

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2017–18

Melbourne — 19 May 2017

#### Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Fiona Patten

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

#### Witnesses

Ms Lily D'Ambrosio, Minister for Suburban Development,

Mr Adam Fennessy, Secretary,

Ms Carolyn Jackson, Chief Financial Officer,

Mr Terry Garwood, Deputy Secretary, Local Infrastructure, and

Mr Mark Curry, Executive Director, Office of Suburban Development, Department of Environment, Land, Water and Planning.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2017–18 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Suburban Development, the Honourable Lily D'Ambrosio; Mr Adam Fennessy, Secretary of the Department of Environment, Land, Water and Planning; Ms Carolyn Jackson, Chief Financial Officer; Mr Terry Garwood, Deputy Secretary, Local Infrastructure; Mr Mark Curry, Executive Director, Office of Suburban Development.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege.

Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. All evidence given today is being recorded by Hansard, and you will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible.

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audiorecord or videorecord any part of these proceedings.

Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I now invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee. Minister?

### **Visual presentation**

**Ms D'AMBROSIO** — Thanks very much, Chair. It is a great pleasure for me to be here to talk about the suburban development portfolio. This is the first of its kind in the country. Today I have got with me Secretary of the department Adam Fennessy, Deputy Secretary Terry Garwood, Executive Director Mark Curry and Chief Financial Officer Carolyn Jackson.

I will give you a bit of an oversight in terms of the portfolio and its priorities. Victoria's population is growing. This population growth is both an opportunity and a challenge from the regions to the cities and to the suburbs. We have got an opportunity to respond to the challenges we face, to harness our new people and new ideas to become stronger, smarter and certainly greener.

As you would already be aware, over the next 35 years Melbourne is projected to nearly double in size to around 8 million people and become Australia's largest city. We have got big challenges ahead of us to make sure that as we grow our suburbs are well equipped and prepared for the future. We know that growth areas require new infrastructure and services faster to meet the immediate needs of new residents. We know that our established inner and middle-ring suburbs also have a big part to play in accommodating population growth; therefore specific efforts need to be put in place to make sure everyone shares in the benefits of Melbourne's growth to better align and coordinate the activities of all levels of government, our industries and communities towards the shared goal of a prosperous and livable city.

That is why I am pleased to talk about the suburban development portfolio. This was established last year, people will recall, by the Premier. Yesterday I launched the suburban development statement in Broadmeadows. This statement articulates my portfolio's role in working across departments, their agencies, other levels of government, businesses and the community to support the delivery of integrated approaches to metropolitan development. This is not duplicating other government functions but adding value through better engagement and coordination that helps identify and respond to community needs and to gaps in infrastructure and services.

We have a great vision for Melbourne. That vision is that as Melbourne continues to grow, all of Melbourne's residents will have affordable and reliable access to jobs, services and infrastructure, no matter where they live. To achieve this we will focus on two key outcomes: revitalising established suburbs and creating more livable

new suburbs through the timely provision of infrastructure, services and local job opportunities needed to create livable and sustainable communities.

Central to this approach is the creation of six metropolitan partnerships. These partnerships are a way for communities to communicate their issues and priorities directly to government. This will help us to be more responsive and to target our investment. As the minister responsible for overseeing these partnerships I will coordinate the provision of their advice to government annually. The annual advice will inform budget assessment across government. In addition we are establishing five-year plans for jobs, services and infrastructure for each metropolitan region. The plans will provide regions with a clear picture of what government is doing to support them, including how we are responding to priorities identified by the metropolitan partnerships.

The initial set of six plans will, for the first time, provide a comprehensive profile of the government's economic, social and environmental investment at a regional metropolitan level. They will be a critical communication tool to strengthen community understanding of what government is doing in each metropolitan region, including impacts from many major service and infrastructure activities and investments. The first updates of the plans in 2018–19 will also incorporate advice received through the six metropolitan partnerships.

Through the budget the government has demonstrated its commitment to the suburbs. That is why our government is building the Melbourne Metro, the western distributor, removing 50 level crossings and refreshing *Plan Melbourne*. They are just some examples. We are also taking action to tackle housing affordability, cut carbon emissions and create more than 100 000 new jobs.

The people of Melbourne are passionate about the character and diversity of their streets and neighbourhoods. Our governments share this passion, and we understand that to be successful we must have a way of life that is affordable and accessible to all. That is why we are, through the metropolitan partnerships, giving Melbourne's six regions a say in identifying and shaping the best possible responses to their local priorities. We are starting a new, informed engagement with Melbourne's regional communities, and then we will document our responses to these priorities through our five-year plans for jobs, services and infrastructure. Through these mechanisms our goal is to make Melbourne more livable, sustainable, prosperous and inclusive for all of its residents.

**Ms WARD** — Thank you for persevering with us, Minister, on a Friday afternoon. I know it is a bit of a slog. Thank you everyone from the department as well. Suburban development: as an outer-suburb MP — I think I am about the only outer suburban MP here at the table.

**Ms PATTEN** — My region represents it.

**Ms WARD** — Twenty-five kilometres away from the CBD. Can I get you to have a look at budget paper 3, page 69, where with suburban development it says:

Funding will be provided to support the implementation of key deliverables of the suburban development portfolio, including the establishment and operation of metropolitan partnerships, and the development and delivery of five-year plans for jobs and services.

Can you explain to us what the metropolitan partnerships are?

**Ms D'AMBROSIO** — These are a really terrific way for us as a government across all of government to actually engage with areas of interest right across the metropolitan area, having real partnerships across metropolitan areas. These partnerships will have a job. These metropolitan partnerships have been a really well-received notion. We put out two expressions of interest, invited people to nominate, and I will be soon announcing the membership of those partnerships. They are truly representative of the broad communities out there in each of these metropolitan regions.

They are going to play a really important role. They are going to be liaising with government. They will be liaising with local government. They will have membership that includes businesses, local industry, community representation, representatives of local government and also of course the local RDA to actually really focus in on what the priority needs are for their communities. That is going to be really valuable information for us as a government so that we can actually better target investments and the services and infrastructure that will make these communities bigger, stronger and actually make sure that they continue to share in the benefits of economic prosperity that our state is experiencing.

**Ms WARD** — I know that the department outputs have referred to annual assemblies, so will they be similar to the regional partnership assemblies? Are these going to be separate things, and are they going to be a useful use of people's time?

**Ms D'AMBROSIO** — Absolutely. The regional assemblies have been a really terrific demonstration of what the metropolitan partnerships can achieve in their annual assemblies. I know that a number of us took part in many of those regional assemblies. We had hundreds of people that turned up to those, wanting to have a say in so many different areas of government involvement and interest.

What happened there of course is that the Minister for Regional Development was able to have a whole range of government ministers go out there, engage with those communities, think through their priority areas in terms of the budget process and then be able to articulate and better focus where the effort is from government to be able to deliver what those communities were saying they needed. Certainly from this budget we saw really terrific outcomes for regional Victorians.

**Ms WARD** — What is the membership of the committees? How are they composed? How are we going through that process? Where are you finding them from? How can people be involved, I guess?

**Ms D'AMBROSIO** — The membership of each metropolitan partnership has been established by government. What they are is eight members from the community and business representatives from a variety of backgrounds. So we have got the CEO of each local government in a particular region who has got a seat at the table, a deputy secretary from the Victorian state government — it can be from any part of government — and a representative from the commonwealth government. So eight from the broad community and then of course those individual three that I have just articulated.

**Ms WARD** — And how are you sourcing people from the broader community?

**Ms D'AMBROSIO** — There are eight. I put out a request, if you like, sought applications some months ago for membership of that, and we had a really terrific response from everywhere, right across metropolitan Melbourne.

**Ms WARD** — So across all of the metropolitan regions?

**Ms D'AMBROSIO** — Absolutely. So we had a public recruitment process. We started that in October last year, just to be really specific, right through to March. We have identified some fantastic candidates from right across community and businesses to take part, and they are really excited about it.

**Ms WARD** — Terrific. Good, thank you. Will the metropolitan partnerships have any input into the five-year jobs, services and infrastructure plans? How is that going to work?

**Ms D'AMBROSIO** — Yes, absolutely. Now what we have committed to as a government is that we will have initial five-year jobs, infrastructure and investment plans for each of these regions, so an initial start, and then with the partnerships, they will work on an annual basis to evolve and develop further those plans. They are a dynamic document. So each year they are updated with new priorities, new emphasis for government investment, and that will develop in a way that is timely in terms of annual meetings of annual assemblies — timed to actually allow for opportunities for ministers to then take in those ideas and develop them through their normal budget processes.

**Ms WARD** — So can you talk us through a little bit more of the mechanics of how the job stuff is going to actually happen — how that awareness is going to percolate, if you like?

**Ms D'AMBROSIO** — Absolutely. We are supporting, through the budget, of course, some leaders in terms of the process — what we have called brokering people — who are now going to have a role that is absorbed within the suburban development portfolio and they will have a broader remit. So each metropolitan region will have one person who will help coordinate the meetings of the partnerships and of course work towards having those annual assemblies and get that real involvement of the community in the work of the partnerships.

**Ms WARD** — So there will be a lot of grassroots interaction that will help people really know what is going on on the ground.

**Ms D'AMBROSIO** — Absolutely.

**Mr T. SMITH** — These boards that you are talking about, Minister, for these partnerships, I thought these were meant to have been appointed months ago.

**Ms D'AMBROSIO** — No, as I have said to you, we had a recruitment process that commenced in October last year, and we have had many that have — —

**Mr T. SMITH** — The closing date was last November, as I understand it, was it not?

**Ms D'AMBROSIO** — No. My understanding is that we have had really good interest, very strong interest. They have been appointed, and we are about to announce their appointments in the next short while. They are raring to go. We are really pleased that we will have an induction session in June where they will be able to commence their official roles.

**Mr T. SMITH** — How many members of the Labor Party will be on these boards?

**Ms D'AMBROSIO** — I do not have any — —

**Mr DIMOPOULOS** — That is not a criterion for recruitment, is it, Minister?

**Ms D'AMBROSIO** — No, it is certainly not. But certainly anyone was able to come forward, and there was a rigorous process that was undertaken by my department to select the best candidates to be presented and recommended to me.

**Mr T. SMITH** — Could you perhaps let us know who is on these boards?

**Ms D'AMBROSIO** — I am going to be announcing the membership of these partnerships on 9 June at the official induction day, and all will be revealed then.

**Mr T. SMITH** — And what are you going to be inducting them into?

**Ms D'AMBROSIO** — Into their role as members of the metropolitan partnerships. We have got to remember — —

**Mr T. SMITH** — So what are these things going to do, because you are not going to allow local councillors to be on these boards, as I understand it?

**Ms D'AMBROSIO** — No elected officials are going to be on them. We want this for the community, not for people like you and me or for local government.

**Mr T. SMITH** — I do not want to be on one of your stupid boards; I want to know why you — —

**Ms WARD** — Excuse me, Mr Smith. Come on. I know it is Friday, I know you are a bit tired and cranky, I know it is hard to concentrate but can you stop being so rude, please.

**Mr T. SMITH** — You are trying to supersede — this is a new quango on top of elected officials essentially, a new level of bureaucracy. You have got a million dollars in the budget. Can you give me a breakdown of what that million dollars is actually being used for? How many staff, for example, has this output provided for?

**Ms D'AMBROSIO** — As I have said to you, this funding is to — here we go; I have got it here — establish the operational requirements of the metropolitan partnerships — —

**Mr T. SMITH** — What does that mean?

**Ms D'AMBROSIO** — Well, it is the work that they will do, and this includes them being able to meet and deliberate and consider a whole range of priorities, backed up by support from the department in terms of statistics and facts regarding the potential of their communities — —

**Mr T. SMITH** — Okay. I will make this really simple.

**Ms D'AMBROSIO** — It is pretty simple the way you have got it.

**Mr T. SMITH** — Yes, you are pretty good at simple.

**The CHAIR** — Mr Smith, come on. That is not parliamentary.

**Mr T. SMITH** — She said the same thing to me, Chair. How many staff, Minister, is this output employing?

**Ms D'AMBROSIO** — If you would like to know the details, I am happy to refer it to Deputy Secretary Terry Garwood.

**Mr GARWOOD** — Just following on from the minister's comments about the \$1 million, the establishment and operation of the metropolitan partnerships is estimated to cost \$600 000 per annum — so that is \$100 000 for each partnership. This includes a minimum of 24 meetings and six annual assemblies per year. As well there is the delivery of the five-year plans for job services and infrastructure, estimated to cost in the order of \$200 000 per year to produce and update. There is the establishment and operation of a ministerial advisory panel that will provide independent strategic advice on suburban development related to issues and implementation of *Plan Melbourne* for the Minister for Suburban Development and the Minister for Planning. This is estimated to cost \$200 000 per year. There is the \$1 million. And in relation to the staff, there is currently nine staff that work in the office of Suburban Development. If there are any additional staff required, they will be found through reallocation within the department's existing resources.

**Mr T. SMITH** — So what will these quangos do that councils are not doing? They are being superseded, as I understand it now, by this sort of grouping of individuals.

**Ms WARD** — On a point of order, can I just find out what a quango is?

**Mr T. SMITH** — An unelected body of public servants.

**Mr MORRIS** — A quasi-autonomous non-government organisation.

**Ms WARD** — You always have words of wisdom, Mr Morris. I appreciate your insight.

**Ms D'AMBROSIO** — The role of the metropolitan partnerships, as I said, is for us to ensure that governments are very clear about the priorities of local communities. They are there to represent the views of their local communities. They are the people who are closest to the ground. They understand — —

**Mr T. SMITH** — But is that not what members of Parliament do and what local councils do?

**Ms D'AMBROSIO** — Let me be very clear about this; the point that you are trying to make, which is inherent in that question, is that there is no value in governments talking to communities — there is no value in governments going out and talking to communities in regional Victoria through regional partnerships. I can tell you how many of your people turned up to those regional partnerships, because you did not want to miss out, frankly. This is the case for metropolitan partnerships. It is the same process. We are there to serve the community, and we want to make sure that communities do not miss out on the broader economic prosperity of this state.

**Mr T. SMITH** — So you are spending a million bucks on another layer of bureaucracy?

**Ms D'AMBROSIO** — You can certainly talk about it in that way, because you do not see the value in community — —

**Mr T. SMITH** — What?

**Ms D'AMBROSIO** — I cannot help you if you do not understand the value in talking to the community.

**Mr T. SMITH** — This is not communities; this is bureaucracy.

**Mr MORRIS** — These are government appointments.

**Ms D'AMBROSIO** — As I have made it very clear to you, these — —

**Members interjecting.**

**The CHAIR** — Order! The minister to continue, please.

**Ms D'AMBROSIO** — As I have said, the metropolitan partnerships will have strong representation from all interests in local communities working collaboratively across council boundaries. This is really important. We need to start to understand that with the size of Melbourne that it is there are really strong, local economies that are actually out there right now, and we need to understand metropolitan Melbourne in the context of having their own discrete local economies. That is why having local governments coming together — their CEOs, the ones who run the show, the bureaucracy — all of the effort of local government coming together, working together and not in competition with each other is going to mean that we are going to get better and more optimal outcomes for services and infrastructure and planning for jobs in those local communities.

**Mr T. SMITH** — So you will not tell us who are on these boards; we have to wait until sometime in June for that. In terms of the public-private breakdown on these boards, can you give me an indication of that?

**Ms D'AMBROSIO** — Well, as I said, you can wait until 9 June, when the government will be announcing all of the new appointees to these metropolitan partnerships. You can certainly work out yourself in terms of who the CEOs are because they are known CEOs of local governments in each of those regions.

**Mr T. SMITH** — Every single CEO of a local government within your region will be on these things?

**Ms D'AMBROSIO** — That is correct, yes, because we want local governments to actually be important partners with government, and that is why a deputy secretary from the state government will also be involved and also the commonwealth. Let us not forget the important role of the commonwealth government in this. We want to make sure that Victorians — —

**Mr Dimopoulos interjected.**

**The CHAIR** — Order!

**Ms D'AMBROSIO** — We need to make sure that Victoria gets the best outcomes possible, those living in metropolitan Melbourne get the best outcomes possible, from all levels of government working cooperatively, collaboratively, understanding there are particular needs of services and infrastructure that may be different across those regional areas, and of course ensuring — also, very importantly — that we actually have a really clear focus on creating jobs that are closer to home. This is really critical, and that is why we have got a whole-of-government approach to this.

**Ms PATTEN** — Thank you, Minister and secretaries. A quick clarification on just a funding line item on page 65 of budget paper 3. It has got 'Suburban development' — \$1 million, and I note on page 198, looking at the outputs, it is \$2.5 million.

**Ms D'AMBROSIO** — Yes. If I may, Fiona, and I will ask the department to elaborate further if you need it to, the \$1 million is for the establishment and operations of the partnerships. So that is the \$1 million, and then there is \$1.5 million which has been a reprioritisation — I think that is correct, Terry?— internally to establish the office of suburban development. We need to obviously appreciate that a coordination role, that suburban development is, means that we need to be able to do government differently, and this will enable us to work more collaboratively — not that there is not collaboration, but more concerted, if you like — across whole of government so that we make sure that the interests and the needs are identified by local communities coming into the centre where the decisions are made ultimately.

**Ms PATTEN** — Thanks, Minister. So in total it is 3.5 million?

**Ms D'AMBROSIO** — No, no — 2.5 is the full amount.

**Ms PATTEN** — That is the full amount, and 1 million is tagged for that?

**Ms D'AMBROSIO** — Is partnerships, yes.

**Ms PATTEN** — Just looking at the performance measures for the new suburban development, in going back to look at the assemblies there is no measure on the success or otherwise or the quality of them or the timeliness. Have you thought about how you will know if these assemblies are successful?

**Ms D'AMBROSIO** — Well, I think ultimately what is going to be the most important test, and ought to be the most important test, is that the assemblies will be able to allow communities — individuals, businesses — to come out and actually have a really strong conversation and put forward their views and hear other people's views about what their priorities are. When we get that happening, when we actually get a conversation going within the community, they start to appreciate other views and then really narrow in, focus in on the real priorities for them. That is what will help drive government, actually better inform government of what the real priorities are in the order of preference, from those communities.

**Ms PATTEN** — Yes, so that is going to be a difficult one to quantify, is it not? To say whether that is successful or not.

**Ms D'AMBROSIO** — But can I just say, though, ultimately the budget outcomes — as we can see from the budget papers this year, I think there was a paper for regionals and there was also a paper for the suburbs. I imagine we will continue to do that, certainly highlighting what is the effort of government and what does that mean for the suburbs where people live.

**Mr GARWOOD** — Could I just support that, Minister. I am the deputy secretary who is a member of the Wimmera Southern Mallee Regional Partnership, so I am involved with that Wimmera Southern Mallee partnership. That partnership identified, and was confirmed through the assembly that was held in Horsham last year, five priorities, and of those five priorities, four got support through the budget process.

**Ms PATTEN** — So it would be those priorities that would be how you would measure that.

**Mr GARWOOD** — Yes, and the partnership members have been delighted with the response. I am talking specifically about the Wimmera Southern Mallee because I am familiar with that one.

**Ms PATTEN** — Thank you; that answers it. So just following on with the performance measures, timeliness for the five-year plan for jobs, services and infrastructure — the target is 100 per cent obviously, but how do you measure that? Is it that you do it in five years, or —

**Ms D'AMBROSIO** — So what happens is that we will have the initial plans that will be out, and then what will happen is that the role of the metropolitan partnerships and then of course the assemblies is to have that evolve. It is a dynamic document that gets updated each year. That is about making sure that we actually start to focus on the tangible outcomes that people want. We can talk about vision, that is all fantastic, because we need to know where is it that we want to go. But how do we get there is what the plans will identify year in, year out.

**Ms PATTEN** — So that will go back to the priorities that the assemblies and the partnerships set, and they say, 'We want this by 2018'?

**Ms D'AMBROSIO** — Yes.

**Ms PATTEN** — And you are aiming to achieve all of those by the times that they would like?

**Ms D'AMBROSIO** — And they will be rolling plans, but taken in a vision, if you like, within five years, and then each year they are updated.

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Suburban Development, the Honourable Lily D'Ambrosio, MP; Mr Fennessy, Ms Jackson, Mr Garwood and Mr Curry. The committee will follow up on any questions taken on notice in writing. The response, answering the questions in full, should be provided in writing within 10 working days of the committee's request.

**Committee adjourned.**