

WITNESS STATEMENT OF TIM PALLAS

I, Tim Pallas, Treasurer, Minister for Industrial Relations and Minister for Economic Growth, of 1 Treasury Place, East Melbourne provide this statement to assist the Yoorrook Justice Commission (**the Commission**) in its inquiry into health, housing, education and economic life.

1. I wish to thank the Commission for the opportunity to make this statement, the contents of which are, to the best of my knowledge, true and correct.
2. I make this statement in addition to my first statement, dated 8 March 2024 (my **First Statement**). My First Statement addressed property taxes and land-based revenue streams and was provided to the Commission to assist with its hearings relating to land injustice. My First Statement also sets out my professional background and the role and responsibilities of Treasurer, which remain accurate as at the date of signing this further statement. This statement should be read together with my First Statement.
3. Throughout this statement, I use the term First Peoples. Other terminology, such as 'Aboriginal' is used where it is in the name of a program, initiative, organisation or contained within a legislative provision.

A – ACKNOWLEDGMENTS

4. I acknowledge the Traditional Owners of the lands and waters on which I live, the Wadawurrung, Woiwurrung, Boonwurrung and Bunurong People, and the lands on which I work, the Wurundjeri People of the Kulin Nations. I acknowledge and pay respects to the wisdom and leadership of their ancestors, Elders and emerging leaders.
5. I acknowledge that for many thousands of years, First Peoples have enjoyed and maintained thriving economies based on connections to land, water and resources throughout Victoria.
6. I acknowledge that sovereignty was never ceded and that the impact of dispossession and the legacy of colonisation, including how funds are raised and allocated in the Victorian system of government, have contributed to intergenerational poverty and barriers to economic development and participation experienced by First Peoples today.
7. I also acknowledge the First Peoples' business sector is growing, diverse and includes the critical services by Aboriginal Community Controlled Organisations (**ACCOs**), land

management and cultural consultations through Traditional Owner Corporations as well as for-profit businesses and social enterprises. I recognise that a successful First Peoples economy in Victoria creates a more prosperous future for all Victorians and acknowledge the valuable contributions that First Peoples, their organisations and businesses make to the Victorian economy today.

8. I understand that the transfer of decision-making power and resources is critical to self-determination for First Peoples. This is supported by the opportunities and independence offered through economic participation. I acknowledge First Peoples' right to participate in and contribute to Victoria's economy as employees and employers, consumers and suppliers, investors and investees, creators and contributors. Participation in Victoria's economy provides First Peoples with the foundation to economic security and independence to determine the future they want.
9. I acknowledge the ongoing impacts of colonisation on housing availability and stability of many First Peoples who continue to experience high rates of homelessness. I acknowledge Victoria has one of the highest rates of First Peoples seeking specialist homelessness services in Australia¹, and that a lack of stable housing limits economic participation of First Peoples and undermines principles of self-determination.
10. As previously acknowledged in my First Statement, I recognise that Victoria's financial management principles and the decision-making processes continue to fail to adequately include First Peoples' voices, perspectives and priorities. We are not where we need or want to be.
11. I submit this statement with hope that it will be of service to the Commission, and with a commitment to reflect and engage in an open and genuine conversation throughout this important hearing block relating to social injustice.

B – MY ROLE AS TREASURER AND MINISTER FOR ECONOMIC GROWTH

12. I understand that Hearing Block Seven relates to social injustice and that the Commission has indicated that it wishes me to address economic life and housing. Economic life and housing are managed across government, with other ministers and departments also having relevant statutory responsibilities and policy ownership. However, my

¹ Submission from the Victorian Aboriginal Housing and Homelessness Forum to the Federal Government Housing Legislative Package, accessed 18 April 2024.

responsibilities as Treasurer with oversight of investments, budget processes and revenue are also relevant to those areas.

13. My portfolio responsibilities as it relates to my role as Minister for Economic Growth mainly relate to trade, investment and innovation, supported by the Department of Jobs, Skills, Industry and Regions (**DJSIR**). Although, there are no dedicated First Peoples programs delivered under my Economic Growth portfolio, supporting more engagement with and participation by First Peoples businesses in Portfolio activities is a priority.
14. This statement reflects my engagement with the important issues related to the State Budget process, economic life and housing which primarily relate to my responsibilities as Treasurer.
15. My First Statement sets out my core responsibilities as Treasurer.² Specifically to the budget process, as Treasurer I am required to take a whole-of-government view in overseeing and co-ordinating the State Budget, in particular, considering funding requests brought by portfolio ministers to the Budget and Finance Committee of Cabinet (**BFC**).
16. Funding decisions must consider the impact on the state's finances, as well as assessing what will be delivered for the community. I am required to maintain oversight of the overall health of the Victorian economy in terms of the Government's revenue and expenditure and the broader conditions for Victoria's economic growth.
17. Portfolio ministers are individually responsible to Parliament for how they spend the funding approved by BFC to implement programs and services, including what they can achieve with that funding against their portfolio responsibilities.
18. This statement has been informed by information provided to me by departmental officers in the Department of Treasury and Finance (**DTF**) and the DJSIR, which I believe to be true and correct.
19. I am also informed that the Commission has provided a list of questions which relate to economic life and housing. I understand that DTF and DJSIR have responded to those questions.

² First Statement, paragraphs 15 to 21.

C – THE BUDGET PROCESS AND FIRST PEOPLES’ ENGAGEMENT

20. The State Budget is one of the principal ways for Government to communicate its priorities to the community. It is a key output of Government and is one of the ways that Government implements its policy and decisions. The Budget process is a whole-of-government process providing a projection of Government revenue and expenditure for the following year, and outlines services to be delivered across all portfolios. It is a significant piece of work, while not the only means by which government implements its policy decisions, it is a key document and roadmap for service and infrastructure delivery.
21. DTF’s role as a ‘central agency’ has traditionally focused on leading and coordinating whole-of-government processes and delivery of funding. Portfolio ministers supported by their departments are considered the experts within their portfolio areas with departments having more direct stakeholder engagement related to the service delivery, infrastructure projects and policy development. In this regard, DTF has traditionally not directly engaged in community consultation – whether that be with First Peoples or otherwise.
22. Engagement with First Peoples through the budget process reflects this dynamic. Departments are responsible for conducting consultation and developing business cases through the budget process. Budget proposals are encouraged to be designed to reflect the true cost of service delivery, with ACCOs prioritised for services delivered to First Peoples. This is conducted with the oversight and direction of portfolio ministers who have ultimate responsibility to approve service delivery partners and submit final business cases for consideration by BFC through the budget process.
23. Although this is the historic bureaucratic dynamic of developing budgets, my department and I are committed to progressing initiatives to bring self-determination principles into the budget decision-making process. I acknowledge that more can be done to incorporate First Peoples’ views and priorities and that budget decision making is about more than just funding new initiatives. One of the opportunities to do this is through DTF’s Early Intervention Investment Framework (**EIIF**).

Early Intervention Investment Framework and Cultural Safety Framework

24. The Government first introduced the EIIF in the 2021-22 Budget. It is now embedded in the budget process and has been implemented over the past four budgets. EIIF is a whole-of-government approach to incentivise evidence-based investment in early intervention services and programs to improve outcomes for Victorians. Through timely and effective assistance, EIIF aims to intercept social, health or justice issues through early intervention

before they reach crisis point and reduces the need for future acute services such as hospitals, prisons, homelessness and family violence services.

25. EIIF also adds to the Government's evidence base in understanding 'what works' when selecting initiatives for funding. EIIF prioritises availability of funding to early intervention and prevention services and programs which have a higher estimated beneficial impact. For each proposed EIIF initiative, departments quantify the expected fiscal, economic and social impacts. The outcomes from each EIIF funded initiative are then tracked annually, which informs future budget decisions.
26. The additional evidence generated through EIIF enables Government to make more informed decisions for re-investment and expansion of successful programs and services to help vulnerable cohorts including programs targeted at assisting First Peoples'. The expected reduction in the need for acute services is estimated as the avoided cost to government. A proportion of the avoided costs generated by EIIF initiatives are then ring-fenced centrally for investment in EIIF initiatives in future budgets. This approach incentivise, prioritises and supports early intervention programs by ensuring a guaranteed pool of funding to invest in early intervention in future budgets.
27. Following feedback received from social service sector engagement, and Government approval in the 2023-24 Budget, DTF is now working with the Victorian Aboriginal Child Care Agency (**VACCA**) to develop a new Cultural Safety Framework for the EIIF. Engagement with the ACCO sector will also help shape its design. DTF expects to implement this framework in 2024 to better support self-determination and outcomes for First Peoples in the design, implementation, monitoring and evaluation of initiatives funded (or proposed to be funded) through the EIIF program. At this stage, the new Cultural Safety Framework will initially be applied and tested with new funding proposals through the EIIF only.
28. I will continue to work with DTF to better understand other ways to improve First Peoples' engagement through the budget process. However, I acknowledge more needs to be done to understand how this can operate in a practical way across my portfolio responsibilities, including the Government's commitments through the Victorian Aboriginal Affairs Framework 2018-2023 (VAAF) and the Victorian Closing the Gap Implementation Plan 2021-2023 which is discussed further below.

D – SELF DETERMINATION AND TREATY

Victorian Aboriginal Affairs Framework and Self-Determination Reform Framework

29. The VAAF is the Victorian Government's overarching framework for working with First Peoples, organisations and the wider community in Victoria to drive action and improve outcomes. The VAAF was extended for 18 months to 30 June 2025 to provide continuity while Government works with the First Peoples' Assembly of Victoria (**First Peoples' Assembly**), along with other relevant First Peoples' governance forums to develop a new framework.
30. Victoria's Self-Determination Reform Framework (**SDRF**) guides public service action to enable self-determination in line with the Government's commitments under the VAAF. It provides a consistent understanding of how Government should enable and report against self-determination and provides guidance for departmental action to enable it.
31. DTF reports to the Department of Premier and Cabinet on how it is tracking against its commitment to advance self-determination under these two frameworks. Updates from all departments are then reported in the Victorian Government Aboriginal Affairs Report, which tracks Government on its commitments to improving outcomes for First Peoples in Victoria and is tabled in the Victorian Parliament annually.
32. In annual reporting under the SDRF, I reflect and acknowledge that while DTF has made progress along the self-determination continuum, there are further actions within my portfolios that can be taken to enable First Peoples' self-determination and reaffirm my commitment to progress this work.
33. I am aware that DTF has established a plan titled 'Advancing Self-Determination in DTF'. While I am not involved in the operational detail of the plan, I understand that the plan provided DTF's initial proposed actions to deliver self-determination reforms and deliver against commitments in the VAAF and the SDRF.

Victorian Closing the Gap Implementation Plan 2021-2023

34. The Victorian Closing the Gap Implementation Plan 2021-2023 outlines actions for Victoria to achieve the National Agreement on Closing the Gap's outcomes and targets, including key commitments across portfolios. This has also been extended until June 2025 to allow time for consultation with First Peoples stakeholders on the next steps in the development of a new implementation plan.

35. Through this plan, I committed to several budget process changes to better enable self-determination for First Peoples. These included the following actions:³

- i. continue to advance self-determination through the budget process including increased collaboration with the First Peoples community on business case development;
- ii. DTF and the Aboriginal Executive Council (**AEC**) to collaborate on further long-term reforms to the budget development process in time for the 2022-23 Victorian Budget;
- iii. all departments to seek and share information on the development of budget priorities with AEC and the Senior Officers' Group on Aboriginal Affairs, where appropriate and with any necessary level of approval;
- iv. all departments to ensure the current budget process supports self-determination and engage AEC and/or other First Peoples governance mechanisms for advice in the detailed preparation of budget bids for the 2020-21 Budget;
- v. provide cultural safety and First Peoples' self-determination training for budget analysts; and
- vi. DTF and Implementation Partners (including the AEC, other key Aboriginal partnership forums and ACCOs) to collaborate on further long-term reforms to the budget.

36. While progress has been made on four of these actions (i, iii, iv and v), I acknowledge that some tasks were not completed. I remain committed to overseeing further work to support self-determination through the budget process.

Treaty and the Self-Determination Fund

37. I am proud to be part of a government that has committed to truth-telling through the Yoorrook Justice Commission and self-determination through Treaty. This commitment has been an eight-year long journey, which commenced with the establishment of the Aboriginal Treaty Working Group in July 2016. It is a commitment that was made in direct

³ Four of these actions have been implemented (i, iii, iv and v). The remaining two have no update and have not been progressed, noting for ii the State no longer works with the AEC and instead works with Ngaweeyan Maaroo.

response to the aspirations and advocacy of First Peoples in Victoria – an aspiration that is jointly shared with this Government and the broader Victorian community.

38. Through this truth-telling process, I have further reflected on what it means to progress self-determination. I understand that the existing models of consultation with First Peoples so far have failed to meet expectations. Although such models have built strong relationships between Government and First Peoples, I acknowledge that it has not delivered the systemic change needed to materially improve outcomes for First Peoples.
39. In addition to these reflections, I also observe the dynamics of government decision-making that occurs in the context of a democratic system of government. This means that decisions require, and are informed by the balancing of competing objectives, considerations, and priorities. This sometimes includes factors such as global events and the broader economic context, availability of resources and community priorities and views. The government's response to the COVID-19 pandemic is a pertinent and recent example of the challenges government faces in balancing these competing, and often unforeseen, responsibilities and priorities. Because of this, I recognise that decisions of government often fall short of expectations. I state this observation not as an excuse, but in acknowledgement and appreciation of the immense responsibility of Government.
40. I hold hope and confidence that through the government's work with the First Peoples' Assembly in designing the Treaty process, along with Government's investment in Truth and Treaty, that we are building the architecture that is required to support key decisions and progress First Peoples' self-determination, insulated from 'business as usual' government decision-making.
41. In the 2022-23 Budget, the government committed \$151.4 million of funding over four years for First Peoples' ownership of Treaty process, including the Treaty Authority, and the Self-Determination Fund. Through the 2023-24 Budget, a further \$138.3 million was invested over four years and \$8.4 million ongoing to support readiness for Treaty negotiations for both the State and First Peoples. An additional \$6.8 million was also provided in the 2024-25 Budget to extend the Yoorrook Justice Commission's operations until 2025-26. Both the 2023-24 and 2024-25 Budgets build upon the \$1.5 billion of funding invested in services and programs to support First Peoples in Victoria by this Government, bringing the total to \$2.21 billion.
42. The Self-Determination Fund is a critical and necessary element of the Treaty Process. It provides First Peoples with an equal standing to engage with the State in Treaty negotiations. It is also a financial resource, independent from the State, that empowers

First Peoples to build capacity, wealth and prosperity for present and future generations. As part of the 2022-23 Budget, the government committed \$65 million to the Self-Determination Fund over three years and has so far made transfers of \$50 million. The government will consider further contributions to the Self-Determination Fund, where necessary to further the Fund's purposes under the *Advancing the Treaty Process with Aboriginal Victorians Act 2018* (Vic), and as outlined in the Self-Determination Fund Agreement.

E – ECONOMIC LIFE

43. I recognise that economic independence and autonomy through participation in economic life provides a foundation to support self-determination. However, I understand that economic autonomy on its own does not guarantee self-determined outcomes.
44. I also acknowledge that First Peoples organisations and businesses already make valuable contributions to Victoria's economy. However, more needs to be done to remove barriers, and foster opportunities to grow participation in the economy. Economic development is therefore a key condition for self-determination of First Peoples in Victoria.

Yuma Yirramboi Strategy (Invest in Tomorrow)

45. In June 2022, the Government launched the Yuma Yirramboi Strategy (Invest in Tomorrow) with \$25 million in funding to support the Strategy's implementation over two years. The Strategy aims to address inequality and move towards self-determination. The 2024-25 Budget provided \$8.6 million for continued implementation of the Strategy over the next three years.
46. The Strategy sets out a long-term and coordinated approach to increasing the wealth and prosperity of First Peoples in Victoria. It maps a path for supporting Traditional Owners, First People entrepreneurs and businesses, community organisations and individuals to realise their individual and collective economic and employment aspirations by creating new opportunities for First Peoples' businesses. The Strategy's overarching goal is to achieve economic equity for First Peoples in Victoria within a generation.
47. Development of Yuma Yirramboi was led by the Koori Caucus of the Victorian Aboriginal Employment and Economic Council (now Yuma Yirramboi Council) and involved extensive consultation with ACCOs, First Peoples' businesses in Victoria, peak bodies, Traditional Owner groups, First Peoples' communities and all tiers of government. The Yuma Yirramboi Council, which oversee the Strategy's implementation is made up of the nine

First Peoples' leaders of the Koori Caucus together with five DJSIR executive officers. The Strategy is ultimately the responsibility of the Minister for Employment.

F – HOUSING

48. Access to secure long-term housing is fundamental to any person's health and wellbeing. I note that, in June 2023 more than 10% of new applications to the social housing waitlist were from First Peoples. With only 1% of Victoria's population identified as Aboriginal or Torres Strait Islander people⁴, I acknowledge that the overrepresentation of First Peoples for housing services in Victoria is unacceptable and a symptom of historic injustices.
49. Today, there are many factors this to over-representation in social services such as housing. In addition to systemic racism, which I recognise as a driver of over-representation, other contributing factors include inequality in educational opportunities, economic exclusion, child protection involvement, mental health issues and intergenerational trauma. Although housing services alone cannot overcome the drivers of the over-representation of new applications to the social housing waitlist, the Government's priority is to support self-determined solutions in housing to that are culturally sensitive to the unique and specific factors that First Peoples face, and the ways that these injustices intersect.
50. Government aims to support First Peoples' self-determination in the housing sector through the vision set out in the Mana-na woorn-tyeen maar-takoort in under the Victorian Aboriginal Housing and Homelessness Framework (the **VAHMF**). The Victorian Government funded Aboriginal Housing Victoria to lead the development of the VAHMF to guide policy reform in responding to specific housing needs for First Peoples in Victoria.
51. While the Minister for Housing is responsible for housing and homelessness policy in Victoria, I hold joint responsibility with the Minister for Housing on the delivery of the Social Housing Growth Fund. The Social Housing Growth Fund funds the community housing sector to provide homes to Victorians on the Victorian Housing Register. One of these funding rounds is the 'Homes for Aboriginal Victorians Round', which is being implemented as part of the 'Big Housing Build'.

Homes for Aboriginal Victorians Round

52. DTF, in partnership with Homes Victoria, is delivering a series of Social Housing Growth Fund Grants Programs which include the Homes for Aboriginal Victorians Round. This

⁴ 2021 census

funding round will provide around \$200 million in grants to ACCOs and Community Housing Agencies to develop more than 400 new homes for First Peoples' households across the State.

53. ACCOs can submit proposals on their own or in partnership with a Community Housing Agency. Through this program, the Victorian Government aims to advance self-determination by supporting long-term sustainability in the First Peoples housing sector and to generate jobs and skills for First Peoples and businesses throughout the State. Further, it provides housing for First Peoples including support services and tenancy management facilitated by members of their own community.
54. All social housing dwellings funded through the Homes for Aboriginal Victorians Round will be owned (or the subject of a long-term lease) and operated by ACCOs, or Community Housing Agencies in partnership with an ACCO, and allocated to First Peoples on the Victorian Housing Register.
55. These homes will contribute toward the Government's Big Housing Build target that 10 per cent of all new social housing will be built for First Peoples and be delivered in a manner consistent with the *Big Housing Build Aboriginal First Order Principles*, which were developed in consultation with the Aboriginal Housing and Homelessness Forum and VAHMF Implementation Working Group.
56. The first dwellings for First Peoples in Victoria contracted through the Social Housing Growth Fund (and funded under the Big Housing Build) were completed in October 2023. To date, 23 homes have been completed. While there is much to be done to see more homes built, this important work is underway.

Victorian Homebuyer Fund

57. DTF is also supporting First Peoples into home ownership through the Victorian Homebuyer Fund,⁵ which launched on 8 October 2021. The Fund operates as a shared equity scheme whereby the Victorian Government makes a financial contribution to the purchase of a home in exchange for a proportional share in that home, which participants buy back over time.
58. Eligible First Peoples can access a higher shared equity contribution of up to 35% of their property price and qualify with a lower minimum deposit of 3.5%, compared to a 25%

⁵ [<https://www.sro.vic.gov.au/homebuyer>]

contribution with a minimum deposit of 5% for other applicants. This represents a significant cost saving, enabling First Peoples to achieve home ownership earlier and making it easier to service their mortgage over time. In support of self-determination, the Victorian Homebuyer Fund adopts a Confirmation of Aboriginality process recommended and now supported by Aboriginal Housing Victoria for First Peoples seeking to access these additional financial supports.

59. The Victorian Homebuyer Fund also welcomed Indigenous Business Australia to its panel of lenders in 2022, recognising its importance as a trusted lender for many First Peoples and opening the door for Victorian Homebuyer Fund participants to access the range of tailored support on offer for new and future homeowners.
60. With the Commonwealth Government establishing *Help to Buy*, a nationwide shared equity scheme, the Victorian Government's 2024-2025 budget has provided a final investment of \$700 million to extend the Victorian Homebuyer Fund for a further year before transitioning to the national scheme once it's established. Staggered monthly allocations will ensure funding is available for Victorians until the establishment of the *Help to Buy* scheme.

G – CLOSING REMARKS

61. Again, I thank the Yoorrook Justice Commission for undertaking this important work and allowing me to make this statement. I value the opportunity to reflect and engage with the difficult realities exposed through this truth-telling process.
62. I reiterate, where we are today, is not where need or want to be. There is much more work that needs to be done. I am committed to progressing self-determination and improving outcomes for First Peoples of Victoria.
63. I am available and at the service of Commission and for any questions that may arise related this statement or my portfolio responsibilities.

Dated: 24 June 2024

Signed: 

Tim Pallas MP