

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget Estimates

Melbourne—Tuesday, 17 May 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Mr Martin Pakula MP, Minister for Business Precincts,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary, and

Mr David Latina, Deputy Secretary, Jobs, Innovation and Business Engagement, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

We welcome Minister Pakula, this time for the business precincts portfolio, as well as officers of your department. We invite you to make an opening statement, which will be followed by questions from the committee. Thank you.

Visual presentation.

Mr PAKULA: Thanks, Chair. I will be very quick. Business precincts play a key role in our economic recovery. They activate growth. They enable businesses to invest. The four designated business precincts are on the screen: Fishermans Bend, a 485-hectare urban renewal area that includes an innovation precinct focused on advanced manufacturing, engineering and design; Parkville—I think we all know what happens at Parkville, particularly in terms of biomed; Footscray, which is an emerging home to culture and creativity in Melbourne's west; and Docklands, which is home to major financial institutions, Marvel Stadium, Docklands Studios et al.

Fishermans Bend—we expect to house 80 000 new residents and 80 000 jobs by 2050. The GMH site is a very important part of it. We are investing \$180-odd million to support stage 1 of that—new roads, new public parks, development-ready lots and the like. Development is expected to support up to 300 direct jobs each year and a further 700 indirect jobs. Planning for that has already commenced. The University of Melbourne engineering campus we would expect to see open in semester 1 of 2025. I could go on about Fishermans Bend. I will move on, though, because I know we are limited for time.

In terms of Parkville, it is the leading biomedical cluster in the Asia-Pacific—45 partner hospitals, research centres, education institutions, biomedical organisations, 50 000 jobs, a third of the country's competitive biomedical research funding, almost \$3 billion of investment capital into research and health care over the last decade. Last year's budget provided nearly a quarter of a billion dollars towards the Australian Institute for Infectious Disease. The University of Melbourne and its partners contributed another \$250 million. There was \$155 million in the 2020–21 budget from us as well, so \$400 million from government in that centre, which really will deliver faster and improved responses for Australia and the region and great new capabilities for the state in research and clinical trials and vaccine research and global health innovation. I have talked about CSL and the biotech incubator in Parkville. In November last year Breakthrough Victoria announced that it was

investing in a biotech incubator with CSL and WEHI and the University of Melbourne, which we would expect to see open in 2023. Very, very exciting.

There is a strong partnership with the private sector and the City of Melbourne in the development of Docklands. It is about 60 per cent completed. There is still a lot more building and work to be done down at Docklands, but there has been nearly \$15 billion in private investment. You have got 13 000 residents who call it home, 10 000 apartments, a million square metres of commercial floorspace, 170 000 square metres of retail development, 60 000 square metres of hotel space. We are supporting the Marvel Stadium upgrade which we talked about. That will be completed next year. DV has delivered the new sound stage at Docklands—heaps going on at Docklands.

In Footscray we have got the hospital site, a very important opportunity for that precinct. Major players like Western Health and VU are driving jobs and investment and social connections in the precinct. We have supported a new hospital in Footscray through the Minister for Health in the budget from 2019–20 and we are supporting the Western Bulldogs to upgrade the women's training and community facilities at Whitten Oval. So there is a lot going on in Footscray as well.

Finally, there are some budget announcements in regard to both East Werribee and Fishermans Bend in terms of planning and precinct development which I am happy to go to in further detail.

The CHAIR: Thank you, Minister. Mr Newbury.

Mr NEWBURY: Thank you. Minister, can I take you to Docklands? There have been some estimates that Docklands visitation numbers are lower than other parts of the city, so it is a part of the city that has got some difficulties. If I can take you more specifically to Central Pier, in 2018 Atlantic Group employed 1000 people in their venues in the area. What is happening with Central Pier?

Mr PAKULA: Central Pier has been very difficult. I think you realise that is a DV-managed asset, but I saw Hatem, who you may well know, quite recently, and I am fully appreciative of his frustrations. It is a Development Victoria-managed asset. The Minister for Transport Infrastructure, as a consequence, has responsibility for that, so she is best placed to answer questions about where it is at. But what—

Mr NEWBURY: And they are responsible for that \$3 million?

Mr PAKULA: Yes. DV and the Minister for Transport Infrastructure are responsible. You may recall that it was previously the responsibility of Minister Jennings, and a lot of those responsibilities were transferred to Minister Allan when she took over Development Victoria. What I do know is that there was a 15-week assessment of Central Pier and that DV announced back in January 2020 that it would have to be permanently closed because there are just too many public safety concerns. I know that Atlantic Group was advised of that decision and that support was made available to their employees at the time. I am also aware that there are legal proceedings in relation to the pier, not just from that tenant but from a number of subtenants, and that those matters are still before the courts, so I will not go into that any further.

Mr NEWBURY: Thank you. Bev, I can throw to you.

Mrs McARTHUR: Okay. Thank you, Minister. I know you have got a real interest in the equine industry, and that is fantastic. I am just wondering about your interest in cows. Given the structure planning for the East Werribee employment precinct was completed in 2013, why has there been so little work done since?

Mr PAKULA: Sorry, is there a specific question about cows in that?

Mrs McARTHUR: Yes, there is. We will get to it.

Mr PAKULA: Right. In regard to East Werribee, I think the history of that is kind of well understood. There was initially an endeavour which might have involved partnership with Australian Education City. In 2019 there was a decision made to not proceed with that and the process for the sale of the land was concluded, and then there was a significant period of legal disputation, which I am happy to say is no longer on foot. I think there was a notice of discontinuance filed by AEC back in November last year. I am not going to pretend that it has not been a troubled piece of land. It has been, which is why in this budget, as I indicated during the presentation, we are now providing some support through \$2.8 million to create a bit of a road map for the

government-owned land to encourage commercial investment in the area on the back of the developments by VU, the Mercy Hospital and what I would say is a growing legal precinct in the area as well, and we think there are opportunities from that legal precinct's growth.

Mrs McARTHUR: Let us get to the cows. There are apparently 60 radioactive cow carcasses buried at a shallow depth on the Werribee site. It appears from some documents that have been available that the cost of removing these cow carcasses would be over \$300 million, so has the department undertaken any studies about how much it would cost to remove the cow carcasses to make the development viable?

Mr PAKULA: I will throw to David in a moment to talk about—

Mrs McARTHUR: He is into cows?

Mr PAKULA: the analysis of costs.

Mrs McARTHUR: Great.

Mr PAKULA: I never thought I would be talking about cow carcasses at PAEC.

Mrs McARTHUR: And radioactive as well.

Mr PAKULA: I can advise the committee that as the site was previously used for laboratory research, animal feedlots, waste disposal and other purposes, issues of potential contamination have been long known, including in relation to the burial of animal carcasses. I am told that the VPA has undertaken environmental site assessments and analysis of remediation options for the site. There is ongoing coordination work being undertaken with respect to the NEIC, including consideration of the future use of that precinct land, and that needs to be fully determined. So we have got to work out what the land is going to be used for before an appropriate remediation solution for the allegedly radioactive carcasses can be determined. David, I do not know if you want to add anything about that.

Mr LATINA: Sorry, Minister, I have got nothing more to add other than that because it is something that is still a work in progress.

Mrs McARTHUR: The work in progress has been going on from 2013, Mr Latina, and we understand that \$2.8 million has been allocated to the site over the next two financial years. How many more decades will we expect this review to be going on, or will we always end up with radioactive cow carcasses in the precinct and nothing will be done about it?

Mr LATINA: Well, I think it is important that we have got an upgraded precinct structure plan. Obviously there have been significant changes and developments in that area in terms of Werribee, particularly with the interfacing suburban rail link, the development of the economy in the region and obviously the government's investments in that area. So I think it is timely to have that precinct structure plan updated to reflect the current market and infrastructure requirements.

Mr PAKULA: The fundamental point is the ultimate decision about the use of the land will be important in determining what remediation options are necessary. Obviously if it is going to be houses, you need to treat it differently than if it is going to be a multilevel car park, so the use of the land is an important factor in determining what sort of remediation process you need to undertake.

Mrs McARTHUR: We just hope it happens sooner than later, Minister.

The CHAIR: Thank you, Mrs McArthur. Mr Richardson.

Mr RICHARDSON: Thanks, Chair. Moving right along, Minister, I refer to budget paper 3, page 72, and reference 'Transforming Western Melbourne' in table 1.12. For the committee's benefit, are you able to outline how this initiative will benefit western suburbs of Melbourne?

Mr PAKULA: Yes. As a number of members of the committee know, western Melbourne has gone through significant population growth and economic transition. The population growth rate in western Melbourne has been higher than metropolitan Melbourne's average over the last five years. There is the \$2.8 million that I have

already spoken about in terms of facilitating development in the Werribee national employment and innovation cluster. We will develop the East Werribee road map and there will be a fast-tracked review of the PSP. That will facilitate market engagement to identify what immediate opportunities there are for early land release, particularly next to the Werribee legal precinct. That could, for example, be commercial office space. It could be hospitality, parking—all of those things that you would think might be necessary to complement the Wyndham law courts there, which are more heavily utilised all the time. So there will be a fast-tracked review of the existing PSP for East Werribee. That will identify what changes might be needed for the planning controls. There is also work going into what development contributions plan might support the staged implementation of the precinct. Werribee has got the same opportunity to be a vibrant economic centre as Sunshine and Footscray and Avalon and those sorts of local precincts. If you think about the western metro region's industry growth in construction, in logistics, in utilities and retail trade, we think the Werribee employment and innovation cluster can only complement that.

Mr RICHARDSON: As part of that initiative funding provided to develop the Werribee national employment and innovation cluster that you mentioned, could you please elaborate for the committee's benefit on the plans for the NEIC?

Mr PAKULA: Yes. If you go back to *Plan Melbourne*, it describes the Werribee NEIC as 400 hectares of developable land of a government-owned development site at a strategic point between Melbourne and Geelong. You have got VU, University of Melbourne veterinary hospital and University of Notre Dame Melbourne Clinical School. You have got Werribee Mercy, Wyndham Private medical centre, CSIRO and a range of high-tech research companies in food and ag all part of that region.

The East Werribee employment precinct is the largest undeveloped surplus state government land in metro Melbourne, so it is a really important plot of land. A staged land release, as I said in the answer to the previous question, will enable an opportunity for early investment and employment stimulus and ongoing employment options for the communities of western Melbourne, but it also is an area which abuts major transport infrastructure. You have got recent government commitments which have reinforced the strategic importance of that area and the Werribee NEIC in particular, so Geelong fast rail and Suburban Rail Loop, which are the responsibility of the relevant transport portfolios; I am not inviting questions about public transport. But the fact that we have got those bits of transport infrastructure travelling so close to the Werribee employment precinct I think provides an enormous growth opportunity for that area.

Werribee has been identified as the most western part of the Suburban Rail Loop, so when you think about the opportunities that that provides for the strategic use of landholdings which might be adjacent to a new station and the opportunity to grow the precinct in a meaningful way, I think we can all understand and appreciate them. The Wyndham law court project has received government support in the past, Werribee Zoo has received support in the past, Werribee Mercy Hospital has received support in the past and VU has been provided with support to assess opportunities for their campus in East Werribee. We are leading all of that whole-of-government coordination effort about how all of that can mesh together to ensure that there are great employment opportunities for the people of that Werribee-Wyndham region and how all of those transport, commercial and residential options might mesh together, along with the education and health aspects.

Mr RICHARDSON: There is certainly a substantial amount going on in the west of Melbourne, particularly in areas of growth. I am wondering, Minister, in referring to some parts of your presentation, are there any other areas of notable interest or growth in Melbourne's west?

Mr PAKULA: I think Footscray is the other part of Melbourne's west where there is a particular focus from this portfolio. The fact that it was designated as a priority precinct back in December 2019 was a recognition of its role as a gateway to the rest of the west of Melbourne and the potential to leverage transport connectivity and major social infrastructure investment, including the new Footscray Hospital but also Victoria University. So there was an opportunities and directions paper released publicly in December last year, and there has been a lot of work with the City of Maribyrnong on that as well. A Footscray road map is now under development. Work has commenced looking at options for the future use of the existing hospital site, and I think that is really only limited by imagination. So that work is being done right now—but it is in such a key strategic location in Footscray and the interest in that will be enormous. If you think about what the government has done in recent times in Footscray—the investment in the new hospital, where construction began in March of last year; the money for the art-science facility at Footscray High School, Kinnear campus; the money that I have already

talked about for Whitten Oval, particularly for women's football—all of that, I think, is a demonstration of not just the government's view but local government's view and industry's view that there is enormous opportunity in Footscray and enormous gains to be made for that community and commercially as well.

Mr RICHARDSON: Sticking with budget paper 3, page 72, and the further funding for 'Fishermans Bend urban renewal—facilitating investments and jobs' section, for the committee's benefit, are you able to provide an overview of what that funding will go towards?

Mr PAKULA: Yes. So the \$750 000 that we talked about in this budget is about funding the public and independent advisory committee hearings which are convened by Planning Panels Victoria. There will be a Fishermans Bend infrastructure funding strategy. I mean, when you are talking about a precinct like Fishermans Bend, the opportunity to get the infrastructure that the state needs in place early is something that we cannot depart from, we cannot overlook. It has not always been done, it has not always been the case, and we have paid absolutely through the nose for certain plots of land that we should not have had to. But that has all changed now. We want to maximise value creation and capture mechanisms, we want to create more and better job opportunities and we want to facilitate economic recovery from COVID. When we successfully implement that strategy, there is \$1.9 billion of land purchase and construction costs for infrastructure across 100 projects and the potential to collect and manage \$1.5 billion of development contributions from the private sector, because the private sector stands to do very well from Fishermans Bend and it is absolutely appropriate that they make a contribution to the infrastructure that is needed down there, whether that is schools or roads or health facilities or public open space—all of those things that the community of Fishermans Bend would expect. So that is what that \$750 000 is for—to fund those independent advisory committee hearings and ensure that the precinct grows in the way that I think the community would expect it to.

Mr RICHARDSON: I might leave it there, Chair. Thank you very much, Minister.

The CHAIR: Thank you, Mr Richardson. Mr Hibbins.

Mr HIBBINS: Thanks, Chair. I did want to ask you about public transport because it was on your presentation. It was about the Fishermans Bend to CBD public transport links.

Mr PAKULA: Yes. You ask me about this every year, Mr Hibbins.

Mr HIBBINS: Well, it is a very important issue because of course, as you said, getting infrastructure in place early is one of, I think, the key things to making Fishermans Bend actually work. I know there has been a lot of advocacy from both of the councils that cover that area in terms of getting infrastructure early. You have got \$15 million in your presentation. The DOT website says something different; it says around \$3 million to \$4 million. Can I just ask what the total expenditure on that investigation is and what the status of it currently is now?

Mr PAKULA: I think you have belled your own cat to some extent, Mr Hibbins. That money is being expended by DOT, and I am advised that it is still being expended. I cannot tell you how much of it has been expended, but it may well be that the Minister for Transport Infrastructure can.

Mr HIBBINS: Do you have a time line for that project proposal?

Mr PAKULA: Well, it was provided in last year's budget, and it was \$15 million over two years, so logically I would assume that the lion's share of it would be spent over that two-year period, which we are one year into.

Mr HIBBINS: Thank you. In regard to Docklands, again transport related but obviously the business precincts unit does strategic planning—I presume that is your primary function—which does cover transport in that. So Docklands—my understanding is with the new primary school it is actually changing in terms of how people move around: people walking, families, what have you. Is there any looking at doing, I guess, a reassessment of transport around the area to factor in the fact that there are a lot of families and children walking around the area, to ensure improved safety and to make sure that the precinct remains livable for everyone?

Mr PAKULA: I will make a couple of points. The first thing is that Docklands is serviced by Southern Cross station, which effectively is the jumping-off point for most people who want to go into Docklands,

whether it is to wander down to NewQuay or to go to Marvel Stadium. There are a number of trams that run—one runs up Latrobe Street, one runs right down almost as far as the wheel and one runs effectively straight up the middle of Docklands between Harbour Esplanade and Marvel Stadium. But beyond that I am sure that the Department of Transport is always looking at how transport options might be improved, particularly as they contemplate Melbourne Metro Tunnel, Suburban Rail Loop and all those other heavy bits of transport infrastructure. I think as a matter of course as populations grow things like additional buses and other transport options are always examined. But I think right now when you contemplate both Southern Cross station and numerous tram routes through Docklands, it is reasonably well served.

Mr HIBBINS: I am referring more to young kids walking to school. I mean, you have got Footscray Road, obviously, that runs near there. I guess you are looking at sustainable transport—people walking, families walking and what have you—rather than the heavy transport infrastructure.

Mr PAKULA: Well, again, I do not have specifics in regard to that. I would note that when you are thinking about some of that more active transport, often government is either partnering with local government or local government is making those investments. But in the same way that we invested through Fishermans Bend with those active transport solutions—I think on Turner Street—we will always look at it, whether it is footpaths or other kinds of active transport routes that are required.

Mr HIBBINS: Okay. Thanks, Minister. Thanks, Chair.

The CHAIR: Thank you, Mr Hibbins. That concludes the time we have set aside for the consideration of the business precincts portfolio today. We thank you for your appearing before the committee in this capacity. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request.

The committee will now take a short break before resuming consideration at 10.20 of the tourism portfolio with you. Thank you.

Witnesses withdrew.