



TRANSCRIPT OF DAY 13 – PUBLIC HEARING

PROFESSOR ELEANOR A BOURKE AM, Chair
MS SUE-ANNE HUNTER, Commissioner
MR TRAVIS LOVETT, Commissioner
DISTINGUISHED PROFESSOR MAGGIE WALTER, Commissioner
THE HON ANTHONY NORTH KC, Commissioner

WEDNESDAY, 26 JUNE 2024 AT 12:00 PM (AEST)

DAY 13

HEARING BLOCK 7

MS FIONA McLEOD AO SC, Counsel Assisting
MS SARALA FITZGERALD, Counsel Assisting
MS SARAH WEINBERG, Counsel Assisting
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<THE HEARING COMMENCED AT 12.00 PM

CHAIR: Good morning. Welcome to today's hearing of the Yoorrook Justice Commission. Today we continue our inquiry into historic and injustice for
 5 Victorian First Peoples in Hearing Block 7. Before we commence, I would like to ask Commissioner Hunter to give a Welcome to Country.

COMMISSIONER HUNTER: Thank you Chair. I would like to acknowledge that today we gather on the lands of the Wurundjeri, the stolen land of the
 10 Wurundjeri people and honour Ancestors and Elders past and present, honour all those that came before us to give us voice here today and may Bunjil watch over us today as we conduct Aboriginal business and Wominjeka, come with purpose, today. Thank you.

CHAIR: Thank you, Commissioner Hunter. Counsel, I do want to make a short statement. But shall we have the appearances first?

MS MCLEOD: Certainly, Chair. I appear to assist you today with Ms Fitzgerald and Ms Weinberg. I thank Commissioner Hunter for her welcome and, as has
 20 been noted, today we conduct our business on the lands of the Wurundjeri, unceded lands. I thank you for your welcome and your offer of safe passage and purpose and I acknowledge Elders and Ancestors.

CHAIR: Thank you. And thank you Commissioner Hunter for the welcome. As
 25 always, we acknowledge your people and their hospitality to us as we work on your Country.

Before we hear from the Treasurer today, I do want to make some brief remarks given today is the final day of Yoorrook's social injustice hearings. Over the past
 30 five weeks, Yoorrook has heard from 70 witnesses in relation to the systemic injustices First Peoples face in education, health, housing and the economy. There are many cross-overs with the Commission's previous inquiries into the child protection and criminal justice systems and land injustice.

I would like to thank my fellow Commissioners for their forensic questioning of
 35 witnesses and their dedication to the justice of First Peoples. These issues are deeply personal for all of us in different ways. You have heard Commissioner Hunter, Commissioner Lovett, Commissioner Walter share some of their stories and we have heard of the ongoing injustices, systemic racism they or their families
 40 have faced along with many others.

I also want to thank the tireless effort of Counsel Assisting and the Yoorrook staff and I thank all the people who have made these hearings possible, made them
 45 available to people who are not in the room with us and I thank those who come and see us regularly and sit in the room to hear. I thank the sound and technical people, photographers and all of our own staff who work so hard behind the scenes to make these hearings possible.

I also thank all the witnesses, particularly those First Peoples who share their own experiences, their stories, and traumas. Please know that every word you have written or said is heard by Commissioners. Collectively, we are creating history
 5 for the enrichment and benefit of all Victorians. Across all seven rounds of Yoorrook's public hearings, which began in March 2022, Yoorrook has investigated systemic injustices faced by First Peoples in the State's child protection, criminal justice, education, health and housing systems, and the economy.

10 Through Yoorrook's land, sky and waters inquiry, the Commission reviewed the beginning of colonisation when Edward Henty arrived in the place now called Portland in 1834. He stole Gunditjmara land and established the first permanent European settlement and is to this day named as the birth place of Victoria. But it
 15 marked the end of life as First Peoples, our Ancestors knew it.

Yoorrook heard about the hundreds of massacres carried out and many people do not know the extent of the massacres in this state, we had many massacres in this state, and of the illnesses brought in by colonisers that saw our population
 20 plummet from around 60,000 to about 2,000 in a few decades. This was an annihilation. The Commission also heard about the strengthen, ingenuity and resistance of First Peoples who are creating change despite systems that were not designed by or for them.

25 Commissioners have heard 16 formal apologies from the Victorian Government in relation to health, mental health, housing, education, child protection, justice, family violence, policing, water rights and the theft of land. I want to be very clear. I want to say this clearly, for an apology to be truly meaningful it must be followed by action, actions to address that which is being apologised for.

30 So this Commission, this truth-telling Commission is, in fact, a beginning, not the end. Too often in the past we see apologies create headlines, not change. Even worse: They can create the illusion of change while maintaining the status quo. I remind Victorians that the status quo for our First Peoples is a world in which
 35 our people face racism, continuing injustice and disadvantage at greater rates, far greater rates, than non-Indigenous people.

We are ten times more likely to access homelessness services, our women are 33 times more likely to be hospitalised from a family violence incident and Yoorrook
 40 has heard evidence that most often the perpetrator is non-Indigenous. Our children are 22 times more likely to be placed in out-of-home care and as adults we are 15 times more likely to end up in prison and that gap is widening.

Yoorrook recognises that transformational change will not happen overnight but it
 45 must happen. It must happen. The path to systemic transformation will be uncomfortable at times. This truth-telling Commission tells us all why there must be change. But this is not the end of Yoorrook or its public hearings. Social

injustice evidence gathering will continue over the coming weeks. In October, Yoorrook will hold accountability hearings in which Commissioners will recall State witnesses to provide updates on the commitments they have made to us here at the Yoorrook Justice Commission.

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The Commission will also hold a special day in coming months in which a number of non-Indigenous people will give evidence, including descendants of those early colonisers. Yoorrook will continue to accept submissions until the end of November so if you are considering making a submission, I urge you to do so. Do not miss this historic moment, your chance to tell your story, your truth. It is important for our public record. All the information you need is on our website and support is available through our community engagement network.

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Finally, I would like to thank all of those of you who have followed Yoorrook's hearings in person, in the media, on the live stream or on our socials and I sincerely thank those people who are regulars, who come into this room, or families who come into this room with their - supporting their own people, we are very grateful because we want many, many more people to hear what is being said and has been said in this room.

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It is one thing for people to share their truth; it is another for it to be truly heard. Truth-telling is about listening, learning and the understanding of our shared history in Victoria. It's about creating a better future for all Victorians. Thank you, Counsel.

20

MS MCLEOD SC: Thank you, Commissioner. If I can respond very briefly. It's an honour and privilege for Counsel to assist you in this important work and we couldn't do so without the tireless work of KWM led by Emily Heffernan and Solicitors Assisting. Could I invite Ms Knowles to announce her appearance on behalf of the Treasurer. Thank you.

25

MS KNOWLES: Thank you. Thank you. May it please the Commission, my name is Phoebe Knowles and I appear on behalf of the State of Victoria with Mr Lachlan Carter for the Treasurer of Victoria, also the Minister for Industrial Relations and the Minister for Economic Growth. Thank you, Commissioner, for your welcome - Commissioner Hunter for your welcome, and thank you Chair Bourke also for your opening remarks. I also commend Counsel Assisting and KWM for the extraordinary work that they are doing and to each of the Commissioners for the extraordinary work that you are doing. We acknowledge that today's hearing is held on the lands of the Wurundjeri people of the Kulin Nation. We acknowledge them as the Traditional Owners of this land and acknowledge that Sovereignty was never ceded. We pay our respects to Wurundjeri Elders past and present and thank them for allowing this hearing to continue on their lands today. I pay my respects to all First Peoples present and hearing online and to those in the hearing room. Thank you.

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MS MCLEOD SC: Thank you, Chair. Today we continue our focus on economic prosperity with the evidence of the Treasurer. Welcome, Treasurer. Treasurer, could you please state your full name.

5 **MR TIM PALLAS MP:** Timothy Hugh Pallas.

MS MCLEOD SC: You the Treasurer for Victoria and the Minister for Industrial Relations and Economic Growth?

10 **MR TIM PALLAS MP:** I am.

MS MCLEOD SC: Do you undertake to give truthful evidence to the Commission today?

15 **MR TIM PALLAS MP:** I do.

MS MCLEOD SC: You have prepared two witness statements I might just identify for the Commission. The first was dated 8 March 2024. That statement, Commissioners, addressed property taxes and land-based revenue streams, as was
20 provided to the Commission to assist in the last hearing block with land injustice. The reference for the transcript is DTF.0004.0001.0001. Your second statement was undated, and the reference to that is DTF.0007.0001.0031. Both are tendered in today's tender bundle. Treasurer, do you have a copy of both of those witness
25 statements with you?

MR TIM PALLAS MP: I do.

MS MCLEOD SC: And are those witness statements true and correct?

30 **MR TIM PALLAS MP:** They are, yes. I think there is one alteration.

MS MCLEOD SC: So I think we have a version which is dated today that picks up a correction to a footnote.

35 **MR TIM PALLAS MP:** Yes.

MS MCLEOD SC: And that statement dated 24 June 2024, is that true and correct?

40 **MR TIM PALLAS MP:** That is, yes.

MS MCLEOD SC: Okay. I tender those documents, your Honour, and the DTF documents which I will now identify. The Department of Treasury and Finance has prepared responses to a request for information issued by the Commission on
45 8 May 2024. That's DTF.0007.0001.0001 and in relation to community housing DTF.0007.0001.0028.

So, Treasurer, I understand you have prepared some opening remarks. I invite you to make those now.

MR TIM PALLAS MP: Thank you. And to the Chair and to all the
 5 Commissioners, thank you for inviting me here today and the opportunity to
 address you. I, too, would also like to thank Deputy Chair Commissioner Hunter
 for her Welcome to Country and I also would like to acknowledge the Wurundjeri
 people as the Traditional Owners of the land of this historic truth-telling
 Commission, the Yoorrook Justice Commission, and pay my respects to their
 10 Elders past and present and I extend that respect to all Aboriginal and Torres Strait
 Islander people who are in attendance today, or who may be tuning in on live
 stream.

I acknowledge the importance of Collingwood and Fitzroy where we are meeting
 15 today as a place of significance in historical and ongoing Aboriginal
 community-led activism and leadership. I acknowledge the Wadawurrung, the
 Wathaurong, the Bunurong and the Boonwurrung people as the Traditional
 Owners of the Country on where I live and communities I represent as a member
 of Parliament and pay my respects to the Elders I have met and have had the
 20 honour of working alongside during my time as an MP and I acknowledge that
 Sovereignty was never ceded.

I'm humbled, really, to appear before the Commission as Treasurer of the State of
 25 Victoria. As Treasurer, I acknowledge the nearly two centuries of dispossession
 and impacts of colonisation on First Peoples which have resulted in entrenched
 inequality and embedded systemic injustices experienced by First Peoples.

I acknowledge that today's system of government still carries its legacy from its
 30 colonial foundations and that structural racism which is evident through the data,
 but also disguised in its operation includes Victoria's financial management
 principles, State revenue policies, and the decision-making processes. This is
 manifested in intergenerational poverty, barriers to housing as well as barriers to
 economic development experienced by First Peoples today.

Those impacts have been made apparent in the evidence and many stories already
 35 heard by this Commission. I appear before the Commission with hope that my
 evidence will offer value to the truth-telling processes in further exposing and
 making sense of these very difficult truths. As Treasurer, my role requires me to
 take a whole-of-government perspective in relation to the financial management,
 40 sustainability and economic growth of the State. This means the role of my
 Department, The Department of Treasury and Finance, and my responsibilities as
 Treasurer, is necessarily centralised in playing a coordinating role in overseeing
 the finances of portfolio ministers and their departments.

45 In preparation for this hearing I personally reflected on my responsibilities and the
 role of DTF as a central agency within the structures of government and
 government decision-making including the structural biases that are both

conscious and unconscious. I recognise that traditionally Treasury has depended on portfolio departments to do the heavy lifting in relation to direct community engagement and that not enough has been done centrally to ensure that voices are being included in managing the wealth of Victoria. I recognise that this inherited
 5 dynamic is no longer acceptable and commit to making sure my Department and I do better to listen, to learn and enact meaningful change.

We are not where we need to be, quite frankly. I acknowledge that many in the community, including the Commission, consider that the pace and the scale of
 10 change to be too slow. I hope - I hold hope that truth and Treaty will be the historic marker that represents a turning point for us all. However, I recognise that this important process should not justify delay in reviewing, reforming and improving the performance of my Department in progressing substantial actions around self-determination.

15 I'm proud to be part of a government that is committed to working alongside Victoria's Aboriginal communities towards a future that respects, empowers and progresses First Peoples' self-determination through Treaty. This commitment was made in response to the ongoing advocacy by Victoria's First Peoples over
 20 many decades and has been an eight-year long journey with the establishment of the Aboriginal Treaty working group in July 2016.

I recognise self-determination to be a fundamental right of First Peoples and inherent to self-determination is the right of First Peoples to define for themselves
 25 when - what self-determination means with the government's support. I'm aware that, as Treasurer, I have a role to play and a responsibility in progressing self-determination. I take this responsibility with the sincerity and respect it deserves and requires. I am at the Commission's service, and I hope to offer evidence that is open and frank and valuable to this Commission. Thank you.

30

CHAIR: Thank you.

MS MCLEOD SC: Thank you very much, Treasurer. Can I start by a consideration of the core responsibilities that you hold as Treasurer.
 35 Fundamental to your work is the objective of promoting the economic growth of the State of Victoria; correct?

MR TIM PALLAS MP: That is correct, yes.

40 **MS MCLEOD SC:** And further to that, overseeing the economic policy and strategy of government, preparing and delivering an annual State budget.

MR TIM PALLAS MP: That's right, yes.

45 **MS MCLEOD SC:** This is a key aspect of that overall framework of the management of public funds and resources within Victoria, correct?

MR TIM PALLAS MP: Indeed it is.

MS MCLEOD SC: It is also your responsibility to develop fiscal objectives and strategy of the State of Victoria, wage policy and oversee the planning and
5 delivery of major infrastructure projects.

MR TIM PALLAS MP: Yes. In some of those, of course, in coordination with responsible ministers and oversight by relevant committees of Cabinet.

10 **MS MCLEOD SC:** In your role as Treasurer, are you a coordinating Minister?

MR TIM PALLAS MP: I am, I'm the coordinating Minister for The Department of Treasury and Finance.

15 **MS MCLEOD SC:** And are other ministers within that area of coordination?

MR TIM PALLAS MP: There's one other Minister within that area, and that is the Assistant Treasurer, Minister Pearson.

20 **MS MCLEOD SC:** And Minister Pearson has responsibility for which areas?

MR TIM PALLAS MP: He is the Assistant Treasurer. So principally his responsibilities fall within the management of the insurance agencies of government, TAC, WorkCover, and he also has responsibility for effectively the
25 performance audits of departments. So looking at how their - they are meeting their targets of performance and how we report on that in the annual budget.

MS MCLEOD SC: In terms of Minister Pearson's responsibility, what does he hold - which responsibilities does he hold for housing, social and community
30 housing and government procurement? In a general sense.

MR TIM PALLAS MP: Well, Minister Pearson's responsibilities would be to have an oversight, to some extent, of the landholdings and how they are managed. He has responsibility or has held responsibilities with regard to procurement
35 issues. So in that respect, he would basically oversight the responsible management of landholdings.

MS MCLEOD SC: If we stray into an area that is more his responsibility, just let the Commissioners know and if you are able to answer at a high level, please do
40 so. We will come to those issues later. Treasurer, in your opening remarks you acknowledge that Sovereignty was never ceded in this State.

MR TIM PALLAS MP: I do.

45 **MS MCLEOD SC:** You also acknowledge that dispossession and the impacts of colonisation on First Peoples have resulted in entrenched inequality and embedded systemic injustices experienced by First Peoples which continue today.

MR TIM PALLAS MP: I do.

MS MCLEOD SC: That injustice, you noted, includes Victoria's financial
5 management principles, State revenue policies, and decision-making processes.

MR TIM PALLAS MP: Yes.

MS MCLEOD SC: Now, in a moment, I might invite you to expand the ways in
10 which it does so. Those things, those principles, policies and processes, would
you agree, have manifested in intergenerational poverty and barriers to economic
development?

MR TIM PALLAS MP: It has, yes.
15

MS MCLEOD SC: I want to explore those themes with you today and those - so
the Commission and those following have an understanding of how those
principles, policies and processes act as inhibitors of economic empowerment for
First Peoples and how you as Treasurer, charged with the economic prosperity of
20 the whole State, including First Peoples, do some of the heavy lifting to change
the trajectory of First Peoples' lives in this State.

In this Commission, we've heard in the last hearing block the evidence of eminent
25 historians who describe the illegal possession of Port Phillip District, now known
as Victoria. Are you familiar with that evidence?

MR TIM PALLAS MP: I'm not, sorry.

MS MCLEOD SC: Do you accept that Victoria was settled by the illegal acts of
30 squatters taking possession of large tracts of Victoria?

MR TIM PALLAS MP: I accept that.

MS MCLEOD SC: A series of ministers and officials have come before the
35 Commission acknowledging the failings of current systems, whether they be the
sharing of wealth, the burden of social determinants, housing, health, education,
political power or self-determination. Are you in a broad sense familiar with that
evidence?

MR TIM PALLAS MP: I am, yes.
40

MS MCLEOD SC: Each of those ministers and senior officials has committed in
various ways to act to produce the best outcomes for First Peoples in respect of
their fields of endeavour, to design policies and programs that assist First Peoples
45 in a transformative way. So can I invite your reflection on these questions,
Treasurer. You accept that dispossession from lands and culture of First Peoples
in this State was, and is, unlawful?

MR TIM PALLAS MP: I do.

5 **MS MCLEOD SC:** Do you accept, Treasurer, that the destructive effects of this dispossession, including dispossession of rights to, and associated with, land, water and water ways and resources under land, occurred and continues?

MR TIM PALLAS MP: I accept that, yes.

10 **MS MCLEOD SC:** And that that dispossession commenced, continued and continues today on a devastating scale?

MR TIM PALLAS MP: Yes.

15 **MS MCLEOD SC:** Treasurer, do you accept that this act or these acts created enormous inequity in terms of access to, and use of, land, water and their resources?

20 **MR TIM PALLAS MP:** I do, yes.

MS MCLEOD SC: And there has never been an accounting in monetary terms for the lands and waters and their resources taken from First Peoples?

25 **MR TIM PALLAS MP:** I accept that, yes.

MS MCLEOD SC: Treasurer, do you accept that this compels governments, successive governments, to secure the economic prosperity of First Nations peoples from their lands, waters and the resources associated with those lands and waters?

30 **MR TIM PALLAS MP:** Sorry, could you repeat the question?

MS MCLEOD SC: Do you agree these facts of dispossession and continued dispossession compel governments to secure the economic prosperity of First Nations peoples from their lands, waters and associated resources?

MR TIM PALLAS MP: So does government have an obligation to remedy those issues? Yes.

40 **MS MCLEOD SC:** A moral obligation?

MR TIM PALLAS MP: Yes.

45 **MS MCLEOD SC:** Thank you. And economic prosperity is but one measure of that obligation, delivering on economic prosperity. Would you agree with that?

MR TIM PALLAS MP: Yes.

MS MCLEOD SC: So I'm interested in how we embed structural change in economic management of the State to the advantage of First Peoples and how we do that in a manner that can withstand changes of political will and changes of political - of government. So, can you describe first the ways in which injustice is embedded, using your language, within Victoria's financial management principles?

MR TIM PALLAS MP: Certainly. I suppose the first point I'd make, Ms McLeod, is that, as a basic proposition, dispossession from land is the point at which you can see the commencement and the continuation and perhaps acceleration of disadvantage. It is what underpins, in many ways, why this government believes that that is the fundamental injustice that has disassociated First Nations People from their land, their community and their sense of engagement in the economic prosperity of this State.

So an acknowledgement of that, I think, is a starting point for us. Therefore recognising that they are not only dispossessed, dispossessed unlawfully of their land, we need, therefore, to recognise that the obligation rests with the State to take appropriate actions to seek to resolve that. And we, of course, believe that the processes that have been put in place to advise us of what has happened, what is the human implications and the distress both in an economic sense but in a personal sense that has occurred, is incumbent upon us not only to know but to be motivated to act to remedy those as best we can.

I don't for one minute pretend, as Commissioner Bourke said, that we can fix this overnight but I believe, of course, the longest journey starts with the first and most positive commitment and first step. So, from my perspective, the issues that we have encountered and the way that we've tried to deal with some of the structural inequalities in the way that the processes work is to recognise that sometimes it's not about putting all of your effort into the acute presentations of the problems. It's to recognise, as governments, that we've got to get about dealing with the presentations of high levels of incarceration, high levels of homelessness, high levels of family violence, out-of-home care, and the only way you can do that is by putting in place systems that seek to deal with those matters early. We call it the Early Intervention Investment Framework.

Now, it wasn't developed exclusively for the benefit of First Peoples, but, of course, as probably the most disadvantaged group in our society, they would be the principal beneficiaries of this work. And it works on a pretty simple assumption: That you ultimately save money and you more effectively invest money not by dealing with the acute nature of problems but by investing in early intervention and avoiding more of those acute presentations.

So we've put in place quite a number of programs that particularly deal with how we engage with the First Peoples community and effectively seek to design and provide early intervention. As it were, an economic stitch in time saves nine

further down the track in terms of acute presentations. That is one demonstration of the areas that the government has put in place.

5 The other one is a probably longer - so Early Intervention Investment Framework has been in place about three to four years in government. In addition to that, the partnerships addressing disadvantage, which in various iterations have been around for the almost 10 years that the government has been in office. If you look at Early Intervention Investment Framework it is a process that really is about government agencies being able to work with community service organisations and others and design good policy outcomes for what are seen as continuing and very difficult areas of public policy that basically previous efforts by government have not been successful.

15 Similarly, partnerships addressing disadvantage work from a different perspective but seek to address the same problem. A partnership addressing disadvantage, or previously known as social impact bonds, basically work with the community service sector and seek to design payments for improvements in the provision of services where it has been apparent that government interventions have historically failed. And we plot progress and essentially we reward the improvement in progress that is committed at the time that those bonds are signed and entered into.

25 Those are just two examples of the sort of interventions that the government has put in place, recognising that, whilst they are not exclusively for the benefit of First Peoples, they are nonetheless the beneficiaries of many interventions that both these arrangements have put in place.

30 **MS MCLEOD SC:** Is it your view that these interventions, including prevention and intervention programs and the social impact bonds, are sufficient to address the loss of benefit of intergenerational wealth experienced by First Peoples in this State?

35 **MR TIM PALLAS MP:** Definitely not. This is essentially an indication of government recognising that there is a problem and to avoid acute presentations of that problem we have got to move quickly and early to ensure that we don't have a continuing and insidiously high levels of disadvantages as manifest by those key markers that Chair Bourke took us through. But that is not to exculpate the State from a broader engagement around how we remedy the problems.

40 **MS MCLEOD SC:** And you accept, I understand from your earlier statements, that Treasury and you as Treasurer have a fundamental role in this project?

45 **MR TIM PALLAS MP:** Yes. As the Minister responsible not only for the economic growth of the State but for the finances of the State, making sure that those finances are adequately deployed to deal with the injustice that I've recognised here today I think is an obligation that attaches to me not only as a Minister but consistent with the evidence that I've given here today.

MS MCLEOD SC: I might start, unless Commissioners have any general questions, by turning to the budget process. And the - first of all I want to start with opportunities for revenue sharing and sources of revenue for the State government. Now, the Department of Treasury and Finance publishes the Victorian budget papers each year; correct?

MR TIM PALLAS MP: They do, yes.

MS MCLEOD SC: And you have prime responsibility for that budget process?

MR TIM PALLAS MP: Yes, I do.

MS MCLEOD SC: And so we might just start with a bit of a overview for those unfamiliar with the budget process about how budgets work, how they're set, how they deliver on government policy, if you wouldn't mind.

MR TIM PALLAS MP: Sure. Well, essentially portfolio ministers, supported by their departments, have direct stakeholder engagement related to service delivery, infrastructure projects, policy development. For that reason, ministers and departments are considered experts within their portfolio areas. As you'd appreciate, they're ultimately responsible for the performance of those areas and they have to put in place processes of engagement with their stakeholders to not only be attuned to the expectations and the aspirations of the Victorian community around policy development and reform but also to satisfy themselves that these are adequate and appropriate interventions.

They come forward at appropriate times to identify what they see as being appropriate areas for spending that the government - that they believe that the government should seek to make. DTF as a central agency is traditionally focused on leading and coordinating the whole-of-government budget processes. For that reason, DTF is not historically directly engaged in community consultation whether that be with First Peoples or otherwise. That's a historic bureaucratic dynamic of developing budget proposals and I think, on reflection and in the context of review of my evidence today, I formed the view that we will probably need to become more engaged in the processes going forward.

Just on the broader issue of First Peoples' engagement through the budget process that occurs through portfolio ministers and their departments, that is historically and where it's principally been, they ultimately have responsibility to approve service delivery partners and to submit business cases for consideration to the budget. Now, by a business case, I mean we ask departments if you have proposals that you think constitutes appropriate calls on the reserves of the State at budget time, you need to put your best case forward. You need to demonstrate what the value, the inherent value in what you're proposing looks like and what it will return to the community. We call that, effectively, the business case: What are we looking to achieve? However, ACCOs are generally prioritised for

targeted services delivered to First Peoples. More can, I think, be done for First Peoples' views and priorities and that budget decision-making is more than just funding new initiatives.

5 And often I explain to my colleagues that if all we're looking at is the looking at what constitutes the growth in budget capacity, and every year we see growth of three or four per cent based on the revenue of the State, if it's only that that we are dividing up then they are not really thinking more substantively about what reform looks like. So they've got to get into the historic spend. To give you an example,
10 in this budget there was perhaps more than 20 billion of output spending, new output spending but the budget itself contains over \$90 billion of spending. So there is embedded expenditure that you either roll over or you make judgments about whether or not it's serving its purpose.

15 So budgets have to be, if you're serious about reform, they have to be about satisfying yourself around the base funding and is it being adequately deployed or is it just a historical precedent that we're following without review. And then, of course, the growth in the budget is the relatively easy part of the budget process, in the sense that it is not about reorientating priorities, it's about identifying new
20 priorities to be able to spend.

So, in practical terms, we start a budget process around about October of every year with a call to departments to start developing business cases to government around the areas that they see as being most important. But we expect and
25 encourage departments to engage with key stakeholders. From time to time there will be letters sent out to key stakeholders advising them of the government's intention to produce a budget and making calls from - for them to give us an illustration or an indication of what they see as being their priorities. And, effectively, through that process the government then seeks to identify what
30 constitutes its budget envelope, as it were, what the capacity of the State to deal with new spending and what we anticipate the revenue coming into the State will look like, together with the embedded liabilities that the State has to meet.

So that's a process that then, as government, through the budget and finance
35 committee of government, we go through a process of hearing presentations from ministers, making judgments about which of those are matters that the ministers have brought forward constitute the areas that we prioritise. Generally, it works that we have more ambition than we have capacity and we have to go back through those budget processes and refine them so that they sit consistently with
40 our capacity to deliver; and generally most of the budget decisions are concluded by February of any year and then the writing up of the budget books, as it were, together with the overall description of the budget, its priorities and its choices so that the Victorian people can get a clear appreciation of the choices that have been made and the priorities that the government set in the budget.

45

MS MCLEOD SC: I come back to a few threads of the things you've just mentioned. The first was the departments are engaging with stakeholders.

Commissioner Lovett pointed out that First Peoples are not stakeholders, they're rights holders. Would you accept that proposition?

MR TIM PALLAS MP: I would.

5

MS MCLEOD SC: And so how do we ensure that First Peoples are engaged with this process? Do they have to wait for an invitation or do they have to push themselves forward to make sure they're on the invitation list?

10 **MR TIM PALLAS MP:** I would assume, and this is because - I'm saying assume because I don't have direct knowledge, but I would feel certain that engagement would occur at ministerial level around key portfolio areas. Nonetheless, as I've said in my previous evidence, I think there is a need to refine and improve the way the budget process operates, and historically Treasury have not seen a role for themselves in direct engagement with stakeholders, and might I say rights holders as well. And certainly from my perspective that needs to improve.

15 **MS MCLEOD SC:** So is there any mechanism currently available to you as Treasurer to ensure that each Minister making a budget bid checks off, in some way, that they have engaged with First Peoples with interest in their portfolio area?

20 **MR TIM PALLAS MP:** Not exclusively to me but through Cabinet processes. We basically set the mechanism of engagement, the timelines of engagement, through the budget and finance committee and, of course, the Premier chairs that and I need to make sure that the Premier is comfortable with the processes that we're putting in place. But, obviously, I would advise through the decision-making process what we see as being the manner of community engagement throughout this. And if a determination was made to do that under recommendation from myself, it would happen.

25 **MS MCLEOD SC:** So just to explore that as far as you are able to tell us, because you have mentioned Cabinet there, so please, I'm not asking to you stray beyond matters that you are comfortable disclosing, you mentioned the budget and finance committee. Is there a mechanism either within cabinet that you can tell us about or within that budget and finance committee that you can tell us about or anywhere else that ensures the sort of impacts on First Peoples are considered and if - and should there be such an impact measurement?

30 **MR TIM PALLAS MP:** Well, there is at the end of every budget. We make a conscious decision during the course of the budgeting process to say we have to look at areas where we see that we have a clear and apparent and imperative obligation to equip our obligations to the community. One of those areas is making sure that we've looked after gender equity. Now, this first iteration was about doing no harm. Sometimes decisions that you make can invariably and sometimes unwittingly have an adverse effect around gender equality.

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Similarly over the last, I'd say, four or five budgets, we have had a view that we need earlier to acquit the entirety of the budget process and look at it from the lens of what have we done for First Peoples? What decisions have we made, and do we believe that we have adequately prioritises and acquitted our responsibilities?

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So at the end of the budget process, bearing in mind that all the way through we know that there will be an acquittal at the end of the budget process, we do an assessment of exactly what we've done for First Peoples, and generally in the budget there will be a reference to what that is. Often I refer to it in my budget speech but it is definitely incorporated within budget papers.

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MS MCLEOD SC: The gender equality measures and review is legislated.

MR TIM PALLAS MP: Just recently, yes, Ms McLeod.

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MS MCLEOD SC: And the work reviewing for First Nations spending is not currently legislated?

MR TIM PALLAS MP: No, it's not.

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MS MCLEOD SC: Would it be useful to have that also legislated?

MR TIM PALLAS MP: Well, I think the question of whether or not we legislate - I have to be careful because that's ultimately a decision of government more generally. I would suggest that the journey that we've been on with gender responsive budgeting has helped us appreciate where there are obligations and I think opportunities to rights holders. So, in practical terms, I would say when we started gender responsive budgeting it was a well-intentioned but probably not fully formed and effective tool, largely because it was essentially giving advice on every decision and budgets are made up of literally tens of thousands of decisions, some not even made at budget committee level, long before they even get there, in many respects. And it was a lot of work happening but not a lot of heavyweight being lifted.

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Let me say that we have a wonderful team in Treasury and Finance whose specialist responsibilities are around gender responsive budgeting. We have about four full-time employees who work on this issue and they are refining and improving the quality of the advice that government gets. So, to get to the point of the question, do we see value in the discipline? Yes, I do. I would like to see us bed down gender responsive budgeting a bit better before we jumped into the legislative frame, because it may well mean that we will be better advised were government to go down the path of providing a legislative framework around First Nations outcomes, then we would be well advised by the journey that gender responsive budgeting has been on.

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But when you think about gender responsive budgeting, it does place an obligation on government now to declare and commit exactly what effort went into our

deliberations around gender responsive budgeting. It requires us also to identify do we believe the weight of the decisions that we have made have not adversely impacted upon women and, indeed, improved their economic position to the extent that they can.

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So do I see inherent value in that for First Peoples? Yes, do I.

MS MCLEOD SC: In terms of the First Nations responsive budgeting, the first step might be to review the gender budgeting legislation to see if that's fit for purpose and to set up a First Nations responsive team within Treasury?

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MR TIM PALLAS MP: Well, once again, these are decisions that go beyond my brief exclusively as a Minister because they go both to resourcing and policy of government. But, in the spirit of this Commission, I would say that I think that those matters do require consideration. I would also say that gender responsive budgeting and legislating for it is quite novel. It is the first time this has been done in our country and I know that the Commonwealth are making inroads in this space as well. But we are effectively a long way further down that journey, and -

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MS MCLEOD SC: Just to clarify there, the Commonwealth formally produced a women's budget statement which was then taken off the table.

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MR TIM PALLAS MP: (Crosstalk) yes.

MS MCLEOD SC: But that gave a measure of accountability and transparency around spending on women's programs around the Commonwealth level.

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MR TIM PALLAS MP: Yes, that's correct. So it's been a bit of a stop-start. We have been quite consistent. And the reason I tread a little cautiously into this space is because I want to be absolutely convinced that this is more than just a tick a box process at a bureaucratic level. I want to see that gender responsive budgeting actually shifts the dial in terms of better outcomes for women.

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Similarly, I think there is a real potential that this sort of policy initiative can be utilised for First Peoples as well.

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COMMISSIONER HUNTER: Can I just ask - earlier you said, and this takes us back to the Early Intervention Investment Framework, and in that initiative 2021-2022, 2022-'23 there's only one that has been funded under Marrung but you did say that First Peoples benefit from all the other investments. Do you take into account cultural safety of those other investments for First Peoples that the government are delivering?

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MR TIM PALLAS MP: Yes, there is now the - Department of Treasury and Finance has put in place a process of satisfaction, or requirement around cultural safety in terms of engagement with First Peoples. As I've said previously, Commissioner, DTF is a central agency that is traditionally focused on leading and

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coordinating whole-of-government budget processes. For that reason historically it hasn't really directly engaged on - in community consumption. But that's, as I say, I think a historic bureaucratic dynamic that has been the way that the State has developed its budget processes.

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I think there's a growing awareness and recognition, and actions might I say, that they have to be culturally aware and sympathetic in terms of providing a clear understanding about how we properly engage. To give you an illustration, our Victorian Home Buyer Fund, we have lending organisations and, of course, those

10 lending organisations are required to go through cultural sensitivity training to ensure that when they engage with First Peoples that they appreciate what their obligations are and, indeed, we use First Nations organisations to assist in the delivery of some of those services.

15 **COMMISSIONER HUNTER:** Do you have any First Nations staff in your area?

MR TIM PALLAS MP: In the Department of Treasury and Finance? Very few. I've recently had cause to look at this largely because of the evidence that I'm

20 giving here. The numbers, can I say, unfortunately are not heading in the right direction. A few years ago, the numbers were four in total out of a workforce of around about 400, 450. They are down, as we speak today, to one. Now, there are a few reasons that might explain that. Firstly, I think there is a great desire, I think, from a lot of First Nations People to be involved in the delivery side of

25 government and Treasury is not at the sharp end of delivery. They're in the oversight and the management of funds and setting of priorities. That's not a comprehensive or sufficient answer to why the number is as low as it is.

COMMISSIONER HUNTER: Getting priorities, how people want to be part of setting priorities differently.

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MR TIM PALLAS MP: Absolutely.

COMMISSIONER HUNTER: I think you mentioned before, Department of Human Services, Corrections, all those where we're overrepresented, I would say our people would want to be part of that decision-making process.

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MR TIM PALLAS MP: Yes. And look, all I can say, having spoken to the Secretary of the Department about my concerns about the numbers, he shares those concerns and there will be, I am sure, an effort from DTF to try and rectify what I think is an unacceptably low level of representation. It may be that a responsive budgeting regime that focuses on First Nations as a key obligation of government, that may well provide us with that focus and resource.

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COMMISSIONER HUNTER: And I would just, going back to the Early Intervention Investment Framework and the beneficiaries of other, I would say

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we're not considering how much cultural safety issues we've heard of - from evidence given at this -

MR TIM PALLAS MP: Well, I'll take that point there as it has been put,
 5 Commissioner. I would say that I'd be really interested to know where those shortcomings lie because, you know, government looks to improve its performance. If you look at the Early Intervention Investment Framework, it's not an Australia first, it's a world first initiative. We can find no example of a process that seeks to invest in insidious and long-term acute problems by investing
 10 essentially in the early identification and prevention of those problems. And the way that works is the State actually pays up front but expects to see a return in the avoidance of costs associated with acute presentations.

COMMISSIONER HUNTER: But our acute presentations are First Peoples in
 15 education as we have heard in this, in housing, in prison, in Department of Human Services and Care, are all going up.

MR TIM PALLAS MP: This is not to say that that is at the exclusion of funding appropriately acute presentations. This is simply to say if we're in a vicious cycle
 20 and essentially the only tool we deploy is a tool aimed at dealing with the sharp end of -

COMMISSIONER HUNTER: I agree with you, I agree with you on that. I agree with you that. I just feel like there's a bit of a left out part that we don't - or
 25 should I say First Peoples don't have access to, because the agencies are culturally - or where they are attending is culturally unsafe. So that comment about beneficiaries of other - it doesn't work for me, given the evidence we've heard in this Commission.

COMMISSIONER LOVETT: I think I have to jump in here and say we had one
 30 of your ministers from DEECA come and talk about the lack of funding for their own cultural safety framework. So if we have got departments that have cultural safety initiatives and they're not funded by the government to go to your response around appropriacy of funding then, you know - there's one example, as well, I
 35 think is important.

But coming back to Commissioner Hunter's point around staff, I mean, one staff member, we've historically been shut out. To go to your earlier remarks, we have been historically shut out of a lot of public policy, design, process and so forth as
 40 well. But one staff member in 2024, it's pretty - you know, it's just really sad to hear that. I mean Treasury and Finance have historically, you know, from our people's point of view, the advocacy has been there from community because we have had them come forward and actually share that they've been asking to be a part of processes around budgets and so forth. And every other Department
 45 across the Victorian State government has an executive at a minimum, and an SES3, for instance - sorry, 1, I think they've changed the bands around, but anyway, an executive level position. And in 2024 where we have got Treaty,

we've got truth-telling process, Treaty Authority, all these great things happening but in the Department that actually as key decision-maker, we have one staff member and I assume that they are probably very - in the junior ranks, which also then creates for me some cultural safety anxiety of that individual around where
5 do they go for support.

But I guess my comments are really about seeking commitment here from you about talking to your Secretary, you know, having our people represented at the most senior levels in the Department. I mean, it's 2024.
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MR TIM PALLAS MP: Well, Commissioner, all I can say is I share your concern about the lack of representation. I've shared my concerns with the Secretary of my Department. As you would appreciate the secretaries are the employers of the Departmental staff and I can't get involved in terms of who gets
15 employed because they have to be employed on merit under the legislation that governs the Victorian Public Service. But nonetheless, the government would expect and should be able to expect that there are a much more substantial representation of First Peoples in what is one of only two central agencies in government and the one that holds the resources of the State.
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So what I can say is that I have made it very much part of the process, the budget process, to see that the Treasurer personally is not somebody who is distant from the engagement with those who seek to access me for the purposes of putting up their views about budget. So Treasury have become increasingly, might I say,
25 responsive to engagement with the community more generally and First Peoples. So I previously met with the CEO of the First Peoples Assembly before last year's budget. I met with federal senators who have come to see me to advocate around economic development and regional employment of First Peoples. I've met with the Koorie Heritage Trust. I've met with the Co-Chairs of the Assembly and I've
30 also met with the Chair of the Aboriginal Housing and Homelessness Forum to discuss working together on housing solutions.

That is not to acquit or exculpate either my Department or myself from doing more and I think perhaps one of the glaring omissions here is that we don't have
35 enough voices that are - have direct experience of First Nations People. So it is something that I see as being inadequate and, might I say, the Secretary of my Department accepts that proposition and he assures me that he is going to put in place processes to try and remedy that.

COMMISSIONER LOVETT: And in your view, or your understanding of that Department, have they - do they have gender equity throughout their positions, particularly at their executive level?
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MR TIM PALLAS MP: Yeah. By and large yes. And it's been something that they've consciously and we as a government have consciously, sought to ensure.
45 I mean, I'm - two-thirds of our Cabinet are women and 50 per cent perhaps more of our caucus and our Parliament are women. So increasingly the inadequacy of

First Peoples representation in our central agency and, in particular, my central agency, Treasury and Finance, is unacceptable.

5 **COMMISSIONER LOVETT:** I think that's the point I'm trying to get here, is that when there's a will, there's a way and it gets done. And I take you back to your comments about we're cultural rights holders so we are even more elevated and I think that's something that I just want to really reinforce here, is that they're your words back to us. I mean, I already know I'm a cultural rights holder, but you have come here and shared that Aboriginal people have a certain amount of
10 cultural rights that are different to other rights and other interests and I think that's just a really important principle that you can go back and share that with the Secretary, not just about this but from a principle point of view around how our people are seen and represented.

15 **MS MCLEOD SC:** Just coming back, if I may, to the recruitment of women in the Public Service, you said that involved conscious effort as it has amongst your MPs. That conscious effort has to recognise in terms of recruitment it's not enough to advertise welcoming diverse candidates. You have to overcome people's inclination to self-censure as applicants and you have to actively
20 encourage those people to step forward, don't you?

MR TIM PALLAS MP: Yes, you do, indeed. In the context of Labor candidates there's been a decade long, perhaps longer, clear commitment to the idea that we actually have to not only nurture but resource and support through a process of
25 very explicit ratios, effectively, facilitating them getting pre-selected.

MS MCLEOD SC: In terms of the Public Service criteria of merit, what could you do to ensure that First Peoples meet merit requirements in terms of investment in skills, development, in terms of recruiting campaigns, do people need to have
30 economic and commerce degrees to work within Treasury or public policy? What is it that you could do with your Secretary to ensure that at least your Department is meeting First Peoples recruitment goals?

MR TIM PALLAS MP: Well, I think the first and most important thing I can do
35 is indicate that as a government we see the level of representation as being inadequate. The Secretary takes his responsibility seriously and I know that because I've spoken to him about this issue, and he's assured me that he will be taking steps. Now, he hasn't elaborated what those steps will be, and, in fact, he has asked for a little bit of time to think about exactly what that intervention
40 should be.

It will invariably mean having to identify where there is potential and how we nurture it and how we effectively concierge them through the appointment
45 process. We have got to respect that people ultimately have to be appointed on merit, but I don't believe it is impossible for government to be able to find where that talent is and encourage them, facilitate them on a journey into the Department of Treasury and Finance.

And we have got to understand what the barriers have been from - for this not occurring in the past. And some of them can be overt and discriminatory in the way they operate. Some of them might be a little bit more insidious, in effect, in the sense that we need as a government, we need as a Department, to think about how we facilitate that journey and try and encourage people to understand that the Department of Treasury and Finance, as Commissioner Lovett has said, is right at the heart of everything that government does. It's where the money is. It's where a very substantial amount of the choices are made. And certainly it's where a lot of the oversight happens.

Can I also say it's where a lot of the policy innovation happens. A lot of the things that we are doing in partnerships, addressing disadvantage and Early Intervention Investment Framework they are ideas that have seen their genesis in the Department of Treasury and Finance, and they are about assisting those who are most disadvantaged in our community. We have got a great story to tell to potential public sector employees who come from a First Nations background.

MS MCLEOD SC: Well, please make your pitch.

MR TIM PALLAS MP: Yes. Well I'm starting here but I think my journey and my Department's journey is going to have to become not only a substantial one but an accelerated one.

COMMISSIONER NORTH: Treasurer, could you ask you, apropos the picture you have just painted that Treasury's role is, in effect, a policy engine room and the success you've had in the gender quality frame in that space, you were talking about potentially having a similar frame for First Nations interests. It seems to me, and I wonder if you agree, that in order to do that there needs to be an advocate internally to push that agenda.

MR TIM PALLAS MP: Yes. I think that's clearly the case and we had, through the gender responsive budgeting processes, we have got a small but dedicated team to that, four full-time employees, and they were originally charged with providing advice on every substantive decision that came to government and advise us what the impact would be on gender equality whether it be positive or negative.

COMMISSIONER NORTH: But to get to that point of having that team, I mean that's something that you would direct and would come from, as you've explained, discussions within cabinet, presumably, or government generally. But to get to that point, you need, I'm putting to you, an advocate to push within those circles for that to happen.

MR TIM PALLAS MP: Yeah. I just - one nuanced point I would make, when it comes to Public Service employees - I don't direct them. As Minister, of course, I have responsibility for the way that my Department operates and the Secretary of

the Department answers to me. In all other respects, he manages the way that the Department operates.

COMMISSIONER NORTH: I'm not speaking of that. It's the earlier
5 discussion, the discussion about the way Treasury looks at business cases and, as I understand you, there is a process now where gender equality is a lens through which Treasury looks at each business case.

MR TIM PALLAS MP: Yes, every decision that is made. So sometimes ideas
10 don't even get to a business case state because the government will say: Well, there's too many decisions, too many asks of government and we don't see any inherent value in this so we won't even put people to the time and effort of pursuing what would effectively be a quixotic proposal coming through to government. But the substantive issues, yes, we look at those through the frame
15 through the gender responsive unit. They basically give advice to me as Treasurer and to the budget and finance committee about the broader implications.

COMMISSIONER NORTH: And that system that's in place of using that frame,
20 that came into being, I expect, because there was an advocate pushing for that frame to be implemented by government.

MR TIM PALLAS MP: Yes. Well, there are quite a number. I hasten to say
25 you described it as success. I would describe it as a positive work-in-progress but I don't think we can claim it as a success yet. It still has more work to do to refine the way it operates but we are sufficiently convinced that it will be positive that we've now chosen to legislate obligations upon the government around declaring exactly what advice we've got and what the overall implications of the decisions we've made, so acquitting our decisions in the budget against the advice that we've
30 received.

COMMISSIONER NORTH: So I think the pointy end of my question is
35 this: That accepting that what is needed is someone within to push the notion that the frame, just like we have got in gender equality, should also be First Nations interests, is that something that you're sufficiently persuaded of that you would be an advocate for it within those circles?

MR TIM PALLAS MP: I need to tread a little carefully in the sense that yes,
40 I see inherent value in it, but it has to be a decision of government. But if you're asking for a candid view from me do I see merit in this? Yes, I do.

COMMISSIONER NORTH: I think it's really a next step beyond seeing merit.
45 And I understand, and, of course, you need to be candid, but we've seen through weeks and weeks and weeks of hearings many acceptances of desirable policy movements. But it seems to me that they only happen if you've got a Whitlam or a mover or a shaker that will take a big step and hence I'm looking for the person that will give that big nudge because otherwise we're talking about, you know, potential commitments or it may be it will work, you know?

My impression from all this evidence is that unless you get a strong sort of force advocating a big change like that, because we are looking at sort of a fundamental change like reflecting a societal movement, shift in ideas, it just won't happen.

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MR TIM PALLAS MP: Well, I'm not going to even dare to put myself even vaguely in the statuesque position of Gough Whitlam. But I would say you don't need to lose any sleep about whether there are sufficient advocates and champion for an outcome like this within government. I can assure you there are plenty of people both around the Cabinet table and, might I say more generally, who see consistent with our policy offerings, consistent with our commitment to have real and tangible outcomes through not only this process but our broader commitment to social justice, that there are no shortage of champions for a better way of doing it.

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I am basically not being emphatic in this because I've got to submit to Cabinet and decision-making processes. I can't make decisions one out, anything that commits resourcing. I would be outraged if a Minister were to make such a commitment and I have to apply the same discipline.

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COMMISSIONER LOVETT: I think we can pick up some of this more, Treasurer, in the - broadly in the self-determination terms down the track, but, yeah.

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MS MCLEOD SC: Treasurer, just to loop back on a couple of things, I understand that you've said you want to review the efficacy of the gender responsive budgeting legislation before you adopt similar measures for First Peoples. Is that the current status?

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MR TIM PALLAS MP: Well, slight nuance on that. That is to the extent that the government would see the need to legislate in this space. That doesn't mean, and gender responsive budgeting has been going on for years before the legislation came along, I think that sort of trajectory makes sense that government would look at, well, how do we first resource it in an administrative sense? What are the outcomes that we're looking to get? What is the advice we're looking to get? And, in practical terms, then look at the journey that gender responsive budgeting has been on. Is it working effectively? Does the legislation meet our expectations and how translatable would that legislation be in terms of First Peoples?

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MS MCLEOD: In terms of a timeline for that piece of work to be undertaken, we have the Treaty negotiations commencing in six months or so. We have an election in November 2026 for the State government. So there's really not a lot of time for - in legislative terms for that work to be undertaken.

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MR TIM PALLAS MP: And, Ms McLeod, I would dearly love to give you the clarity but it would be outside of my remit as a Minister to commit the government to timeframes or even a legislative process at a point where they haven't yet

committed to the administrative processes, which I have admittedly indicated I have sympathy for and believe may well positively assist. But government has to make decisions through its decision-making processes.

5 So, look, the journey for gender responsive budgeting has been a relatively quick one in the sense that it's been three or four years. So - and we will be, no doubt, greatly informed by the journey that they've been on and the successes and the missteps that we've had along the way so it could well be able to be achieved, were government of a mind to do it, within that timeframe limits.

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MS MCLEOD SC: Given the timeline for the commencement of Treaty negotiations, do you accept that there's some urgency about this?

MR TIM PALLAS MP: I accept that -

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MS MCLEOD SC: Not necessarily that piece of work, but the information flow going to First Peoples to enable them to come to the Treaty table as equals?

MR TIM PALLAS MP: Absolutely. I accept the proposition that there is urgency around refining the way and reforming and improving, put simply, the way that Treasury deals with rightsholders, and might I say also I think in a broader sense, stakeholders. It's not from a want of trying. They are, can I say, a highly committed, highly effective department. But it is now apparent to me that we need to do more in this space. Additionally, this should be considered in the context not so much of Treaty but of an inherent obligation on government to deal with these matters in an appropriate way.

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MS MCLEOD SC: You mentioned that business cases are put forward to departments and then assessed on their inherent value. Can you tell us what inherent value looks like?

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MR TIM PALLAS MP: Well, certainly I can tell you what it doesn't look like. If a poorly thought through proposal can't give us an appreciation of what the broader stakeholders think of the proposal, have they got an understanding and appreciation and support for key stakeholders around those initiatives? Do they understand exactly what resource will be required for this process? And what are the outcomes that they anticipate will flow as a consequence of these interventions?

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40 So it's a pretty, I suppose, commonsense approach. Who supports this? How much will it cost? And what do the outcomes look like?

MS MCLEOD SC: And obviously those with the wherewithal to put together impressive business plans would expect to have a higher rate of success in their budget bids?

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MR TIM PALLAS MP: Well, interesting point. As a government and certainly as a Treasurer, I've become increasingly cynical around the impressive business cases and I've sought to discourage, and might I say both Treasury and Finance and Premier and Cabinet have sought to discourage agencies from going

5 externally and giving us bells and whistles business cases unless we effectively ask for it. That is they - this is core business for departments. They should be able to provide this information, having gone through appropriate engagement with stakeholders and, might I say, rightsholders, they need to necessarily work that up themselves. And if they can't make the case inherently around the value of

10 it, then if they need to go external for that my view is you probably don't know how will it work nor are you filling me with great confidence that it will be successful.

MS MCLEOD SC: You have probably guessed where I'm going with this. If

15 First Peoples and their businesses don't have the wherewithal to package up glossy looking business cases they are entirely dependent on the departments - the various departments to be champions for those, correct?

MR TIM PALLAS MP: Indeed, but perhaps in an effort to create a level playing

20 field we are discouraging and telling departments we don't want them to give us, you know, all bells and whistles business cases externally provided. That therefore makes it inherently responsible for the advocating Department for the initiative to be able to do that.

25 So, in effect, whether or not a proposal put by a Department has intrinsic merit will be entirely consistent with all other proposals that they bring forward because they will have to be the authors of those proposals, the authors of where the ideas come from and how they're advocated into the Department of course will vary. And it will be a demonstration of how across and appreciative of the intervention

30 that the policy proposal is bringing to government that will, I think, be the inherent weight and the value of such a proposal, not so much the equality of external and professionalised business cases. It needs to be something that departments understand, own and appreciate exactly where stakeholders and rights holders stand on them.

35 **MS MCLEOD SC:** I'm sure they are listening. But I wanted to come, unless Commissioners have issues around the generic or the general budget processes, to sources of revenue. It may be appropriate to take a break now for lunch and come back to that topic.

40 **COMMISSIONER LOVETT:** Can I just ask before we do that.

MS MCLEOD SC: Yes. Yes.

45 **COMMISSIONER LOVETT:** Can you explain - so all the departments they put up their budget bids, where do they go? Do they go to Treasury, does it go to DPC? Like, how does that kind of -

MR TIM PALLAS MP: They all come to Treasury. When they come to Treasury, the two central agencies, DTF and DPC, basically hope that they have given sufficient advice to departments about what the range of the bids should look like on the back of the envelope of capacity that the State has for new expenditure. In addition to that, there will generally be a process where those central agencies will give feedback pretty quickly to departments about what they need to continue to work on because they remain seriously considered, and where they can stop working because the government doesn't have the capacity to deal with it. So it's effectively a process of not exhausting the bureaucracy and the budget process where their ambition far exceeds our capacity, as it were.

MS MCLEOD SC: So there's a level of prioritisation that occurs within departments once they have a signal from government, we are tightening our belts or we want to spend more on A, B, C; is that what happens?

MR TIM PALLAS MP: Yeah. The government tries at a central level and this is something that is worked through by the central agencies and, of course, the budget and finance committee about what an envelope looks like. We don't want to put departments to inordinate and counterproductive effort so we want them to be focused upon what capacity we have, and we try to give them as effective feedback about what that looks like early in the stage to avoid exactly the process of - what historically would happen is every department would bring out a very substantial list of proposals, many of which will have been the subject of very substantial business cases. We basically say don't start the concept of business cases until we tell you whether or not these matters are in a process of serious consideration.

MS MCLEOD SC: And does that information to the Departments just tell them you've got this dollar amount to spend or do you say we want to spend this much on acute services and this much on prevention and intervention, for example? How much are you guiding the Department bids?

MR TIM PALLAS MP: Not that precisely. Largely because we like to ensure that agencies have a capacity to look at those matters that they prioritise themselves. But what we can say, we give them a broad appreciation about the weight of the proposals they have brought and the ones that we believe should progress to the next stage of consideration. So, effectively, they can be across a broad range of interventions but they are the ones that government says we want to consider further on the ones that you brought forward.

MS MCLEOD SC: So there's a both way communication, some guidance given about broad objectives, policy announcements, things of that nature, that the departments need to factor in, "don't give us too much, just give us what you really want". But the departments internally are doing that competing priorities process and then they put something up to you - "you" generically the committee and

government, and some feedback back, "you are going to get this, you are not going to get this, you haven't met this", and so on. It's sort of an iterative process?

5 **MR TIM PALLAS MP:** It is. I've got to be a bit careful about how far into this I go, but I think it's only fair to say, and people need to have a broader appreciation about how budgets are managed. Effectively government is saying to departments - "Tell us every idea that you think is meritorious." Now, often what we see is a bit of recycling of ideas that we might have seen a couple of times previously in budget processes. We will also - and sometimes the time is right for those ideas, so it's not unreasonable for departments to bring them up on multiple occasions.

15 But what we say to them is, "Look, we've had a first cut of this and we think we don't want to exhaust you working on proposals that we think are just, for a variety of reasons, whether it's capacity or whether it's a lack of inclination or support at a central agency and BFC level, we don't want you to waste too much time on those matters".

20 **MS MCLEOD SC:** And is your expectation that that would feed back to, in this case, Aboriginal-controlled organisations, "Don't waste your time, we're not going to fund that this time" before they put in budget bids? Because we have heard evidence about the exhausting administrative burden on ACCOs from short-term funding, from having to represent, and so on.

25 **MR TIM PALLAS MP:** So what we are trying to do is limit the exhaustion of the process by not creating an expectation that you need to ask for everything and you need to back everything up with forensic assessments. The first thing we've got to do is work out our capacity and then try and give ourselves at least some quality of oversight of what constitutes matters that have a prospect of success as opposed to things that we can definitely say will get up.

30 So the broader question that you're raising around what happens to programs that lapse, effectively, and the government has a number of lapsing programs and some of them sit naturally with the idea that over a period of time you don't have funding going forward. And those lapsing programs can be ones that have a purpose, a purpose has been met, and the program ends. There can be others that have been expressed and time-specific in terms of their operation. And there are, on occasion, perhaps too often, examples of lapsing programs that really would mean that there would be a substantive reduction in effort in some areas that really more comfortably sit as recurrent funding in an ongoing sense.

35 So the government is progressively looking to reduce the burden, to reduce those repeating expenditures where we have a capacity, so that we don't subject departments or the community at large with an obligation to justify why they should have continuing funding for something that naturally is a recurrent expenditure of government.

I would say, however, that I think it is important that government even looks at its ongoing and recurrent expenditure. And this takes me back to the earlier point I made: If the business of government is only about looking at the bounty of providence, that is the growth in our revenue capability, then we're not looking at
 5 the historical spend that's embedded into the way governments operate. But I accept that is probably best managed by a root and branch analysis of that expenditure rather than putting particular programs, by any means, up against an artificial timeline that doesn't sit naturally with the nature of the work they're
 10 doing. If the program is recurrent in its nature and is expected to have ongoing effect, it probably shouldn't lapse. If it has time limitations or purpose limitations, then it clearly should.

MS MCLEOD SC: Is that - sorry, Commissioner.

15 **COMMISSIONER LOVETT:** I mean, that process sounds, and I understand it to be working for, or maybe not working for, stakeholders, but for cultural right holders, I don't see how that benefits rightsholders. Like it's - yeah, our people are shut out. You know, you talked about at the start about the economic participation
 20 of our people is very limited and I think it goes to the importance of - and I know you've made the commitment here about having a team internally to actually elevate the voices. You know, we have self-determination frameworks and your Department has one and so forth as well, and I think that the process that has been articulated here doesn't conjure itself to elevating rightsholders' voices through
 25 that process.

So our community work with departments, and the true form and spirit of self-determination is about transferring power and resources, but we don't have any power and we're asking the government for resources in that process. It would
 30 be fair to say we don't have any power in that. We don't have any authority to say, "You don't fund that org, you should fund this org" as a community. It's ultimately - it's the government and its Cabinet, right? We don't have any power in that process.

35 **MR TIM PALLAS MP:** And I think the journey we're on necessitates that you will and you should, but we're not there yet.

COMMISSIONER LOVETT: Not there yet, yeah.

40 **MR TIM PALLAS MP:** Can I make the point that I think there is an example that we draw on and that is how we funded the Treaty process a couple of budgets back where I sat down with representatives of the First Peoples Assembly and we basically had a discussion. That was in the context of a budget that was very tight. And it was also, I thought, a very useful process because they could have had
 45 expectations that were just beyond my means but they were not ones that we could say we're going to tell you how much we're going to fund for the purposes of resourcing your efforts around Treaty.

It was a genuine discussion. It was not government insisting what the outcome would be and it ended up costing me more than I expected it would but that's what a genuine negotiation looks like.

5 **MS MCLEOD SC:** Chair, is that an appropriate time for lunch? I suggest half an hour.

CHAIR: Yes, I think we shall adjourn for 30 minutes for lunch. Thank you, counsel. We're adjourned.

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<**THE HEARING ADJOURNED AT 1.38 PM**

<**THE HEARING RESUMED AT 2.10 PM**

15 **CHAIR:** Can I just acknowledge that Commissioner Walter has just joined us.

COMMISSIONER WALTER: Thank you, Chair.

20 **MS MCLEOD SC:** Treasurer, there's a couple of corrections or revisions you wanted to make?

25 **MR TIM PALLAS MP:** Indeed. And thanks very much for the opportunity to do that. I wanted to clarify who I met with. I've met with current First Peoples' Assembly CEO. I indicated that I also had a meeting with the Chair of the Victorian Aboriginal Housing and Homelessness Forum to discuss a variety of issues around housing. In fact, I am scheduled to meet with that person, it's in my diary but that meeting has not yet occurred.

30 The other clarification is around numbers of First Peoples in The Department of Treasury and Finance. Just for an abundance of clarity, in 2021-22 three people in the Department identifies as First Peoples. In 22-23 one person in the Department identified as First Peoples. And again in 23-24, one person within the Department identified as First Peoples.

35 Finally, I indicated that the - that there was a cultural safety framework. In fact, the EIIF Cultural Safety Framework in the 23-24 budget provided funding to develop a consistent safety framework jointly with ACCOs to support the EIIF the Cultural Safety Framework is expected to be finalised later in 2024, implementation is expected to be 25-26 budget. I hope that hasn't caused too
40 much confusion to the Commission.

MS MCLEOD SC: Not at all, we are just checking the number of employees in the Department.

45 **MR TIM PALLAS MP:** Yes, I can give you that number too. I think I might have excluded from the original numbers an operating arm of the Department of 450. That number for 23-24, total number of 646 employees.

MS MCLEOD SC: And of that number, the number of First Nations identifying employees?

5 **MR TIM PALLAS MP:** Once again, that's in 23-24, one person within the Department identified as First Peoples.

COMMISSIONER LOVETT: I was hoping with that clarity, Treasurer, that that might have yielded some positivity but unfortunately not.

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MR TIM PALLAS MP: Indeed, it's certainly not a clarification that certainly enriches the situation but it's one that I think out of respect for this Commission I need to be absolutely clear.

15 **COMMISSIONER LOVETT:** Of course.

MS MCLEOD SC: Treasurer, I want to turn to the question of sources of revenue and some figures that we've derived from the budget papers. In the budget overview, we have calculated the main revenue streams to the State come from pay roll tax; is that correct?

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MR TIM PALLAS MP: I'll use my ready reckoner, if I may.

MS MCLEOD SC: Is that for this year or last year?

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MR TIM PALLAS MP: That's for last year but the numbers are - in order of magnitude they are pretty similar.

MS MCLEOD SC: The payroll tax.

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MR TIM PALLAS MP: Yes, is the largest source of revenue. In 23-24 it was \$7.98 billion.

MS MCLEOD SC: Which is roughly 23, 24 per cent of the total revenue, roughly?

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MR TIM PALLAS MP: Well, it's - the total revenue is 29.5 billion, but I need to clarify that is the own-source taxation revenue of the State. So there are three principal sources of income to the State. Firstly, there are our own-source taxation options and that's why payroll tax is such an important contributor to that own source tax revenue. The second source that is available to the State is what might otherwise be called royalties, dividends, or revenue from operating arms of government. And the third source is Commonwealth contributions. So that's GST, which makes up about half of Commonwealth contributions, and the other half comes from contributions by the Commonwealth to other national partnership agreements, whether they be infrastructure, health or education, NDIS - many others.

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MS MCLEOD SC: So in terms of own source, as you've described them, the largest of those is payroll tax.

5 **MR TIM PALLAS MP:** That's correct.

MS MCLEOD SC: Transfer duty on land is another significant source?

10 **MR TIM PALLAS MP:** Yes. 23-24 figures again, but 7.3 billion, 7.36 billion.

MS MCLEOD SC: And land tax is probably the third highest?

MR TIM PALLAS MP: Yes, just over 6 billion.

15 **MS MCLEOD SC:** In terms of - sorry just to go back to your reference to non-own source, the states don't have the power to recover income tax or consumption taxes, do they?

20 **MS MCLEOD SC:** Well, we conceptually do have a power to raise income tax, we just don't exercise that power. It's a joint power with the Commonwealth under the Constitution. And there was a time, I think under Malcolm Turnbull's Prime Ministership, there was a slight flirtation that the states might be able to raise augmented income tax. It disappeared within a matter of weeks. So, as a matter of reality, the states don't raise income tax.

25 **MS MCLEOD SC:** Just displayed my ignorance of matters tax there. But - so as a practicality they don't exercise the power to recover income tax or consumption tax. Nevertheless, consumption tax comes back to the states in accordance with a form law set by the Commonwealth by way of GST share?

30 **MR TIM PALLAS MP:** That's true. So recent High Court decisions have increasingly made it clear that anything that can be identified as an excise and anything that adds to the value of a good, the cost of a good is increasingly being viewed as an excise. So the GST, a consumption tax, is effectively well and truly
35 within the remit of the Commonwealth. It was put in place in the early 2000s, largely on the back of all the states reaching an intergovernmental agreement with the Commonwealth where we would hand over a number of state-based taxes that were really on financial transactions. We handed those over and in return the Commonwealth said it would raise a GST to the tune of 10 per cent and ultimately
40 and interestingly the Treasurer, federal Treasurer that brought in the GST, wanted to make it described as a state tax. The federal Auditor-General took the view that it wasn't, it was a federal tax and had to appear on the Commonwealth's receipts and balance sheet. And whilst the federal Treasurer at the time then took exception to that, it was essentially the subject of an exception between the Auditor-General
45 and the Treasurer at the time because they couldn't agree how it was to be explained.

MS MCLEOD SC: Does the Victorian budget reflect the Commonwealth contribution of GST or non-own source, indirect and direct contributions?

5 **MR TIM PALLAS MP:** Yes. We certainly identify what we see as being federal receipts. To some extent that can be - well, depending upon when the Commonwealth give us clarity as to what the size of the pool is, that is how much money is available for distribution through GST and then what percentage the State of Victoria gets of that pool. When we have clarity we incorporate that within our budget papers and certainly our annual financial report incorporates those numbers.

MS MCLEOD SC: Okay. Now turning to expenditure, have I missed any of the major revenue streams?

15 **MR TIM PALLAS MP:** Well, there are quite a number that are not as big as the ones that we've just described. But the really big ones, finishing up with land tax which, as I say 23-24 was at 6 billion. Then you start to get into proposals or revenue that is in the order of magnitude of 1.7 billion general insurance duty, 1.247 billion motor vehicle duty. So beyond that, everything basically starts to fall below a billion dollars. C19 -

25 **MS MCLEOD SC:** That's okay, we don't need to get into the minor ones. My point about this is that the largest item being payroll tax which is levied against businesses, the next two relate to the transfer and holding of land; correct?

MR TIM PALLAS MP: That's correct.

30 **MS MCLEOD SC:** And as we discussed early on, the holding of that land involved the dispossession of First Peoples from their traditional lands in this State.

MR TIM PALLAS MP: I accept that proposition.

35 **MS MCLEOD SC:** Turning to expenditure, you said The Department of Treasury and Finance is where the money is and where a lot of the choices are made. So I just want to drill into the choices about expenditure in the 2024-25 budget. The total expenditure for this year's budget will be in the order of 8.23 billion?

40 **MR TIM PALLAS MP:** Total expenditure?

MS MCLEOD: Yes. Does that sound correct?

45 **MR TIM PALLAS MP:** That sounds like a number that's more related to new output expenditure.

MS MCLEOD SC: I see. So just I wanted to drill into the expenditure on Aboriginal affairs. We see in the budget papers, and perhaps we can bring this up if we have table 1.1 and 1.2 on pages 1 and 2 of the budget papers. And while that is coming up, to ask you - okay, so we won't be able to bring that up. So let me
5 work out how I can do this in a way that assists you. In the budget papers on page 1 and 2 there are two tables. One is described as Output Summary, table 1.1, and one is described as table 1.2 Asset Summary. And from those two tables, we draw two line items we add together and call Aboriginal Affairs. So are you with me so far?

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MR TIM PALLAS MP: I am.

MS MCLEOD SC: And that total number of 1.1 and 1.2, expenditure on Aboriginal affairs for the financial year 2024-25 is in the order of roughly \$70
15 million.

MR TIM PALLAS MP: Sorry, the order of expenditure you put at \$70 million?

MS MCLEOD: Yes, roughly. I think you're looking at a different document, I'm
20 being nudged.

MR TIM PALLAS MP: Yep.

MS MCLEOD SC: We have the budget papers online but - so I can show you
25 a laptop in that helps.

MR TIM PALLAS MP: Well, I think I can address the issues more specifically rather than argue about what table we're looking at.

30 **MS MCLEOD SC:** Yes.

MR TIM PALLAS MP: Because I've got different numbers. But -

MS MCLEOD SC: So my point I'm getting to is that expenditure on what's
35 called Aboriginal affairs is less than 1 per cent of the total expenditure under the budget and to ask whether there is additional expenditure under different departmental spends.

MR TIM PALLAS MP: Yes. I've looked at this myself and, whilst our figures
40 may be different, I think it would be true to say that over the past decade my Department advised me about \$2.21 billion has been directly funded to support First Peoples in Victoria. The percentage of new spend in each budget allocated to First Peoples allocated - amounted to 0.82 of one per cent.

45 **MS MCLEOD SC:** 0.82, just to be clear, is the spending allocated to First Peoples on all counts in the Victorian budget?

MR TIM PALLAS MP: No that's new funding.

MS MCLEOD SC: New funding.

5 **MR TIM PALLAS MP:** So the 0.82 is new funding in each budget. There are
other funds that you would need to look at if you're effectively trying to acquit,
well, exactly how much is being directed to First Peoples. Would you need to
look at what's spent on, for example, Early Intervention Investment Framework
10 that is directly supporting Aboriginal Victorians. To date it's estimated by DTF to
be around 198 million or about 7 per cent of that early intervention framework
funding. The other - and I apologise for this because I think we should be able to
give you this data but I've tried to get it and haven't yet been able to chase it
down - the overall funding, because essentially what we're talking about at 0.82 is
15 how much of the new funding is allocated. But there is base funding that is very
substantial that is really just rolling over the funding that they've had historically.

And we haven't been able - Victoria's delegated budget system means that
Treasury doesn't track base funding in a way that shows how allocated funding is
being used by ministers and their department in delivering their responsibilities or
20 whether the funding is specifically allocated to First Peoples. So it's essentially
work in reviewing the State's overall expenditure for First Peoples is being
undertaken by the Minister for Treaty and First Peoples as part of Victoria's
Closing the Gap commitment and DTF is supporting that work but we don't have
the overall base funding allocations.

25 **MS MCLEOD SC:** So the government would not be in a position at this time to
do First Nations responsive budgeting whether it's legislated or not because you
don't have those figures; is that fair?

30 **MR TIM PALLAS MP:** No. If we were to - for example, what we are doing
with gender responsive budgeting is looking at the range of choices that are
available with to the government with regard to the budget envelope that we have
at our disposal, that is, the new spend that government has at its disposal. And it
is true to say that of the new spend in this budget 0.82 per cent has been allocated
35 specifically to First People in Victoria. So just as gender responsive budgeting
looks at the new spend, so too could a process of overview that looked at what was
happening with First Nations spend.

40 **MS MCLEOD SC:** Okay. And that would not capture recurrent spending?

MR TIM PALLAS MP: It wouldn't at the moment but, as I say, there is work
going on to try and get to the - an appreciation of exactly what that base funding
looks like because, quite frankly, it - as I've said a couple of times earlier in my
evidence, if you don't get to the base funding, then you really are only dealing with
45 what is a marginal, relatively marginal sum in the broad scheme of things.

MS MCLEOD SC: Now, comparing that 0.82 per cent in this budget of new spending with the percentage spent - or the percentage allocated in the last budget, last year's budget, the number was higher. It was above one per cent. Is that consistent with your understanding?

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MR TIM PALLAS MP: Yes. In total my numbers tell me that there's 475.31 million that was spent in the 23-24 budget. Just for clarity, in the 23-24 and 22-23 budgets, they were very substantial contributions towards the Treaty process, and so there was effectively \$142 million of that number. So the remainder, being 10 332.89 million, was for services, by comparison to this year's budget which was - my eyesight is deserting me, \$269 million or thereabouts for services in the 24-25 budget. That's probably a better like-for-like comparison.

MS MCLEOD SC: Okay. So the funding that exceeded 1 per cent, I think you 15 said 1.92 per cent in the 23-24 budget for First Peoples funding, represented a single year one-off injection of funds to support the Treaty preparedness.

MR TIM PALLAS MP: Well, it was - there were two substantial years of 20 contribution to Treaty. Well, there have been a number of years. Perhaps I'll just give you the numbers. Treaty allocations, 2021 it was \$20 million. 2021-22 it was \$75 million. And in 22-23 it was \$151 million. And 23-24 it was \$142 million. And in 24-25 it was \$6.83 million. Essentially because the resource had been put up - put in the previous years for Treaty and there was no apparent need to resource Treaty over and above the levels that we have already provisioned. 25 But if you're looking for comparisons in terms of services, I can give you those numbers.

2021 it was 336.3 million, 21-22 it was 372.75 million, 22-23 it was 123.25, 23-24 30 it was 332.89 and 24-25 it was 265.37.

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MS MCLEOD SC: Now, I just want to compare this with the revenue derived from land and resources. In terms of Victoria's current financial position, the Commission has heard evidence from various ministers - so from the environment, water, energy and resources - that Victoria collects billions of dollars in revenue 35 from land and resources in various ways. For example, the evidence that Yoorrook has heard is that land revenue since 2010 was 127, close to \$128 billion for that period. Water for the same period, 83 billion. I'm not asking you to confirm these, this is just the evidence we've heard. Minerals and resources since 2010 was more than 1.1 billion. So I want to come back to the question of 40 injustice. Do you agree that revenue generated from land and resources that was owned by and taken from First Peoples that benefits the State is a substantial sum in terms of billions of dollars over the decade as we've heard?

MR TIM PALLAS MP: Absolutely accept that.

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MS MCLEOD SC: And do you agree that First Peoples have a right to benefit from that significant prosperity that the State has enjoyed as a result of those revenues collected from land, water and land resources?

5 **MR TIM PALLAS MP:** Can I deal with the question in two parts? Do I believe that First Peoples have a right to benefit? The answer is yes.

MS MCLEOD SC: Yes.

10 **MR TIM PALLAS MP:** The second part, from those resources specifically -

MS MCLEOD SC: Yes.

15 **MR TIM PALLAS MP:** - my view is I think that that is a matter that necessarily has to be part of the discussions around Treaty. And I say that respectfully because I have a view that the accumulated reserves that the State gets from its revenue sources need to be provisioned for the purposes of making sure that those who most need the support and assistance of the State are able to get access to those resources.

20 So, in many ways, the accumulated resources of the State need to be applied effectively to ensure that social justice and equity are at the heart of it. So if we have a lesser resource, if we start effectively creating a process where groups are excluded from the taxing regime, my view is the groups who will be most disadvantaged by that are the ones least capable of actually bearing a situation where the State cannot step in and provide support and assistance.

25 **MS MCLEOD SC:** So there is currently no mechanism by which First Peoples are able to share in this multi-billion dollar wealth derived from land and resources and waters that they have been dispossessed of, there's no mechanism for them to share in that wealth beyond distributions to all citizens and programs and policies designed to assist them?

30 **MR TIM PALLAS MP:** Currently there is no mechanism. That doesn't mean of course in the future there cannot be such a mechanism.

MS MCLEOD SC: I'm interesting in your think about how that could be.

35 **MR TIM PALLAS MP:** You would like me to respond?

40 **MS MCLEOD:** Just open the - open the mic. How can we ensure that there's fairness and equity in the system when there's a recognition of a moral obligation to address the wrongs of history and a need for First Peoples to benefit in terms of their socio-economic standing, the need to contribute to their economic prosperity.
45 How do - how does the government do that effectively within the current framework?

MR TIM PALLAS MP: Well, at the moment in the context of the current framework, there is no provisioning for it. But it is not necessarily the case that that should be the case always; and that is a necessary part of the engagement that we're currently - or the journey that we're currently on.

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MS MCLEOD SC: In terms of potential mechanisms that aren't currently in play?

MR TIM PALLAS MP: Well, you're inviting me to wax lyrically about a resourcing prospect and I -

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MS MCLEOD SC: I'm not asking you to commit, I'm just saying -

MR TIM PALLAS MP: I'm treading warily.

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MS MCLEOD SC: - beyond the tables for First Peoples, what can they know is available in terms of either a mechanism to share that revenue or the wealth itself?

MR TIM PALLAS MP: So I am speaking as a witness here and, therefore, I have a view and I'll share that view with you. I think we are more enriched collectively if, effectively, we get rights starting to accumulate and be focused more directly around issues of access and entitlement to produce. So, for example, there are hard decisions that governments have to make around how rights of way, easement, infrastructure is designed and delivered and they're vitally important roles that First Peoples play in that process.

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Additionally, governments get an entitlement to royalties for commodities from the land, the land that I accept was never ceded and was unlawfully taken from First Peoples. So, in those circumstances, I think it is reasonable that access and a coalescence of entitlements to efficiently and responsibly exploit those resources and provide the community with access to more efficiently provisioned infrastructure should bring with it entitlements to First Peoples.

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MS MCLEOD SC: In terms of access and entitlements, you are talking about future land use, for example, electricity, transmission storage, distribution, those sort of facilities envisaged by the State with its renewables project?

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MR TIM PALLAS MP: Yeah, I -

MS MCLEOD SC: Talking hypothetically.

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MR TIM PALLAS MP: Yeah, I think we're getting far beyond hypothetical at the moment. But can I say that my view is the principle should be that access and rights that the State currently gives and gives exclusively - for example to mine royalties and we get a royalty for it - it seems to me that, given the long-term custodianship around land that First Peoples have had, I think it's not unreasonable for that to be an item for discussion as we go forward.

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MS MCLEOD SC: In terms of wealth sharing, access and entitlements would devolve to Traditional Owner corporations, identified registered RAPS, those across whose land those facilities would pass. Correct?

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MR TIM PALLAS MP: Well, now you are getting to a level of detail that I feel very uncomfortable talking about.

MS MCLEOD SC: I will bring it back to a generality. The Commission has heard evidence in relation to access to benefits associated with land and the system we have in Victoria of, under the TOS Act and future land use rights, including those associated with native title, recognised Native Title. I'm interested in exploring with you, as far as you can, how you ensure the benefit is shared for those Traditional Owners who do not have recognition of their Native Title claims or through RAPS.

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MR TIM PALLAS MP: Well that ultimately, I think, has to be part of the discussion that we're going to have. Because ultimately, if we are going to look at association with land as the indicator, then we have to also accept that that might not always adequately acquit obligations through Treaty for those who don't have that continuing association and often that lack of continuing association is of no fault of their own.

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So there would have to be - putting aside what mechanism you're using, there would have to be some recognition that safeguards that, as a community, First Peoples were adequately provided for, not just the - those that maintained the traditional ownership of the land.

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MS MCLEOD SC: And can you say any more about royalties in this context, again as a hypothetical?

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MR TIM PALLAS MP: Look, with royalties I would make the point the State of Victoria has the least level of royalties of any state in the nation, and indeed I think we have less royalties than any territory in the nation, which is almost hard to believe. But part of that is because essentially to the extent there was wealth, it's essentially taken out through the gold that was mined in the - at the early or the middle of last century, the end of last century, sorry - the 19th century, and Brown coal are the two principle sources which is not an export resource, it's a resource that's used exclusively for our generation capacity at the moment but is winding back.

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The view, therefore, that our - there is a substantial amount of royalties revenue, putting aside the number in relative terms, it's small by comparison. The point I make is that I think that with an increasing focus around the need for governments to better utilise their resources, particularly in resources that are not adequately utilised for renewable energies, for example earth minerals, we would need to do that in a way that was responsible and sensitive to First Peoples'

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aspirations and concerns and we'd need to do it in a way that probably adequately respected their right to a share.

5 **MS MCLEOD SC:** Are there fiscal policy constraints around the creation of exemptions on taxes, levies and the like for use of land that would you not prefer? So in terms of exempting First Peoples from licensing fees, is that an available option or would you prefer not to go down that path for some reason?

10 **MR TIM PALLAS MP:** I would prefer to not go down that path, the reasoning being that I have a view that if we start a process of exempting groups within the community, the people that we do the greatest disservice to are those that are dependent upon the way the government distributes its capacity and once we start there will be, I would anticipate, a very substantial number of people - none with admittedly as strong a case as First Peoples - but nonetheless I could anticipate
15 that the State could see its revenue base degraded by those who would seek to jump on the back of that exemption.

I would prefer a process where we better identify what constitutes an appropriate provisioning, by whatever tax or revenue stream, and provide that rather than start
20 carving out an obligation to pay tax.

MS MCLEOD SC: Just so I can understand how that would work, currently First Peoples are required to pay taxes and levies associated with ownership and use of land as everybody else is. Given their historical connection to those lands, you
25 would prefer not to create an exemption from those taxes and levies but to create another mechanism to ensure they participated in that wealth some how?

MR TIM PALLAS MP: Yes. And I need to pre-empt my comments by saying I accept that there is a process of genuine negotiation that has to happen, and
30 I don't think this Commission or anybody participating in those processes should see my views as definitive in this respect. They are simply as you've asked me to give you an opinion, I think out of courtesy to this Commission, I will share my view but it is not a definitive or a concluded view and it is genuinely one that is open to the processes of engagement that we are collectively walking down. But
35 my view is if we start a process of excluding from the tax base groups, the greater the exemptions that we give, the greater risk to the revenue base of the State and the greater strain that the State has to be able to provision for those who need the services and the support of an adequately provisioned budget.

40 **MS MCLEOD SC:** So is it your view that if you undermine a broad base taxation system you, in fact, create a disadvantage in terms of the ability to directly address certain pockets of disadvantage?

45 **MR TIM PALLAS MP:** That's exactly my view. I am genuinely concerned that if we - if we create a proposition - and can I say there is no doubt in my mind that there is merit in an argument that says this is a most disadvantaged group in our society. They have been dispossessed of their land, why can't they be excluded

from the taxing regimes? My problem with that is that if we carve them out of the tax scheme, that tax scheme should be utilised first and foremost to redress disadvantage and to provide for equity of access to the services and provisions of the State and that's where I fear that we would do First Peoples a great disservice.

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MS MCLEOD SC: So the Early Intervention Investment Framework that you have adopted is the way in which government has decided to deliver on addressing this particular disadvantage, or one of the ways?

10 **MR TIM PALLAS MP:** It's one of the ways. I wouldn't even pretend to say that it's the most substantial of ways. It does make provision for areas where we have identified that there are inadequacies in the way that we are provisioning for early intervention and, therefore, we have not adequately provided for mechanisms to reduce acute presentations that most directly afflict First Peoples.

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So early intervention is one mechanism, partnerships addressing disadvantage are another. And then more direct provisioning through the budget process for particular initiatives is a third and probably more substantive issue.

20 **MS MCLEOD SC:** Treasurer, I raise this because the Commission has heard evidence, particularly on the topic of water, that suggests that it is hurtful, offensive, whatever language you like, to ask First Peoples who have been dispossessed from their land and their waters to pay for the right to have those back again. So do you understand that concern amongst First Peoples?

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MR TIM PALLAS MP: Look, I can understand it and, as I indicated, I recognise that the position that I'm putting may not necessarily be one that would have automatic appeal to First Peoples and I figure that the one thing I can give this Commission is my candour in terms of where my views are. I'm not an expert on water policy so I don't appreciate and understand exactly how or what the obligations are that attach to water users other than to understand that it applies without reference to any particular group having an exemption.

30

MS MCLEOD SC: So what you can perhaps tell the Commission, then, is how a principled, broad-based progressive tax system is, in your view, the best measure for the State to continue with?

35

MR TIM PALLAS MP: Well, without the State having adequate provision, then ultimately the choices get harder and harder for government about how we provision for those who most need the services of the government. And the alternative process will effectively be that we therefore have to wind back those services and, as those services are wound back because of a lack of material capacity, the groups that will be most adversely affected will be those that are the most economically exposed and most necessitous circumstances. So my view is that by all means we should be finding ways to provide restitution and resourcing to First Peoples through the Treaty process.

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45

I think provisioning is one thing. Carving out of the tax base is a dangerous precedent that I think could ultimately work against the interests of First People and the most disadvantaged in the community.

5 **MS MCLEOD SC:** Not to - yes, sorry, Commissioner.

COMMISSIONER LOVETT: Treasurer, can we just take a back step. Just going back to your opening statement and you referring to us as rights holders. Can you share with us as a Commission and also people listening in so we are all
10 on the same page about what First Peoples' rights are in your view.

MR TIM PALLAS MP: The right to, firstly, recognise from government perspective that the land that you occupied for 65,000 years was unlawfully taken from you. The right, therefore, to be engaged as partners in self-determination and
15 in engagement with government and that includes the design of systems through Treaty that would provide you with at least some substantive recognition of that preceding - that historical injustice and how we would move forward together to resource in an enduring sense the rights and entitlement of your longstanding association with the land.

20 **COMMISSIONER LOVETT:** And in order - thank you for that - in order to deliver on that commitment or that expectation that you've just outlined there, do you see that as taking from others?

25 **MR TIM PALLAS MP:** Well, yes. If in effect we're talking - budgets are essentially renditions of what the resource base of the State is.

COMMISSIONER LOVETT: Yeah.

30 **MR TIM PALLAS MP:** And Ms McLeod and I have gone through a pretty substantial process of where that resource flows in. So at some point where we say, well, we are going to wind back the allocations that the State gets from a variety of sources, then, yes, that is a finite resource that is reduced. My
35 argument is not that this is going to be, or would be, a very substantial loss of revenue to the State, given the numbers that we're talking. So, for example, carving out stamp duty or land tax for First Peoples, my concern is that once we establish this precedent of the idea that we carve out particular groups from the revenue base of the State, I wonder where it stops. And from my perspective,
40 resourcing First Peoples should not be exclusively around a particular transaction but a broader recognition that we have to understand what resourcing we believe is appropriate and fair, and then design it rather than start to pick what are the areas that we're looking to carve out of the tax base.

COMMISSIONER LOVETT: Yeah. I mean, it's an being word, "fair", eh.
45 I just refer to Ngarra Murray, Co-Chair of the First Peoples' Assembly, noted in her evidence no amount of money could probably address the immeasurable suffering and hurt caused by dispossession, murder and injustice inflicted on our

peoples. And I just really want to share that with you but also share that with
 people listening in about this importance around we are rights holders. Our people
 were massacred. We went from 60,000 down to 2,000. Land taken. You know,
 we hear big buckets of money you've got in your ready reckoner, I think you
 5 referred to it as. Billions of dollars. We don't see billions. We see cents. You
 know, it's - I think it was \$267 billion has been extracted from gold, has been
 extracted from our lands since 1851, Treasurer, and we have seen none of that.

MR TIM PALLAS MP: Well, as I indicated, I think that's a conversation that we
 10 need to have.

COMMISSIONER LOVETT: Yeah.

MR TIM PALLAS MP: My view about access to resources, a more efficient
 15 way by which we partner together to make sure that the respect and the rights of
 First Nations People to ensure that our resources are being properly and
 responsibly accessed, and access to land is being properly managed, I think is
 a legitimate discussion for us to have.

20 I would say that there is a genuine desire from government that we understand that
 there has to be a resourcing and a recognition of resourcing and Treaty. I am
 loathe to get involved in a process of identifying what may or may not be in that
 process, not because I don't have a view and I've been encouraged to express some
 of those views, but because I want to pay respect to the process of engagement
 25 that are yet to come.

COMMISSIONER LOVETT: And we on this Commission, Treasurer, with
 respect, fully understand that because part of our Terms of Reference is to write
 recommendations back to government and the First Peoples' Assembly to pick up
 30 those through negotiations. So I think that's the morphous of the conversation
 here. But again I just feel that a lot of time when it comes to our people being in
 poverty and trying to transition to us being able to thrive it's always at the
 detriment of taking from others. But yet people don't understand cultural rights,
 rights holders but also what was taken from us. And I just want to mention
 35 something that Minister Dimopoulos had said to us, 1.89 billions – billion dollars
 in revenue generated for the State from forestry and grazing licenses in the 13-year
 period. We never saw any of that dollars. And do you know why, Treasurer, we
 never saw any of the dollars or we weren't able to be a part of that?

40 **MR TIM PALLAS MP:** Please.

COMMISSIONER LOVETT: Direct quote. Our people, my people, didn't meet
 the threshold. That's land. Forestry and grazing, we didn't meet the threshold to
 get access to be a part of it or receive any benefits from that. Again when we talk
 45 about our people being able not relying on government, be self-determining,
 government don't have a role in our - in our self-determination, we determine our
 self-determination, but you have the power and the resources and the control at the

moment and what we're trying to do - that's what we want. We want our power, we want the control and we want resources that are rightfully ours to share in as well. But all the time it's referred to as our people as we are taking from others. It's just not true and it's not right. We have had everything taken from us.

5

MR TIM PALLAS MP: I don't believe that anything that I've said today is about an identification of First Peoples taking from anybody. My view, in fact, is that yes, we do need to find an enduring resource that actually funds Treaty and First Peoples. But I did make the point, and I maintain the point, that I don't think the cause of resourcing the future for First Peoples is advanced by carving out First Peoples from the broader tax base. There are plenty of people who would advocate that they would like to see many cut out of the tax base. I put First Peoples as the most worthy of those groups that could be taken out. But I also have the responsibility as the Treasurer to make sure that we have a general appreciation that the resource base of the State has to be marshalled to the wellbeing of those who need an adequately resourced state to look after their interests into the future. That cannot be, and is not, an argument against adequately resourcing First Peoples into the future, though.

20 **COMMISSIONER LOVETT:** Yeah. And I didn't express anything around the tax comment, Treasurer, it was just more broadly that sometimes in responses there's a misconception out there that Aboriginal people or Traditional Owners are taking from others which is actually not the case.

25 **MR TIM PALLAS MP:** And I would dispute that.

COMMISSIONER LOVETT: I wanted to you to give you the opportunity to make that clear to us but also to people listening in because there would be a lot.

30 **MR TIM PALLAS MP:** Can I make the point that there's been a deep-seated - a long-term disadvantage inflicted upon First Peoples. I made that point in both my first and my second witness statement. And I don't say it for convenience, I say it out of a sense of, well, the historical record but more as a sense of responsibility of any government that charges itself with an obligation to look after its population, it has to start with First Peoples and we have to complete the process of Treaty and a recognition of the wrongs that have been done in the past. And without an acknowledgement of those failings then we don't set ourselves up for rectifying not just the failings of the past but clearly the inadequacies of the current system in terms of dealing with the wellbeing of First Peoples.

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MS MCLEOD SC: Treasurer, the Valuer-General has estimated the total value of government land of Victoria at \$37 billion and the total value of private land at approximately \$3.12 trillion as at 1 January last year.

45

MR TIM PALLAS MP: \$37 billion for -

MS MCLEOD SC: \$38 billion for government land which includes forest reserves, parks, other landholdings.

5 **MR TIM PALLAS MP:** I'm a little shocked at how small that number is. I think when I looked at the - when I last looked at these numbers, I saw - budget paper 4 basically tells me that there's a total of \$208 billion in new and existing capital projects underway. So - now that's money to build capital projects infrastructure, but I would assume that there's a greater inherent value of those assets than \$37 billion.

10

MS MCLEOD SC: Well, that - can I refer to the witness statement of Robert Marsh, the Valuer-General of Victoria DTP.0003.0001.000 - I think it's 1, which may or may not it be tendered at the moment, it might be on the tender list. In any event, that's the number he gave us.

15

MR TIM PALLAS MP: That's where we are at a point of distinction here is he's valuing the land asset.

MS MCLEOD SC: Yes.

20

MR TIM PALLAS MP: And I'm talking about the enhanced value of (crosstalk)

25 **MS MCLEOD SC:** Yes, I follow. I follow. I take it it would not offend principled - a principled approach to the return - it would not offend a principled approach that you've been describing to return state-owned land to First Peoples ownership and control?

30 **MR TIM PALLAS MP:** It does not. How that is managed, of course, is a process that would necessarily have to be worked through. But there is, and has been, I think, an ongoing process in this country, not just this State, of just such restitutions over time.

35 **MS MCLEOD SC:** I'm corrected, Treasurer. The Crown land, you're right - Crown land including government land - sorry, government land including Crown land valued at approximately 140 billion as at 30 June last year. And government land is broader than that, land not held by the Crown. Yes. So -

40 **MR TIM PALLAS MP:** That comes as a great relief to me. You have enriched me.

45 **MS MCLEOD SC:** You've got more to play with and more to put on the table. So there are various buckets of money available as we've been describing and your ministers have appeared before the Commission describing those buckets of money and the - in short, the lack of return of those revenues from land, forestry, gold, other sources of revenue to First Peoples directly, is the status quo. So, for example, for grazing and government land licences, the sum of 508.49 million for a period of 13 years, revenue for water we were told was \$83 billion for the same

period - billions of dollars raised and expected to be raised in future from various sources.

5 And how can the State, consistent with the principle taxation approach that you've described, ensure that some of that revenue is shared with those who have a justified and morally correct claim to the land, water and resources that those things are derived from?

10 **MR TIM PALLAS MP:** Well, I think it basically falls into the category of accepting through whatever mechanism, and there may be a variety of mechanisms, there may indeed be varieties of worthy areas by which a revenue stream can be derived - but put simply, access and utilisation rights of the asset base of the State -

15 **MS MCLEOD SC:** Yes.

MR TIM PALLAS MP: - should be looked at in all its mechanisms.

20 **MS MCLEOD SC:** Commissioners, I wanted to turn to the topic of contracting and procurement. Do the Commissioners have further questions about revenue sources and spending? Treasurer, if I can invite you to now engage with me on the issue of First Nations businesses contracting with the Victorian Government on the topic of procurement. And I think you said in opening that this is principally a matter for the Assistant Treasurer?

25 **MR TIM PALLAS MP:** Procurement, yes.

MS MCLEOD SC: Yes. Do you have enough of a familiarity with the various policies and programs around procurement to be able to talk about that?

30 **MR TIM PALLAS MP:** Well, I'll have to be very clear that I can talk about procurement in respect of those areas that I have a direct responsibility for, whether it be as Minister for Economic Growth or Minister overseeing the Victorian Home Buyer Fund, but I think I would tread very warily in another minister's responsibility who has direct - a responsibility and probably much more precise knowledge in those areas.

35

MS MCLEOD SC: Can I start here. In Victoria is there a specific Indigenous preferred procurement policy?

40 **MR TIM PALLAS MP:** Well, as a government, we have a First Peoples Economic Development, Yuma Yirramboi it's a whole-of-government strategy. It has got an ambitious goal of addressing economic disparity for First People within Victoria within a generation. That was launched in June of 2022. It had \$25 million in funding basically to support the strategies implementation over

45 a two-year period. The 24-25 budget provided an extra \$8.6 million for implementation of the strategy over three years. Now, that strategy is ultimately

the responsibility of the Minister for Employment but it was the subject of a budget allocation in '22 and again in 24-25.

5 **MS MCLEOD SC:** So the current implementation funding for that strategy is 8.6 million, you said, over three years?

10 **MR TIM PALLAS MP:** Well, 25 million to support the strategy's implementation over a two-year period. So that two-year period would still be working its way through but I think coming to an end. And then in 24-25 and additional \$8.6 million presumably to continue that work.

MS MCLEOD SC: That's roughly 2 point something, 2.7, if my maths is right, over three years per year, roughly.

15 **MR TIM PALLAS MP:** Well, I added it up as \$33.6 million over three years.

MS MCLEOD SC: I was just talking about the implementation part.

20 **MR TIM PALLAS MP:** Okay. I was just bucketing it all up to make the maths easier. It's about \$11 million a year for both elements.

MS MCLEOD SC: Except the \$25 million is about to run out, as you said.

25 **MR TIM PALLAS MP:** Yes.

MS MCLEOD SC: And thereafter it's 8.6 million divided by three, although some might come early, some might come late.

30 **MR TIM PALLAS MP:** Yeah, sorry. I take your point that the 8.6 was not for one year, it was for a 3-year period going forward. But I suppose my observation here is identifying how to support a strategy's implementation. In many cases, a lot of that work will have been done so you don't need to replicate it. It's about effectively making sure that if you've done the establishment of a strategy, the start-up costs will generally tend to be bigger than the management of the ongoing
35 responsibilities around implementation.

MS MCLEOD SC: We have had some evidence about this and the funding. When the 25 million runs out, if we're left at around 2 point something million per year, would you agree that's not a lot of money for First Peoples' economic
40 development in this State?

MR TIM PALLAS MP: I would agree that if, in effect, what we're talking about is this being the only endeavour that government puts in place to support economic development, yes. I would also say that there are other efforts and
45 resources that the government has put in place. And, for example, Global Victoria, which is an area that I do have responsibility for, has support, delivers

programs and services to assist Victorian businesses reach and expand into global markets.

5 We have got integrating First Nations businesses into mainstream local Victoria
 programs. We deliver activities that specifically target First Nation businesses and
 we support Aboriginal economic development unit within DJSIR, the department
 in which Global Vic is based and they are charged with responsibility to deliver
 trade focused outcomes. So they managed a number of trade missions by Global
 Vic. In '22 there was a First Nations inbound New Zealand trade mission. In '23
 10 there was a First Nations outbound trade mission to New Zealand. And again in
 '24 a First Nations food and beverage outbound trade mission. So we are looking
 at ways by which precise interventions can facilitate and support First Nations
 businesses to grow, and increasingly that's about not only making those
 connections to other First Nation businesses as an exemplar but also for
 15 government to recognise that we have to be there to support the growth and
 development of these businesses at a very embryonic stage.

COMMISSIONER LOVETT: Treasurer, how much of that funding is going
 internal to fund the team? I just want to be really clear and understand - sorry, the
 20 mic was off. Treasurer, I just wanted to get clarity on how much funding you
 mentioned out of the Global Vic budget, I think it was, or how much funding is
 going to the team which sits within the government department because I'm trying
 to make the delineation around how much is hitting the ground to support the
 businesses compared to how much government is funding internally on
 25 themselves.

MR TIM PALLAS MP: Well, to give you an appreciation of that,
 Commissioner Lovett, I think I'd use the example of the Yuma Yarramboi Council
 and the Koori Caucus, which is a DJSIR advisory body on First Peoples'
 30 community priorities. Koori caucus of the council is made up of nine First People
 leaders and five DJSIR executive officers. They are not exclusively operating in
 that area alone but we've dedicated five executive officers at least in part to
 participate, including the Secretary of DJSIR Co-Chairing that body. So a very
 substantial demonstration of government resource by the importance of the people
 35 that we're directing into this process.

COMMISSIONER LOVETT: Yeah. And Treasurer, I mean with respect, I
 think they meet about four times a year. So it's very light on, four days' worth
 of - you know maybe five days' worth of resources. But I mean you've got a team
 40 in there. I guess you probably would be funding a team full-time to oversee the
 governance and the preparation but also to work, I think you said earlier, about
 organising the trade missions. So how much funding is going to that team to, you
 know - I'm still trying to understand how much is going externally to internally the
 government.

45 **MR TIM PALLAS MP:** Okay. So, I'd need to go back and refresh my memory
 about how much resource we're allocating into Global Vic which is the operating

area that does this, but they are - I am responsible for that area. So they look after the trade and investment arm of government, and we will see what we can do to provide you with the direct number. That is the - it won't be exclusively and indeed the vast majority will be more directed towards trade and investment opportunities rather than necessarily First Peoples resourcing. But that is where the administrative effort is put.

When I can tell you is that the work that we've done around Global Vic and Invest Victoria, which is the foreign direct investment capture unit together with the trade unit, Global Vic, that for every dollar that we invest in this area, we - our assessment is that we get about \$40 back in terms of economic growth for the State of Victoria. So it's a good investment, and I would not therefore see what effort we put in, in First Peoples - it would almost certainly return a very substantial outcome for First Peoples as well as for the economic vitality of the State of Victoria.

COMMISSIONER LOVETT: I'd like to have that information, just out of session, yeah.

MR TIM PALLAS MP: And I'm happy to provide it. We'll see if we can get it for you before the end of these proceedings.

MS MCLEOD SC: Treasurer, you are familiar with Mr Ada's evidence to the Commission?

MR TIM PALLAS MP: I'm not, no, I'm sorry.

MS MCLEOD SC: I'm paraphrasing him now, but in a number of respects Mr Ada acknowledged that the efforts towards trade missions, investment into First Nations businesses into the mainstream and economic development opportunities within the Department were, to use his language, not good enough, that they weren't doing enough. It wasn't anywhere near enough. So can I invite your response? I have paraphrased him and I've summarised it but do you have any response to the way the Department is going about its investment in economic prosperity for First Nations businesses?

MR TIM PALLAS MP: Well, I think I would - having looked at the historic funding allocated to support Aboriginal economic development, I think the collective amount since 2017 amounts to - putting aside the \$33 million of additional effort around the Yuma Yirramboi initiative, the total amount since 2017 is 51.25 million.

MS MCLEOD SC: Over what period, sorry?

MR TIM PALLAS MP: Back to 2017, since 2017.

MS MCLEOD SC: A period of seven years?

MR TIM PALLAS MP: Yep. Yes.

5 **MS MCLEOD SC:** So I want to come to procurement particularly, and you've said this is not your bailiwick, so please tell me if you're outside your comfort zone. Are you familiar with the Self-Determination Fund submission?

MR TIM PALLAS MP: No, I'm not.

10 **MS MCLEOD SC:** I'm going to put some figures to you. I'm not interested so much in the figures as the broad proposition. So the Self-Determination Fund submission suggested in 2019 to 20, the value of contracts awarded to First Nations businesses under the social procurement framework in Victoria was 46.1 million and that the figure has declined since that period. So I'm not asking you
15 a test about the numbers, but is that broadly consistent with your understanding of the social procurement framework?

MR TIM PALLAS MP: Well it would sit consistent with my understanding about the broad order of magnitude of funds that have been allocated in these
20 areas and consistent with my previous effort of the investment going back to 2017, in a broader sense. And just to finish offer the observation, you asked me, Ms McLeod, whether or not I was aware of what Mr Ada had said.

MS MCLEOD SC: Yes.

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MR TIM PALLAS MP: I wasn't, but I would be remiss if I didn't indicate that I think that the effort has not been adequate to the need.

MS MCLEOD SC: What's needed in that respect?

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MR TIM PALLAS MP: I think a number of things. Firstly, a recognition of what the broad level of effort has been beyond just the interventions that we've turned our mind to. So through our social procurement framework, and the government has a process of effectively seeking to ensure that we employ on a lot
35 of infrastructure projects disadvantaged groups and First Nations People are very much front and centre of that.

40 So I think a broader appreciation of what the holistic effort looks like would be worthwhile. But I wouldn't be surprised if, even looking in that context and taking as broad an assessment of that as we could, I would doubt that I would be filled with confidence that we've made an adequate provision.

MS MCLEOD SC: The Victorian Government social procurement framework currently specifies that one per cent of contracts are delivered by First Nations
45 businesses. You are familiar with that -

MR TIM PALLAS MP: I am.

MS MCLEOD SC: - principle. There's no target as to the value of those contracts which clearly is unhelpful. You could have one per cent of pro-bono contracts for example and you would meet the target, right?

5

MR TIM PALLAS MP: I don't understand what a pro bono contract is.

MS MCLEOD SC: A free or at reduced price.

10 **MR TIM PALLAS MP:** Yeah, but who contracts for free?

MS MCLEOD SC: So coming back to the target of one per cent by volume of contracts, clearly that would not be an adequate measure to ensure and encourage economic prosperity without a dollar figure attached to that; would you agree with that broad proposition?

15

MR TIM PALLAS MP: Yes, I would. I think if you appreciate that the State of Victoria at the moment, through its infrastructure procurement, has about \$24 billion worth of projects that were - well, of expenditure on infrastructure that occurred in the last full financial year -

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MS MCLEOD SC: Yes.

MR TIM PALLAS MP: - which was a record level of investment, I think it is not unreasonable for there to be hard numbers attaching to this. I also think, having looked at this problem, that we need to have much more precise directions as to what constitutes adequate contracting, and by that I mean we have seen some ostensibly First Nations tenders that really mitigate against what we would see as being adequate efforts in the contracting sense where sometimes only 50 per cent of the business is First Nations.

25

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So that, I think it's been described to me by the Koori Heritage Trust as "black cladding".

35 **MS MCLEOD SC:** Yes.

MR TIM PALLAS MP: And I think safeguards being built around that into the future will be important.

40 **MS MCLEOD SC:** And if the State is talking about potentially multimillions, if not billions of dollars of revenue being directed towards First Nations businesses, I assume you would want to ensure there's probity and accountability and propriety around that spending.

45 **MR TIM PALLAS MP:** And I also say that in any discussions I've had with First Peoples, never has there been a suggestion that they don't want that too as a necessary condition because obviously there are some creative thinking going on

whenever State government funding is available, and governments need to ensure that the moneys being put to the purpose for which it is directed and to the benefit of the people that we believe it should service.

5 **MS MCLEOD SC:** And the Auditor-General would be keenly interested in that too, I assume.

MR TIM PALLAS MP: Absolutely. So another reason why I should be concerned about it.

10

MS MCLEOD SC: In terms of the \$24 billion worth of infrastructure projects you mentioned, are you concerned as well that there be a diversity of goods and services provided by First Nations businesses so that we're not just seeing catering and traffic operations, for example?

15

MR TIM PALLAS MP: Yes. I think that's not unreasonable. That is making sure that we get genuine businesses that represent the broader scope of economic activity. I don't want to be seen to be critical of any of those business undertakings that might be disproportionately higher represented at the moment.

20

For me, getting away genuine First Nations businesses and then expanding the scope of those offerings I think is an important thing.

MS MCLEOD SC: But that would require the Department to be on the look out for or invest in the skills of those who might step into the professional roles for example.

25

MR TIM PALLAS MP: Indeed, recognising that if we're talking about growing businesses, then we have to recognise that we're growing the broad expanse of those businesses and not simply having, and we have seen this occur in our supported and facilitated employment in the construction industry, most notably, where essentially some - well, what would appear to be token jobs have been allocated and not a robust engagement around enhancing the skill base and the opportunities for First Nations People. I'm not referring to First Nations People in the construction industry, I'm actually referring to female employment in the construction industry where we have seen a disproportionately number of women in the office and on traffic management, both of which are legitimate callings, but none of which represent a robust engagement right across the callings of the industry and I wouldn't want to see that sort of practice replicated as we try to facilitate the growth of First Nations businesses.

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MS MCLEOD SC: It's important, would you agree, that we invest in people's ability to scale up their businesses from successful models but also take advantage of opportunities that might be present. So, for example, administration or traffic, how do you upskill those people to have executive level or professional skills?

45

MR TIM PALLAS MP: Yes. Now, that -

MS MCLEOD SC: I'm talking about First Peoples of course.

MR TIM PALLAS MP: Yes. And that might not necessarily be the career aspirations of every individual.

5

MS MCLEOD SC: Yes.

MR TIM PALLAS MP: But it should be an aspiration of government that as you bring people into supported and facilitated employment or business undertakings that the government should be there for the journey and be prepared to look at how we can enhance skills. At the moment, I could say that one of the big challenges that the State confronts is a shortage of skills, and being able to put in place robust and substantial support for those who seek to enhance their skill, particularly those in sections of the community that are the most disadvantaged, and most notably First Peoples, is not only important for them and their wellbeing, it's ultimately important for the State and its capacity to deal with its skill shortages.

MS MCLEOD SC: Mr Ada, Secretary Ada indicated he would support the pursuit of a First Nations procurement target of one per cent by value and 3 per cent by volume over the next two years, consistent with the New South Wales equivalent scheme, and slightly lower in terms of value - sorry, value for the Commonwealth scheme. Are they the sort of numbers that you think would be within the realm, if you were to set targets?

MR TIM PALLAS MP: I would be loathe to make such a call. I defer to Mr Ada's more precise knowledge of this policy area. What I would be most concerned about is making sure what our interventions do in this place is get genuine business support and development happening and skill development. But I do accept that hard targets and hard dollars are an important part of that.

30

MS MCLEOD SC: Beyond the targets, the dollars and the numbers of contracts, who more can government do - you're setting the policy what more can government do to drive the barriers for First Nations businesses that exist?

MR TIM PALLAS MP: Well, I would answer this firstly in a generic sense and then perhaps we might get a little more precise. But this government has become increasingly focused upon the need to on facilitate entrepreneurialism in its broader sense and, in so doing, we have identified a number of key industries and that was incorporated within our Jobs Plan in November 2020. The areas of industry where we have what would be a strategic advantage, and there are some of those that I think sit obviously and comfortably within First Nations capabilities, but might I say there are some that we may well be surprised that they have capabilities that we have not been nurturing.

45 So the obvious ones, agri, food and renewable energy, we see those as being obvious for skill development. Just in terms of - by capabilities, I mean where they're located. But, of course, looking at other areas where the State sees we

have a strategic advantage, we should also be looking at how we can support the growth of business and innovation in a broader sense. So -

5 **MS MCLEOD SC:** BUT just in terms of agri, food and renewables, when governments are making decisions about where to locate infrastructure to support those emerging economies is the location of First Peoples businesses or populations a factor that's taken into consideration? So I assume there's some consideration about economic benefit to the local community. You are nodding. Yep. Is there some specific focus on First Nations populations within those
10 communities?

MR TIM PALLAS MP: This is outside of my remit and expertise because these matters would be managed by the Energy Minister, whether it be through transmission alignments or specific renewable offerings and their location. But
15 one would imagine a robust business case would look at those matters, yes, as well as a broader economic benefit to those communities and, I suppose in an even broader sense, the economic benefit to the State and facilitating the State meeting its renewable energy targets.

20 **MS MCLEOD SC:** That comes back to the discussion we had about budget bids. If you were to signal to the departments that budget bids should address the economic - the specific economic benefits to First Peoples in their budget bids, it could be simply a no or it could be yes considered and here is an explanation of what those things is, that would be a useful metric to include in the budget bids?
25

MR TIM PALLAS MP: I don't see that it would be a particularly onerous obligation in most respects. But then comes back to a broader conversation that we've had previously around how do you have a First Peoples responsive budgeting process that we can effectively acquit. We have done that in an ad hoc
30 sense, as it were, for the last three budgets, where we've done an analysis of the decisions we've made in sum at the end of the budget process. We haven't done it in a considered way all the way through the decision-making process which is a feature of gender responsive budgeting.

35 **MS MCLEOD SC:** And so I wanted to springboard off the mechanisms you've got in place for that gender responsive budgeting to see how - the Commission is obviously consider is its recommendations around economic prosperity for First Peoples, how would you describe that process? Would it be First Nations impact statements as part of budget bids or would it be something else broader than that?
40

MR TIM PALLAS MP: Well, the first thing I would say is what we would need to do to start and to get this done properly would be not to set too great an impost upon agencies but rather as we see a rising level of benefit, a greater level of engagement around what that business case looked like. So, for example, if - and
45 we saw this happen with gender responsive budgeting - if there was a negligible or almost neutral effect, sometimes you could spend a lot of time trying to work out

a reason why this was either positive or negative in terms of gender equality when, really, it wasn't shifting the dial one way or another.

5 There are other areas where it became obvious where there would be a very substantial impact and my view is rather, than ticking every box or every policy initiative, focus on when the greater weight is impacted. So you get a more precise idea about your interventions and their value where it matters.

10 **MS MCLEOD SC:** I'm just trying to explore the mystery of the process a little. To assist Commissioners in making recommendations around budgeting processes that potentially bring to light the opportunities and the benefit for First Peoples, do we call that a First Nations budget impact statement? Do we call it something else? Or is it a raft of things?

15 **MR TIM PALLAS MP:** I'm not very good at providing titles to policies at the best of times, but probably even worse at providing titles to policies that haven't yet been formulated by government. But can I say that I think the - if you're asking me what the practical effect of this is, is it an analysis of impact or economic value, that would be the normal nature of the work that's being done. It would go further than what is happening in gender responsive budgeting because they tend not to do the economic analysis of the proposal. That's worked through by the advocating agency.

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25 So I would not think it would be valuable to absolve a department of the responsibility to do the principal work around what is the value to the economy and if government were to have formed the view, and we wanted express impact for First Peoples, then it would rest properly with the department. Then the - a dedicated effort across central government through a budget or an allocation process would complement that and scrutinise that.

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MS MCLEOD SC: Commissioners, I wanted to leave those issues and turn to finance, accessing finance in housing. Do Commissioners have further questions around the budget generally or around procurement?

35 **COMMISSIONER LOVETT:** I think just more around, coming back to the Global Vic and the economic prosperity, and you mentioned over the last seven years 51.25 million was invested. I think that's Yuma Yirramboi and other initiatives associated -

40 **MR TIM PALLAS MP:** Yes.

COMMISSIONER LOVETT: - in that seven year period. Then you made reference to - can you share how much went into the broader investment into Global Vic and the efforts and the work there, beyond, you know, First Peoples investment which is the 51.2.

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MR TIM PALLAS MP: Yep.

COMMISSIONER LOVETT: So that's substantial in your view. But how much went into the broader bucket towards Global Vic and the efforts around that work?

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MR TIM PALLAS MP: I think that was the undertaking I gave you, Commissioner Lovett, to provide you with that material.

COMMISSIONER LOVETT: That was internally around the Aboriginal staff and the team that are supporting that. This is something different.

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MR TIM PALLAS MP: Okay, I will give you both then.

COMMISSIONER LOVETT: Okay.

15

MR TIM PALLAS MP: So if the question was how much was specifically around Aboriginal resourcing, I will try and get more precise data, I don't know that I can. I was of the view that you were looking, well how much is your total effort through Global VIC and Invest Vic and I can get that number relatively easily

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COMMISSIONER LOVETT: Just because there was a reference to 51 million over the last seven years guiding to - in that.

MR TIM PALLAS MP: Yes.

25

COMMISSIONER LOVETT: But that's okay, I'm happy to receive that.

MR TIM PALLAS MP: I've got those numbers, the 51.25, putting aside, of course, the 25 million for Yuma Yirramboi and the 8.6 million for the same implementation strategy a couple of years later, there was 6.6 million allocated to Tharamba Bugheen, the Victorian Aboriginal Business Strategy and that lapsed in 2020. Then there was a Victorian Aboriginal Economic Strategy, two million, which lapsed again in 2020. The Yuma Yirramboi 25 million two years worth of funding lapsed in 2024. Again, an additional funding for a further three years which will lapse in 2027 at 8.6 million. Building opportunity and economic prosperity, \$7.3 million lapses in 2024. And finally pathways to Aboriginal prosperity, 1.75 million four years lapsing in 2025. Bringing that total funding to AD programs since 2017 at \$51.25 million.

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COMMISSIONER LOVETT: Yeah, great. So what I'm looking for from that is how much investment went into the main - the non-Aboriginal side of things that would have been a substantial a lot more than that. And where I'm trying to understand is you mentioned about a 40 per cent return on investment for the efforts that you're making through Global Vic.

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MR TIM PALLAS MP: For every dollar we spend -

COMMISSIONER LOVETT: Correct.

MR TIM PALLAS MP: - 40 times outcome.

5

COMMISSIONER LOVETT: 40 times, that's substantial. Yeah.

MR TIM PALLAS MP: In terms of economic uplift, yes.

10 **COMMISSIONER LOVETT:** Yep. Thanks.

MS MCLEOD SC: In terms of access to finance, Treasurer -

15 **COMMISSIONER WALTER:** Excuse me, Counsel, I just have a quick question.

MS MCLEOD SC: Sorry, Commissioner. Sorry, I missed your hand. Sorry, Commissioner.

20 **COMMISSIONER WALTER:** So, Treasurer, given what you have talked about and the frameworks that have been developed and then lapsed, you talk about the current framework is to bring Aboriginal people up to economic prosperity in a generation. How is that going to happen given the level of funding and the already lapsed frameworks? Are you on track?

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MR TIM PALLAS MP: I would - having looked at the level of funding and comparing that to the level of funding that we provided more generically, I would say it's not adequate.

30 **MS MCLEOD SC:** Thank you, Commissioner Walter. If there are no further questions on that, I was going to turn to the question of access to finance. Treasurer, the government was asked to respond to the question: What is the Department and Victorian Government doing to address the disparities in terms of intergenerational wealth and access to finance? The Department response listed
35 a number of strategies and programs on that issue, some funding has been re-allocated; for example, departmental preparing for Treaty series micro certifications, Aboriginal tertiary scholarship extension program and trade routes extension, and Aboriginal cultural knowledge database.

40 So in your view, if you have one, is the government doing enough to address barriers to First Peoples' economic prosperity in terms of access to finance?

MR TIM PALLAS MP: Well, I think certainly the work that we're doing in this space would be, if we could look in the context firstly of access to housing
45 because the greatest disadvantage and the greatest indicator about whether or not you get financial security going forward is do you own a home. And certainly from the government's perspective, we spent a lot of time trying to work out how

we can facilitate access to housing for First Peoples and, might I say more generally, for those who are being excluded from home ownership in the community and that's why the Victorian Home Buyer Fund was established. And certainly from a government's perspective it's a program which has served, I think,

5 the State very well while we've been waiting for a broader national policy intervention by the Commonwealth and that looks like it will be with us by the middle of next year. So the Victorian Home Buyer Fund made specific identification of how we would facilitate First Nations People being able to utilise access to housing and access to the scheme as we'd put it in place and we

10 gave - facilitated access to the scheme you need less as a First Nations person to accumulate a deposit. The standard arrangement's per cent, it's 3.5 per cent for First Nations People.

We also have access to a more substantial amount of equity that the State is prepared to take and -

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MS MCLEOD SC: That's up to 35 per cent.

MR TIM PALLAS MP: From the 25 per cent that we provide to the population at large up to 35 per cent. What this tells us is that, from a government perspective, getting people into a home gives them economic security. The scheme's beauty is that it effectively reduces your loan repayments by the 25 or, in the case of First Nations People, 35 per cent because you are not servicing a loan for equity that the State holds. The State simply buys the equity.

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It removes the need for lenders' mortgage insurance because the State has acquired a very substantial asset. In practical terms, we see it as being a very substantial way to demonstrate that as a government we can make precise interventions that assist Victorians, particularly the most disadvantaged, to access housing.

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MS MCLEOD SC: So I want to ask you about how that is tracking. It was launched in 2021, the Victorian Home Buyer Fund, and the principle is one of shared equity with the government. The shared equity is also intended to improve homeowners' or prospective homeowners' access to finance generally, correct?

35

MR TIM PALLAS MP: Yes, that's right.

MS MCLEOD SC: The figures that I have to hand from the DTF housing background paper suggest that 0.5 per cent of the Victorian Home Buyer Fund participants are First Nations or identify as First Nations. So is there anything more that needs to happen to boost that number or, rather, are significant barriers remaining that this shared equity scheme is not tackling head-on?

40

MR TIM PALLAS MP: Well there's certainly more that we could do to improve the offering, bear in mind that it is of course a time limited offering but, nonetheless, it will be one that could well serve the nation well as the Commonwealth are basically looking to leverage the Victorian scheme, albeit by

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a different name and slightly different in terms of its scope and operation more generally.

5 Can I just make a few points about uptake. About 63 First Peoples have been approved to access the VHF via that exclusive Aboriginal Victorian stream. It's about \$12.3 million so far that has been allocated. Of those, 48 have already settled on their properties. Aboriginal Victorians stream, you are correct, Ms McLeod, is about point 5 per cent of total settlements. Homes Vic and VHF
10 evaluation report has identified in 2023 through a small survey, and I've got to stress that this survey because of its size may not be entirely reliable - that the First Peoples participation rate across both the general stream and the additional support stream was 1.7 per cent.

15 However, it's unknown whether or not that survey responses are likely to be representatives of First Peoples' participation in the VHF generally. Your question really went to what are the barriers to uptake and what can we do to address the barriers. The barriers, I think, include access requires a confirmation of
20 Aboriginality which may be a barrier for some First Peoples who have instead chosen to enter the general stream. Some home loan eligibility, it's difficult, as many young people know but particularly as many First Nations know, accessing home loan eligibility. Savings for a deposit and purchase transaction costs, and comfort co-purchasing a property with the government, noting, of course, that the government will receive a proportional interest in the property. And it comes as
25 a surprise to me but it shouldn't really that some people don't want to have the government as a co-owner of their property.

What we have found is something like - I think it's within about two years of these programs, the first iteration of this, we found about one in seven home owners didn't wait for a sale event, they actually bought out the State's equity. So there's
30 a general desire to get the government out of your home as quick as you can.

Now, addressing those barriers, I think DTF has engaged Aboriginal Housing Victoria to advise the government on any barriers to entry and proposed
35 amendment supports to the Victorian Home Buyer Fund to overcome those barriers. DTF and Aboriginal Housing Victoria provided partner lending cultural safety training materials and they work with the partner lenders though that they can better understand the confirmation of Aboriginality process. And finally Indigenous business Australia has been engaged as a partner as a culturally safe lender for the scheme.
40

One thing I think is important to draw to the Commission's attention is that the Victorian Home Buyer Fund will wind up when the national help to buy scheme comes into effect. The Commonwealth at the moment are not currently proposing to offer preferable terms for First Peoples. Their help to buy scheme is more
45 generous in terms than our scheme in terms of a 2 per cent deposit threshold is required only but it is required consistently for all participants and they can provide up to 40 per cent shared equity. So, again, even more generous than the

offering that the State is providing for First Peoples and certainly appreciably more generous than the scheme that we are offering for the general participants in the scheme.

5 And the 24-25 budget, that is our budget, provided an additional \$700 million worth ever contribution into the VHF to keep it operating until the federal scheme accommodates into effect. But at the moment, there is no differentiation between First Peoples and other participates in the scheme.

10 **MS MCLEOD SC:** I just want to finish, because I've got my eye on the time and I understand you have a hard finish at 4 o'clock. I wanted to ask you about the progress of economic prosperity under the current frameworks generally and opportunities for reform. So under the framework there are many indicative goals where First Peoples' economic prosperity is lagging well behind non-First Peoples
15 on a variety of measures. For example, household income, home ownership, workforce participation, executive employment and so on.

So I wanted to ask you about the opportunity for further reform. Do we continue on this path which is not yet delivering the outcomes we need? Or is there an
20 opportunity here for macro-economic reform ahead of Treaty or as part of the Treaty process?

MR TIM PALLAS MP: Well, I think there is no doubt that, given the journey we're on, the government is very clearly of the view that more work needs to be
25 done and both in terms of effort and outcome we need to improve the effort and focus that we're putting in place. I'm not particularly doctrinaire about whether some of these interventions occurred before Treaty because I don't see Treaty as being a point by which I or any other Minister should be able to hide and say, "well, it's all coming in Treaty". We have to demonstrate our bona fides
30 throughout this process in an ongoing and continuing sense.

From my perspective, I think we know that the cause and the root problem is an unlawful dispossession of land for First Peoples. We need to recognise that
35 Treaty- and together - and additionally the economic interventions that we put in place have to grow the economic potential and output of First Peoples and that means government needs to not only make greater investment but greater stewardship over the way that businesses are managed. It means establishing more effective engagement with representative organisations and understanding that, if we don't get this right, then we impoverish - not just - or continue the level
40 of impoverishment and historical injustices that affected First Peoples but we undermine the economic value of the state as a whole.

So as we enrich First Peoples, we also enrich the State of Victoria more generally. So I see it as being a matter of self-interest that the State should be positively
45 motivated and disposed to improving its efforts.

MS MCLEOD SC: Is there an opportunity here for some work to be done within the Department or externally around that, a macro economic reform piece?

5 **MR TIM PALLAS MP:** I'm just a bit - struggling a bit in terms of what specifically -

10 **MS MCLEOD SC:** My language. So to address productivity, the inequality issues that I've raised for the indicators and other indicators of poverty, so low socio-economic standing, health, education and so on, is there a piece of work here that could frame all of this from an economics perspective that would be worthwhile undertaking? Because at the moment we have a sense that each department has reflected on their priorities and their consideration but there's no whole-of-government future project designed to deliver economic prosperity beyond the VAAF goals.

15 **MR TIM PALLAS MP:** Well, I could see that there is value in that and like if my further - my earlier response is not only substantive but genuine, it has got to basically backed up with what do we see as being the appropriate interventions for government. The government has already foreshadowed that we intend producing an economic growth statement towards the end of this year. It would obviously be a key part of that, that addressing disadvantage also enriches economic growth.

20

25 But I think it's obvious that First Nations People are at the most egregious end of having been economically disadvantaged so maybe a piece of work in that respect to advise us in the context of an economic growth strategy would be effort well spent.

30 **MS MCLEOD SC:** How do - how does the government ensure that these programs and the objectives endure beyond the term of this government?

35 **MR TIM PALLAS MP:** Well, that's a very difficult question. In a democracy, of course the outcome of elections ultimately determines the capability of any government to implement its agenda. As part of the Bracks and Brumby government, of course, changes were made to the Victorian Constitution, which was a first step in terms of recognising First Peoples in this State. How do we effectively buttress and avoid future governments undermining the effort? I think the only way is education and engagement. It can't be to basically seek to subvert the rights of future government to make change. They will seek mandates and they will get them and they'll be able to lay claim to them if elected.

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45 For my view, building a consensus in this community about what fairness looks like in order to ensure that the gains that have been made are not compromised is a best investment we can make rather than try and find entrenchment provisions that seek to avoid a democratic process because I don't think that would be enduring in the long-term anyway.

MS MCLEOD SC: I take it you would accept that partnership - that education piece in partnership with First Peoples requires a commitment of government and resources of government to that education piece?

5 **MR TIM PALLAS MP:** Absolutely. And I think it also places an obligation over government, might I say all members of Parliament, to recognise what I think is quite obvious, that there is a disadvantage to First Peoples that needs to be redressed. There is a historical injustice that needs to be righted and we need to, in practical terms, therefore, get community licence for the remedial action that
10 has to be taken.

MS MCLEOD SC: I'm noticing the time. There's basically a minute left for you, Treasurer, on your clock but Commissioners may have some questions so I'm going to take a moment to see if Commissioners have any further questions.

15 **MR TIM PALLAS MP:** If the Commissioners feel in any way constrained by my time please take more.

MS MCLEOD SC: Thank you Treasurer.

20 **MR TIM PALLAS MP:** Because I feel I might get into trouble for my next meeting but I don't want to get into trouble with this Commission.

COMMISSIONER LOVETT: Thanks, Treasurer. \$65 million was contributed to the Self Determination Fund, I'll frame it as an initial downpayment. Do you think that 65 million is, you know, is adequate to meet the needs of that fund?

MR TIM PALLAS MP: No. And, in fact, I think, Commissioner Lovett, you summed it up accurately when you described it as a down payment. The government doesn't see the resourcing both to that fund or, indeed, broader responsibilities we have to the economic enrichment of First Peoples as being adequate or, indeed, concluded. So that determination fund, certainly in my statement at clause 42, I made the point that it's critical and necessary element of the Treaty process in it provides First People with an equal standing to engage
30 with the State and in Treaty negotiations.
35

It's also a financial resource, it's independent from the State that effectively empowers First Nations people's to build capacity, to build wealth, to build prosperity for present and future generations. So if those are important principles,
40 then they're ones that we see as being enduring and of course resourcing in the long term will have to be enduring as well.

COMMISSIONER LOVETT: You made reference, and I think it's in paragraph 7 of your statement, about the Constitution. I just want to take the opportunity, the Constitution from previous governments. Several times today, with respect,
45 Treasurer, you've mentioned our people, our struggle in the context of disadvantage and I think I keep coming back to elevating us around rights holders.

So it's really important that society doesn't see us as the disadvantaged ones even though you've articulated in your statement about the injustices. The reason why we are disadvantaged is because of the continual successive governments and we have heard evidence from land injustice all the way through to the Aboriginal
 5 Protection Board - I can keep going on, anyway. But just reiterating the points that you made in your statement as well to yourself but also to society listening that we are in the situation we are because of successive governments' failures around working and listening and meeting our aspirations as a people.

10 Can I just provide any response to you on that?

MR TIM PALLAS MP: Yes. Well, I firstly to the extent that if you've interpreted me referencing disadvantage as in any way subverting or undermining your cultural rights and the position - the unique position First Nations People
 15 hold in the way that this State must deal with them, I apologise for that because that was not my intent. I was discussing a broader point and that is that we accept that dispossession of land and the fact that Sovereignty was never ceded and the fact that as a - as First Peoples they have been egregiously dealt with over a very long period of time, no argument about that.

20 I say you have specific rights as a group and a right that dictates that government must deal with you as an equal through a Treaty process. I was making the broader point that the accumulated effect of those injustices has basically put First Peoples into the most disadvantaged of groups in our society, not that you deserve
 25 greater benefit because you are disadvantaged. Everybody who is disadvantaged deserves support.

You have, as of right, an entitlement because of the historical injustices that have been effected to you. The State has an obligation to deal with you respectfully and
 30 as an equal through that process. We also have an additional responsibility, and that is to deal with First Peoples as a disadvantaged group who deserve specific effort and engagement from the State going forward above and beyond that.

COMMISSIONER LOVETT: Thanks for that clarity. I'll just reiterate the
 35 importance of what also you've said and I've made a point particularly across all of these areas, is the point of Sovereignty never ceding. That's what enacts our rights. As Sovereign People, we have distinctive rights to these lands and waters and I think that whilst you understand that, but again people listening in, I think it's really important for them to understand the difference between Aboriginal
 40 people and non-Aboriginal people.

I've got another question, because you've allowed us to have the time so thanks for that. Bad choice to give me time (crosstalk).

45 **MR TIM PALLAS MP:** Well, I don't know. Maybe I've been talking too long to the questions, so maybe I've caused my own problem here.

COMMISSIONER LOVETT: Thanks, Treasurer. The Commission has obviously recognised the State Government's commitment to First Peoples initiatives in setting up Treaty, the First Peoples' Assembly, but also the Yoorrook Justice Commission. But the reality is since colonisation First Peoples have been too dependent upon goodwill and at risk from politicisation of our status and needs, as I was referring to our Sovereignty. What can you share with First Peoples watching today regarding your personal commitment as Treasurer and as a proud Victorian, as I assume you are?

10 **MR TIM PALLAS MP:** Yes, Victorian by choice, not by accident, too.

COMMISSIONER LOVETT: There you go - to advocating within Cabinet to pushing First Peoples in a position of structurally - to structurally participate in the economy and ultimately achieve what we've been advocating for, and our ancestors have been advocating for, self-determination?

MR TIM PALLAS MP: Well, can I speak both as the Minister responsible for economic growth but also as a member of this government, and a member of the Andrews Government before it. We've been on a very substantial and quite a long journey, eight years I think the Treaty process has been happening, and I think we've been on this long journey for good reason. We don't want to jump to a conclusion, nor do we want to overpromise. We want to basically recognise that this is a journey that we're both on - the State, the community at large and First Peoples.

25 So I am committed to the process of Treaty, to the process of self-determination, and the genuine appreciation that this is a partnership, and any partnership has to be a partnership of equals to come up with adequate terms and, might I say, adequate restitution and actions going forward. So, from a government perspective, we understand how difficult these discussions will be. We also understand how imperative they are.

35 And I had the great opportunity to look at a speech from Paul Keating back in 1992 - talk about a long journey, that's over 30 years ago now - and it really was his Redfern speech. And for me, he made the comment that:

"We cannot confidently say that we have succeeded as a nation we would like to have succeeded if we have not managed to extend opportunity and care, dignity and hope to the Indigenous people of Australia."

40 We still haven't, as a nation, been able to adequately move down this path. So, to the extent that the nation has not been able to do it, I think Victorians have a different resolve and desire to deal with this issue. Certainly this government does and we not only remain committed to it, we are steadfastly committed to dealing with what we think as the unfinished business of a grave injustice that has to be righted.

COMMISSIONER LOVETT: Thanks. Because, I mean, I read in your statement as well, and this is probably the last comment from me, we are always rich in culture, rich in spirit and there's acknowledgement there. But when we talk about rich, we also want to talk about our culture, our spirit, traditions and rich in
 5 a monetary and resource sense. Unfortunately, we don't have that. For far too long we have been continuously been shut out and excluded from successive governments from that.

We don't only wanted to be listened to for our wealth of knowledge, but we also
 10 want to have the wealth from our lands and our waters, or meeting, in my people's language, which means Country. We want a part of that, we expect to be a part of that, and ultimately it's our right to be a part of that.

MR TIM PALLAS MP: I hear you, and I hope that there's nothing that I've said
 15 that would dissuade you from the fact that the government respects your position and believes that that is the journey that we are both on as a state and as First Nations peoples.

COMMISSIONER LOVETT: That's all our people fought for. You know, we
 20 want a shared future like everyone else and we want a part of that shared future. And that's the importance of, you know, the work of Treaty but also the work of self-determination. It's all about equity. People need to be a part of that.

MR TIM PALLAS MP: I could understand that you would feel sometimes it's
 25 just platitudes, if we talk about how much we value First Peoples, unless we're prepared to demonstrate how that value is translated into a real economic opportunity.

COMMISSIONER LOVETT: Well, I made those comments previously
 30 Treasurer: we are always rich in culture, rich in traditions but then when it comes to transferring power and resources, we don't see it. Thanks very much. Thanks Counsel, from my point of view.

MS MCLEOD SC: Chair, there is a tender list to manage from today and from
 35 the Health Minister on Friday. Some of those documents have been tendered, so I tender the balance of both of those lists. It remains to - thank you, Chair. It remains to thank the Treasurer for his evidence today. Yes, thank you, Chair.

CHAIR: Thank you for your work today too, Counsel. And I also want to note
 40 that there will be some further evidence gathering continuing towards the Yoorrook Social Injustice inquiries, as mentioned earlier. But I would also like to acknowledge the significant contribution of 70 witnesses in this hearing block, and 52 in Hearing Block 6 before that just for information of those who are with us. And also, I would like to acknowledge the State of Victoria's staff who have
 45 turned up every week and thank you very much for your contribution.

And we also have the First Peoples' Assembly supporting us at different times for our work. And I would remind people that we also have, in addition to Counsel here, Ms McLeod and Ms Fitzgerald, Mr McAvoy and Mr Goodwin who are not here today, and we thank them for their work. And finally, just to the community members who follow us and who may still be with us for these hearings, we thank them very much for their presence and their abilities to be with us constantly is so important because it's about the message, about the understanding who we are, and it's about the generations to come. But our work is for all Victorians, in a way, to make this a better place where everybody understands who we are, as we understand ourselves.

So I thank everybody who has contributed, who has been with us today especially, and I thank everybody along the journey and, again, those individuals who have come and sit in the room periodically, whether they belong to some party that's here, and those who don't, who have been with us for the whole time. I thank them very much again. And, finally, Treasurer, I thank you for your presentation today. Thank you.

MR TIM PALLAS MP: And, Commissioner, could I thank you for the honour and the privilege and the opportunity to appear before this Commission and hopefully to provide some clarity around all things budgetary and economic growth but, more importantly, to give a clear demonstration about this government's continuing commitment and my personal commitment to the journey that we're on.

CHAIR: Thank you. And just sitting behind you, behind a pillar, I know that Emily Heffernan is there and I want to say a big thank you Emily for the work of KWM again. Thank you very much.

MS HEFFERNAN: Thank you, Chair.

CHAIR: Thank you. This session is now adjourned.

<THE HEARING ADJOURNED AT 4.14 PM