

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne — 8 May 2012

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Dr D. Napthine, Minister for Regional Cities,

Mr A. Tongue, Secretary; and

Mr G. Forck, Chief Finance Officer,

Mr L. Bruce, Chief Executive, Regional Development Victoria and

Ms L. Healy, Executive Director, Policy and Programs, Department of Planning and Community Development.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I now welcome from the Department of Planning and Community Development Mr Andrew Tongue, secretary; Mr Greg Forck, chief finance officer; Mr Lachlan Bruce, chief executive, Regional Development Victoria, and Ms Lill Healy, executive director, policy and programs, Regional Development Victoria. I call on the minister to give a presentation of no more than 5 minutes in relation to the budget estimates for the regional cities portfolio.

Overheads shown.

Dr NAPTHINE — I just put this slide up to indicate the regional cities that are in the regional cities portfolio: Geelong, Ballarat, Bendigo, Latrobe city, Shepparton, Wodonga, Wangaratta, Mildura, Horsham and Warrnambool. The government is committed to continued growth and prosperity of regional and rural Victoria through the regional and rural development and regional cities portfolios. The regional cities portfolio recognises that regional cities play an integral role in their regions and within the state. They are key service centres and key drivers of regional economies and are supporting regional communities and making a strong contribution to the prosperity of the state. More than one in four Victorians lives in regional and rural Victoria, and they deserve strong representation in government.

The government strategy has at its centrepiece the \$1 billion Regional Growth Fund and includes a focus on major regional centres. We believe our regional centres have every opportunity to grow and develop in population, grow and develop in their economic strength and grow and develop their job opportunities, and the Regional Growth Fund is integral to achieving those objectives.

As Minister for Regional Cities I coordinate key policy commitments and state government actions within regional cities and act as a strong advocate for regional cities across government to ensure increased focus on regional cities as a key driver of growth for Victoria. I work closely with the Minister for Regional and Rural Development to ensure government priorities and actions are coordinated across the 10 regional cities and indeed across all of regional and rural Victoria. I regularly visit regional cities and meet with councils, other leadership groups, businesses, individuals and unions in order to hear directly from them about their priorities and concerns. I work closely with Regional Cities Victoria and meet regularly with them, including supporting their Regional Cities Week in November 2011. Jobs and employment growth are particular priorities, and through these investment facilitation activities the government is also supporting jobs growth in regional Victoria.

Since coming to office the government has facilitated regional projects valued at approximately 957 million, resulting in the creation of 1312 jobs, the majority of which are created in our 10 regional cities. I have strong relationships with key regional businesses and business leaders in regional cities and recently had 30 regional city business leaders at the business forum, which was part of the regional living expo, and was very productive.

I will list some of the key things in the budget which I oversee in terms of the government's agenda to accelerate growth in regional cities as a key element of the strategy to encourage and manage growth across the state and deliver better outcomes in regional cities through place-based and integrated approaches to government investment planning. Some of our commitments include the \$630 million development of Bendigo base hospital, which will create over 700 construction jobs and deliver long-term better health services in that great city and surrounds; \$26.5 million for stage 3 development of Simonds Stadium at Kardinia Park in Geelong; \$36 million to support the transition of the Victoria Police emergency 000 call-taking dispatch from Victoria Police communication centres across regional Victoria to a multi-based agency at Ballarat, managed by ESTA, which is expected to create 66 new jobs and free up 266 police across the state; and an extra \$15 million for passing lanes on Princes Highway between Colac and the South Australian border, which is really important in terms of the growing agricultural and other industries in south-west Victoria and the Warrnambool region.

The government is also, in fulfilling additional election commitments, continuing to invest in regional cities through regional development programs and particularly through the Regional Growth Fund. For example, in Bendigo the development of a high commercial grade two-level 1000-seat theatre is being supported through a \$3 million commitment under the Regional Growth Fund. In the Latrobe Valley we are providing \$1.5 million to fund critical infrastructure at Latrobe Regional Airport to secure GippsAero at the airport, creating 30 direct jobs in the next 12 months, and another 60 as aircraft production increases. This investment recognises the vital role of regional cities not only in their own right but as important drivers of economic and jobs growth and in terms of how they support regional communities.

A key priority of the portfolio in 12–13 will be to further develop a coordinated approach to the delivery of actions and investments across regional cities and across government. In particular the focus will be on major transformative projects and investments that will enable regional cities to best play their role as drivers of growth and employment in their regions. This will build on my ongoing priorities for ensuring the delivery of the government's election commitments in regional cities. These priorities have resulted in the 12–13 budget commitments, such as the \$93 million upgrade of Geelong Hospital, \$35.5 for the Ballarat West link road, \$10 million for Wodonga secondary college and a range of other investments across regional and rural Victoria. But I think I had better finish it there, Chair, rather than going from Latrobe to Warrnambool to Horsham and Mildura extolling the virtues of the investments that have been made.

The CHAIR — Thank you very much, Minister. I am keen to get to questions as we have very limited time — until 3.30 — in this session. Given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio, and in particular could you emphasise how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

Dr NAPTHINE — We have a clear strategy to grow and develop regional and rural Victoria, both to grow job opportunities and to develop infrastructure to support the growth and development of regional centres. That is our clear strategy. That is underpinned by the \$1 billion Regional Growth Fund, but it is also supported by government budget decisions that target areas of need in terms of services and infrastructure in regional and rural Victoria so that we can deliver growth and efficiency in those cities, so they can be more attractive for investment by existing businesses to grow their businesses, and attract new investment and new businesses, grow those job opportunities and grow the population so that we can get more balanced growth across the state.

For example, in the 12–13 budget we will deliver improvements through the \$93 million investment in the upgrade of the Geelong Hospital; the \$5 million for cancer services, radiotherapy services, in Warrnambool; \$35.5 million for the Ballarat West link road; funding of significant school regeneration projects like Golden Square in Bendigo; \$10 million for Wodonga Senior Secondary College; and a range of other services and agencies across our regional cities. What we are clearly doing is using the Regional Growth Fund, together with the budget, as part of an overall strategy to invest in key infrastructure, job-creating opportunities, employment-creating opportunities, so that we can grow the populations and quality of life in our regional cities.

Mr PAKULA — Minister, I just want to follow on from the answer you have just given in a couple of respects. You have talked about a whole range of projects. I note on page 207 of budget paper 3 you have the output summary for DPCD. I want to know in regard to the regional cities portfolio which of those outputs the regional cities portfolio is actually responsible for and what grants or funding initiatives actually come from the Regional Cities portfolio and are signed off by you.

Dr NAPTHINE — Mr Pakula, it may be strange for somebody who comes from a different political party to understand how the coalition works.

Mr PAKULA — Yes. You watch what Ryan's up to.

Dr NAPTHINE — We work together. We work as a team. We work in a collegiate way. We work in a cooperative way. I am very fortunate to work with Peter Ryan, who is the Minister for Regional and Rural Development. Peter and I have been in politics for a long time together. I have great respect for Peter Ryan, and not only do I respect him as a colleague but I also know him as a friend. We work together on these issues. Similarly, I work with my colleagues in transport, in education and in planning so that, for example, with Minister Guy in planning we have been able to, as my role is regional cities, represent the views of regional cities which have been concerned about the lack of availability of residential land or the lack of availability of other industrial land. By my representations to him we have been able to open up in new residential land in Warrnambool, we have been able to open up new residential land in the Latrobe Valley, we have been able to work together through Places Victoria on the development of the heart of Wodonga where the rail track is being removed.

Mr Pakula, I think what I am trying to explain to you is that rather than work in silos, as some governments may have, where people had locked doors between ministerial offices and would not talk to each other, we have a

situation where our ministers work together as teams to get the objective and get the outcome. My role as regional cities minister is to work with regional cities, to work for regional cities, to advocate strongly for regional cities so that we can deliver on our strategy. Our strategy is very clear, and let me outline it to you. Our strategy is that we want to grow job opportunities, we want to grow the economy, we want to grow the population in regional and rural Victoria and, at the same time, maintain the great quality of life and the great assets and attributes that regional and rural Victoria have and the regional cities have.

Mr PAKULA — Okay. So you talk about job opportunities and jobs growth. In your presentation you talked about jobs growth as one of the key achievements for 2011–12. The budget papers, particularly budget paper 2, page 14, show that the forecast employment growth for 2011–12 is 0.00 per cent. The Treasurer could not even guarantee that that would be hit. So if the state-wide jobs growth is 0.00 per cent or less, what are you suggesting it has been in regional cities?

The CHAIR — Sorry, I do not like to do this to you, Deputy Chair, but it is really not a follow-up question to the question you asked.

Mr PAKULA — It is a follow-up question to his answer.

The CHAIR — You asked a very different question, and I would rather, if you are going to do a follow-up question, that it is linked directly. Show the link.

Mr PAKULA — The link is that I am referring to the answer he gave.

Dr NAPHTHINE — Let me go through it. Mr Pakula, let me just go through some figures for you. In Ballarat in December 2011 the unemployment rate was 6.77, which is significantly down from 8.65 in December 2010. In Bendigo it was 4.86 in December 2011 compared to 6.85 in December 2010. In Geelong it was 5.82 in December 2011 compared to 6.3 in December 2010. In Horsham it was 4.76 in December 2011, down from 6.26 in December 2010. In Latrobe it was 6.24 in December 2011 compared to 7.39 in December 2010. I think that is about the time you left office. In Mildura it was 6.81 in December 2011, down from 8.79 in December 2010. In Shepparton it was 7.56 in December 2011 compared to 7.92 in December 2010. In Wangaratta it was 5.19 in December 2011, down from 5.95 in December 2010. In Warrnambool it was 5.08 in December 2011, down from 5.42 in December 2010. In Wodonga it was 6.17 in December 2010, down from 6.52 in December 2010. I think that covers the regional cities.

Members interjecting.

Mr MORRIS — Minister, I refer you to budget information paper 1, which of course relates to regional and rural Victoria, page 1. Towards the bottom of the page there is a reference there to strong regional growth and the role that regional Victoria can play in balancing the state's growth. I guess in many ways it follows on from the last question. I am wondering whether you can indicate to the committee what steps the government is taking to support and enhance the forecast population growth in regional cities.

Dr NAPHTHINE — This goes to the core of the work that I do as Minister for Regional Cities and is one of the key planks of the Baillieu government's strategies for future of this state. What we want to do is grow and develop populations, jobs and economic opportunities while maintaining the absolutely high quality of life we have in those regional and rural areas and regional cities.

We have a clear strategy to do that. Indeed that strategy is based on sound research. I am pleased that recently research that has been conducted has shown that 11 per cent of Melburnians, nearly 500 000 people, are considering a move to regional Victoria in the next three years. People understand that it offers a better family lifestyle and better individual lifestyle and opportunities. It is important that we as a government have that research so we can move to work with those people and encourage them to look at regional and rural Victoria in terms of where they live. The question is how we do that.

One of the great things that we have been doing with Minister Ryan is the Regional Victoria Living Expo, which was held recently in Melbourne. It had nearly 10 000 people attend. I attended for a number of hours on the Friday, the Saturday and the Sunday, and the most impressive thing was that the feedback from the regional cities, which were all represented there, and the rural councils which were there was that they were saying that they were most impressed that there were not just tyre kickers there. There were people who were genuinely

interested in looking at jobs, opportunities and investment opportunities for their businesses in regional and rural Victoria.

That is why we as a government, through the Regional Growth Fund, have committed \$3 million for that regional living expo program. So we have got people who are interested in coming to regional Victoria, we have the expo to expose them to the opportunities in regional Victoria in terms of lifestyle, in terms of investment and in terms of living. That is backed up by a publicity or an advertising campaign, the Good Move campaign. So we are actually not advertising in the dark, not advertising for the sake of political advertising. It is advertising to a targeted audience that has been identified and has been pre-prepared through the expo. We are using that Good Move campaign to show people, with examples of people who have relocated to regional and rural Victoria, the advantage of regional and rural Victoria.

That is all underpinned by the \$1 billion Regional Growth Fund. That \$1 billion Regional Growth Fund, together with strategic budget decisions that Minister Ryan and I have been able to push, have been able to then target key infrastructure — whether it be roads, whether it be health services, whether it be quality-of-life services — and key investments to co-invest or to assist and encourage investment from the private sector to grow jobs and opportunities. This is a clear strategy, this is a clear plan, and it is a plan that is working to grow jobs, opportunities and population in regional and rural Victoria. Thank you very much for that question.

Mr SCOTT — Minister, I refer you to budget paper 3, pages 209 and 210, which outline the outputs for regional development and regional cities. I note that the total budget for all these outputs has declined if you measure it from expected outcomes for 11–12 and expected targets for 11–12 to the target for 12–13. Specifically, Minister, can you identify for the committee the administrative and policy support provided by DPCD, including costs of staff travel, office equipment and administration, especially in light of your previous answer to Mr Pakula's question where you did not outline any particular programs that you have sole responsibility for?

Dr NAPTHINE — Sorry, I did not even hear half the question, Mr Chairman; there was a bit of mumbling going on.

Mr SCOTT — Sorry; I am happy to enunciate it more clearly for you if you are hard of hearing. On pages 209 and 210 are the outputs for regional development and regional cities. There is a total output cost of \$175.2 million, which is a decline from both the expected outcome and the target from the previous year. You were unable in your previous answer to Mr Pakula's first question to outline any particular programs you are singularly responsible for. Can you identify for the committee the administrative and policy support provided to you by DPCD, including the costs of staff travel, office equipment and administration? I am happy to take it on notice if you do not have the figures.

Dr NAPTHINE — It is disappointing, Mr Chairman, that Mr Scott seems to be stuck in a paradigm of the previous government. It was a paradigm that did not care about regional and rural Victoria.

Ms HENNESSY — Sorry, on a point of order, Chair — —

Dr NAPTHINE — It was a paradigm — —

Members interjecting.

The CHAIR — Order! Thank you, Mr O'Brien; thank you for your help, everyone. Ms Hennessy has a point of order. Sorry, Mr Scott, Ms Hennessy has the call; she has a point of order.

Ms HENNESSY — It is simply that the minister is debating the question. It is not within his remit to debate the question.

Dr NAPTHINE — It is not question time.

Members interjecting.

Ms HENNESSY — Is he going to answer it or not?

The CHAIR — Thank you, Ms Hennessy, for your contribution. The minister is entitled at estimates hearings to answer the question appropriately and in the way that he sees fit, and if it is that you would like to put words in his mouth, you are going to be disappointed every time. Minister, will you please respond to Mr Scott's question.

Mr O'BRIEN — Labor cannot comprehend a government that works cooperatively.

Ms HENNESSY — Sorry, Mr O'Brien, if you have got something to say, can you please at least say it clearly?

Mr O'BRIEN — I did not get to speak on the point of order.

Ms HENNESSY — Can you please at least say it clearly?

Mr O'BRIEN — Clearly Labor does not understand a government that works cooperatively — just watch Canberra.

Mr PAKULA — That is why you guys got — —

Ms HENNESSY — Thank you; hasn't that really advanced the public accountability of the minister's so-called department?

Mr O'BRIEN — It was in response to your point of order.

The CHAIR — Ms Hennessy, I am quite happy to sit here while you have an exchange with Mr O'Brien, but we are not getting to your question, I think, which is the issue.

Dr NAPHTHINE — Mr Chairman, I think what Mr Scott and perhaps Mr Pakula fail to understand is how this government works in a collegiate, cooperative way, that I work in conjunction with Minister Ryan. We both manage the Regional Growth Fund, we both work through Regional Development Victoria. The Regional Development Victoria staff work with me, they work with the Minister for Regional and Rural Development, and they work with the broader community. They work with local government, they work with local business communities, they work with RDA committees — they work with a range of people in a cooperative, collegiate way to get the best outcome for regional cities and regional and rural Victoria. There are programs that I sign off on, there are programs that minister — —

Mr PAKULA — We have asked you to name some.

Dr NAPHTHINE — There are — —

Mr PAKULA — We have asked you to name some.

Members interjecting.

The CHAIR — Thank you. Mr Pakula, just let the minister answer.

Dr NAPHTHINE — There are announcements, there are funding things that Minister Ryan signs off on.

Mr PAKULA — Tell us something you sign off on; that is what we have asked you for.

The CHAIR — Deputy, you do not have the call. It was Mr Scott's question; let the minister answer Mr Scott's question. Thank you.

Dr NAPHTHINE — There is an approach taken between Minister Ryan and myself where we work together, cooperatively, to enhance and to make sure that we get the best outcome for regional cities, get the best outcome for regional Victoria and get the best value for money out of the \$1 billion Regional Growth Fund — the biggest investment in infrastructure and services for regional and rural Victoria ever seen in the history of the Victorian government.

Members interjecting.

The CHAIR — Thank you, Mr Pakula. Do you feel better?

Mr ANGUS — Minister, I refer you to budget paper 4, page 49, in relation to the Ballarat Western Link Road. Minister, can you outline for the committee the benefits of the government's commitment to the Ballarat Western Link Road?

The CHAIR — Do you want to bring a slide up there?

Dr NAPHTHINE — Is there a slide of that? It is a handout, I think.

The CHAIR — It is in the handouts, is it?

Dr NAPHTHINE — Let me answer that question, Mr Angus. This is a great example of a strategic investment in a regional city that has enormous benefits. It is an investment that is made by working together with the Minister for Public Transport, the Minister for Planning, the Minister for Regional and Rural Development and myself as Minister for Regional Cities, together with the City of Ballarat and the Committee for Ballarat. It is cooperatively working together to get a positive and best outcome for Ballarat.

The \$38 million investment in the Ballarat west link road links key areas of housing development, industrial land and key existing infrastructure. Last year the Minister for Planning, another partner in this cooperative approach, approved the structure plan for Alfredton West, paving the way for the development of 4000 new homes. As Minister for Regional Cities, I worked, along with the City of Ballarat, with the Minister for Planning to identify the need for that expansion and delivery of it.

The commitment to fund the Ballarat west link road is crucial to the development of these dwellings and has been well-received by local councils. Cr Judy Verlin is quoted as saying the following in the Ballarat *Courier*:

The development of the growth zone hinges on this major piece of road ...

It will unlock the full potential of this ... land.

The land not only links that 4000 new home development but it also links it to the Ballarat West employment zone, which is another key piece of the jigsaw in terms of development of Ballarat West. Jobs, homes, infrastructure — that is the sort of thing that grows the population, grows the opportunities and grows our regional cities. So this is a key strategic investment. It involves working together across a whole range of portfolios and a whole range of ministers, and that is one of the great advantages of having a Minister for Regional Cities who can work with the City of Ballarat, see the big picture and work with the individual ministers to get the outcome that is in the interests of Ballarat, the interests of jobs, the interests of the economy and the interests in terms of decentralisation of our populations.

Mr ANGUS — Excellent, thank you.

The CHAIR — Thank you very much, Minister. Again, this is a relatively short session and we have run out of time. I thank Mr Tongue, Mr Forck, Mr Bruce and Ms Healy for their attendance. We will have a 2-minute adjournment before we start the next session. Thank you.

Witnesses withdrew.