and, A, we are not certain it will be different to workers. But any time there is a worker-in-transition arrangement, say, because of a global force in the economy or a local force, if it is in regional Victoria the program we use is actually administered by Minister Pakula, but Minister Symes would run the core relationship with the particular agency. So for example with Hazelwood, which is a pretty good most recent example, the worker transition scheme down there was actually run by the LVA because it was established as a local agency, and that was the Premier in that instance because he was responsible for the LVA. The model of workforce transition—so the model that we use down at the LVA—was actually developed in Minister Pakula's jobs portfolio. That model—

**Mr HIBBINS:** It has been transferred now to regional development.

**Mr PHEMISTER:** The LVA has.

**Mr HIBBINS:** Yes.

**Mr PHEMISTER:** So under a new example where something happened in the Latrobe Valley we would use the methodology that was developed in the jobs portfolio and roll it out through the agency that any of our ministers are responsible for.

**Mr HIBBINS:** All right. Thank you.

**Ms SYMES:** Clearer?

**Mr HIBBINS:** Maybe I will have to check the transcripts of several ministers to try and see where I have been bounced around to with this one. Finally if I have got time, just in terms of responding to the recent Auditor-General's report, which found some issues in terms of determining whether regional development grants have actually improved economic or social outcomes and whether the benefits have been sustained beyond the immediate injection of funds: how are you responding to that report or those recommendations to ensure that that occurs?

**The CHAIR:** The minister is going to take that question on notice because your time has now expired. Thank you very much for appearing before the committee today for your portfolio of regional development. The committee will follow up any questions taken on notice in writing and responses will be required within 10 working days of the committee's request. I declare this hearing adjourned.

**Witnesses withdrew.**