

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 18 May 2015

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Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group,

Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group, and

Mr Lachlan Bruce, CEO and Deputy Secretary, Regional Development Victoria, Economic Development, Employment And Innovation Group, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile phones should now be turned to silent. We have got two additional witnesses here today. I would like to welcome Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group and Mr Lachlan Bruce, CEO and Deputy Secretary, Regional Development Victoria, Economic Development, Employment and Innovation Group.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, 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 recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as it is available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself; however, written communication to witnesses can only be provided by officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the person speaking; operators must not pan the public gallery, the committee or witnesses; 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.

Visual presentation.

Ms PULFORD — Thanks, Danny. In regional development we are working with regional communities to achieve economic development, jobs growth, population growth, population maintenance in some respects and livability. Our regional communities are home to a quarter of our population. They are incredibly diverse, and talking about them as one group always seems somewhat limiting. We have beautiful coastal regions, we have farming communities, we have areas that are experiencing significant structural change in their local economies and we have areas that are experiencing rapid population growth and significant investment.

There is, in Victoria, a long-term trend of lower than average population growth. Regional Victoria was home to 27 per cent of the Victorian population in 2002. This is a real and ongoing challenge and one that we need to work hard on always. There are parts of regional Victoria that are experiencing quite rapid population growth, and committee members can see on the slide there 2.2 per cent in Wodonga and in excess of 1.5 per cent in the other regional cities that are listed there on the slide.

We have diverse economies, and it will be no surprise to committee members that of course the key to prosperous regional communities is the creation of sustainable jobs. There is also rapid population growth in some of our peri-urban communities, and so in the local government regions of Mitchell shire, Bass Coast shire and Moorabool there is very rapid growth and the challenges that can come with that.

We are working hard to deliver on our election commitments, and central to this is the establishment of a new regional fund. The Regional Jobs and Infrastructure Fund is a \$500 million fund that is, as its name would suggest, about jobs and about infrastructure. It can be best described by its three main streams: the \$250 million Regional Infrastructure Fund, the \$200 million Regional Jobs Fund and the \$50 million Stronger Regional Communities Plan. Prior to the election Labor also indicated that running through those numbers is a commitment that \$100 million of that fund would be used to support the aspirations of Victoria's regional cities, and \$70 million would be used for the smaller rural councils. There will be aspects of each of those three streams applied in regional cities and in smaller rural communities.

The legislative arrangements to establish the fund are well underway. The bill passed the lower house in the last sitting week and will be debated in the Legislative Council next week. I thank members from all parties who have contributed to that debate to date and for their support of that legislation in the Assembly last week, and I

look forward to its passage in the Council next week. The guidelines for the fund will be released prior to the operational date of the new fund on 1 July, and the legislation will take effect on that date as well.

There are a number of election commitments that the government is delivering on that were made against the fund, but as you can see, \$200 million leaves considerable capacity in the fund. The 34 initiatives that were committed to before the election are listed there on the slide show for committee members to see. Twenty of them are projects. There are others that you could not describe as projects — perhaps more as programs. One example is the regional community leadership program, which will support developing the next generation of community leaders for 10 different regions in Victoria.

The CHAIR — Could the minister conclude her presentation, if that is possible?

Ms PULFORD — Yes, certainly. I will just very briefly touch on the regional services review, Danny. This is an important piece of work that is very complementary to the establishment of the new fund and to this government's new approach. It is led by an external advisory board, chaired by former Premier John Brumby. We have had significant input from stakeholders and community organisations to this work. I would just like to take the opportunity to express my great thanks to the members of the board who are leading this work and to the more than 100 organisations and individuals who have made a submission to that work.

Finally — I know you are giving me the 'Wrap it up now' look, and I will move on quickly — we are developing a projects pipeline, and in my conversations with communities in Victoria each and every week there is no shortage of good ideas that we look forward to working with communities to realise.

The CHAIR — Thank you, Minister. In the context of your own portfolio responsibilities, can you inform the committee how this budget acquits Labor's financial statements?

Ms PULFORD — Yes. Thank you, Danny. The budget fully acquits Labor's election commitments. The \$500 million for the Regional Jobs and Infrastructure Fund is in the budget papers. Those three components will deliver on those 34 election commitments and a great deal more over the coming years. The election commitments that will be supported through the fund are often delivered in partnership with organisations — quite commonly including local councils but also the federal government. A number of these projects were also supported by the commonwealth government in their stronger regions funding announcements last week in their budget.

The election commitments are acquitted by the budget, which I am very happy about, and we are looking forward to getting on and working with our delivery partners in delivering on those election commitments and indeed building a stronger and more dynamic, more vibrant and more economically robust regional Victoria.

Mr MORRIS — Minister, in budget paper 3, page 123, the output there shows a total cut of some \$51.1 million, or 23.8 per cent, to the regional development output. Why?

Ms PULFORD — Thank you for your question, David. I would respond by informing you and other committee members that the budget makes a full provision for the \$500 million that is reflected in the regional development output cost. There are variations, and there are a number of programs that were established in 2010 by my colleague Jacinta Allan that are no longer continuing. Prior to the election, neither the Labor Party nor the Liberal Party indicated that they had an intention to continue them. They include a number of components of what was the regional blueprint.

The variation also reflects the Regional Growth Fund expenditure profile. The reason that the Bracks Labor government established the trust fund arrangements that have been maintained by successive governments over 15 years now is to ensure a security of funding for regional development projects that sits at arm's length from year-by-year budget decisions. This reflects the need to manage project delivery, and this is what Regional Development Victoria do particularly well and what the framework that we have had in place for 15 years has been particularly effective in doing: ensuring the funds are still available for projects that may take many years to actually deliver.

I can give you an example from my own electorate: the Horsham town hall project, which was initially funded by the former Labor government in the aftermath of the 2009 bushfires. The federal government then provided additional funding for that project. Then because it went from being a \$5 million idea to a then \$12 million or

\$13 million idea, the community raised some additional funds, and the council increased its contribution. There was then a lengthy debate at a local level, at council level and in and out of VCAT around the design and the delivery of that project. So funding that was committed in 2009 is now being expended on a project that is, I gather, nearing completion but still not complete because it took many years for the works to commence.

That does reflect the expenditure profile from the Regional Growth Fund. Another component of that is the ending of funding for bushfire recovery initiatives, most significantly the Marysville convention centre, which is a remarkable project, and all credit to all those who have been involved in that over a long period of time — that community, the former government and the former Labor government. This has been something that has had great bipartisan support. It has been a very significant project of a kind of which I think we can all be incredibly proud. Certainly our people — the team that Lachlan leads at Regional Development Victoria — have done a sensational job in working with the community to deliver a really difficult project. I just recently had the opportunity to be at the opening, and it was nice to see Peter Ryan there, because I know that this was one that he worked really closely on in the time that he was responsible for this. So that is another example of the kind of expenditure that is not there anymore, because it did not need to be there anymore.

The regional development portfolio has nine programs that are scheduled to lapse in 2014–15, but what I would say is that contracts signed under those programs will continue to be honoured. The \$500 million fund acquits our election commitments, and of course, as I indicated in the earlier hearing in the agriculture portfolio, there is a new approach that the government is taking to supporting industry development: the Future Industries Fund, the Premier's jobs fund and a number of other initiatives that the government is taking to get Victorians back to work will all provide significant benefits to economic development in regional Victoria.

Mr MORRIS — Minister, you talked about some lapsing programs, and of course there are others that were not lapsing, like the Local Government Infrastructure Fund, the country roads and bridges program, the Putting Locals First program — in total some 460 million. They did not lapse; they have been cut. But I was not asking about spending outside this output; I was asking specifically about the \$51.1 million cut in this output. Is it your contention that the money is not there because it does not need to be there anymore?

Ms PULFORD — The Putting Locals First program that you referred to was part of the former government's Regional Growth Fund — it was not in addition to; it was part of. In the same way that we have a \$500 million fund that can be broken down into three obvious components, the Regional Growth Fund had a number of sub-programs as well. Country roads and bridges was not part of the Regional Growth Fund, and my colleague Luke Donnellan has made a number of announcements about funding by our government for country roads and bridges, which is not really my area of responsibility, but I can go to it if you would like.

Mr MORRIS — No, that is all right.

Ms PULFORD — But the Regional Growth Fund is being replaced by the Regional Jobs and Infrastructure Fund. We have a different — as you would expect with a change of government — focus and a different set of priorities. Our \$500 million fund will replace your \$500 million fund, but we believe that the projects that we are supporting and the approach that we are taking together with the regional development and services review will provide the right stimulus and support for regional Victorian economies.

Ms PENNICUIK — Minister, can I just refer you to your slide presentation, page 4, and it is throughout the budget papers with regard to the Regional Jobs and Infrastructure Fund, the \$250 million for the infrastructure fund, which goes to changing our economy to meet the needs of regional towns, and you mentioned structural change in local economies, and the Regional Jobs Fund to create jobs of the future. I am just wondering whether you have any plans to allocate any of this money to the community that has been affected by the closure of the Anglesea power station announced last Monday.

Ms PULFORD — There are a number of election commitments that support that region, more broadly. Most notable is stage 2 of the Geelong Performing Arts Centre, which will provide benefit to the greater Geelong region. When we talk about a project like that, there are enormous benefits to residents of course, but that kind of centre draws its attendees from a very much greater catchment.

Specifically on the question of the community of Anglesea in response to the recent decision in relation to Alcoa, there is nothing on that list of election commitments that responds to that, obviously, because one happened before the other. But the ongoing work that we do in the portfolio will certainly support that

community in transition as well as the work that my colleague Lily D'Ambrosio is doing as Minister for Industry in a number of programs and commitments that were made before the election to support the creation of new job opportunities and the ongoing transition of the Geelong economy. So generally: yes; very specifically: not yet. But all proposals for projects supported by local councils and the like will be considered on their merits.

Ms PENNICUIK — Following on with regard to Alcoa in terms of the funds that I have just been talking about, do you have any plans for Portland if the smelter there was to close, with long-running government electricity subsidies due to cease in October?

Ms SHING — On a point of order, Chair, I am just wondering about whether that invites the minister to express an opinion or to speculate on things beyond responding to the budget papers as such?

Ms PENNICUIK — The minister was talking about ministers and their election commitments as to the use of the fund. I am really wondering whether the government is planning for future developments. We know that these subsidies are due to cease, so it is about whether there is planning using the infrastructure fund for structural change in local economies, which is what it is for.

The CHAIR — I will allow the question to stand, but what I would say is that the budget was framed and developed well in advance of Anglesea, and we do not quite know yet what may or may not occur at Portland. So I think it would be an unreasonable request to expect that the minister would be able to say in relation to this budget that there is a definitive correlation between a proposed closure and a fund. The minister, though, may wish to comment in relation to the fund and maybe some of the criteria around that and what might be eligible as a way of elaborating in a little bit more detail about some aspects of the fund that might be relevant to your question.

Ms PULFORD — It is a broad question, and this fund and its predecessor funds have a role to play in supporting communities that are affected by significant job losses. That said, there are a number of other funds and other initiatives that government takes more broadly to support a community that might be in crisis as a result of a significant job loss or a significant change. This is something that we obviously always want to be ahead of, but the government is not in a position to look into the future and into boardrooms and see what decisions might be being made about private companies.

Specifically on the greater Geelong area, there is a great deal that the government is doing to provide support. Again not specifically in response to Anglesea, obviously, but election commitments to support the ongoing creation of jobs in Geelong include: the Victorian defence procurement office; the Geelong Performing Arts Centre, which I indicated; a \$3 million commitment towards the Leopold Community Hub; \$13.5 million committed to complete the Portarlington safe harbour project, which has benefits for boat users, local aquaculture industry and recreation uses as well; and \$70 million for Simonds Stadium, which does not come from the Regional Jobs and Infrastructure Fund but is a significant commitment to Geelong with significant jobs in construction, and again, in the same way that GPAC can, it really strengthens the visitor economy experience as well as the local resident experience in Geelong. The government committed and has provided the funds through this budget for \$257 million for new V/Locity train carriages. This will include the creation of a number of jobs during the construction phase and then 30 ongoing jobs at Waurm Ponds. So there is ongoing work to support the creation of employment in Geelong in addition to the Geelong Region Innovation and Investment Fund.

Sometimes these communities require a response that is greater than just one part of a government strategy, and a lot of the projects are the kinds of things that we would support through the Regional Jobs and Infrastructure Fund. Projects or partnerships with industry are ones that take time to develop: community consultation on project design and delivery, the fluctuating level of enthusiasm that might be there for a project by the federal government — for example, by the local council in terms of their capacity in any given year to put resources into partnership funding for a project.

We would respond to support communities that are experiencing tough times in a number of ways. This fund will have some capacity to do that, but this fund is not and does not pretend to be the answer to all questions for the whole government for everything beyond Melbourne. Just to give you an example, in recent times I was in Ballan, which has been hit pretty hard by the decision to close Fiskville, which is the subject of another

parliamentary committee meeting in this building today. The impact on jobs in Ballan has been very significant, and it is something I am working on with my colleague Jane Garrett to find some solutions and some support for that community. We will always be responsive to the needs of communities that are facing difficult times, and we will work with them on some of the good things in less difficult times.

Ms WARD — Minister, I am glad that you mentioned employment in your response to Ms Pennicuk. We have spoken over the last week a little bit about employment and the government's strong commitment to creating jobs growth, which was a strong part of its campaign last year. Can you please have a look at budget paper 3, page 19, and the Regional Jobs and Infrastructure Fund. I have found in there that there is funding for 125 million a year over four years. Can you explain whether or not there will be money within that for the Rural Council Planning Flying Squad, and if there is not to be money, can you explain the reasons why that would be the case?

Ms PULFORD — The Andrews government recognises the importance of good land use planning to support the development and growth of rural and regional Victoria. There are, every day, planning issues intersecting with our regional development needs, including in food production and in supporting our agricultural industries. There is ongoing work to ensure that our planning system and planning rules are sympathetic to creating jobs and creating economic opportunities for people in regional and rural Victoria. I have just last week approved funding for 39 active projects across 28 municipalities — 11 ready-to-proceed projects and 24 projects at the request for quotation or scope of work stage across 28 municipalities. That is in addition to the 12 completed projects for the 2014–15 financial year. A payment of up to \$2.3 million will be made in support of those projects for the flying squad.

Mr D. O'BRIEN — Minister, I refer to budget paper 3, pages 26 to 27, which list the election commitments or projects that will be funded out of the Regional Jobs and Infrastructure Fund. I refer specifically to a number of them: Eureka Stadium and other sporting infrastructure, which effectively could be funded from the sport and recreation budget; Food Source Victoria, which was mentioned in a previous portfolio discussion and which again could be funded from the agriculture budget; the horticultural research foundation sounds very much like an agricultural issue; support for regional planning is surely a planning department matter; and the Victorian Open golf tournament and the Stawell Gift, which are both surely things for the sport and recreation budget. My question is: is this fund being used to simply substitute funding that should be coming to regional Victoria from other portfolios?

Ms PULFORD — No, not at all. This fund is about supporting the aspirations and needs of regional and rural communities across the state. The fund is about growing jobs, building infrastructure and strengthening our communities. It will seek to add to other government investments. In the last question we talked about Simonds Stadium, for example, being a very significant driver of activity and of increased visitors to Geelong, which is not being funded from the Regional Jobs and Infrastructure Fund.

Mr D. O'BRIEN — That supports my point, Minister.

The CHAIR — Order!

Ms PULFORD — So the fund will support the development of programs and projects that create economic opportunities for our regional communities. Around one-sixth of jobs in regional Victoria are held by people working in agriculture and around one-sixth are in tourism and the visitor economy, so you cannot underestimate the impact of the visitor experience to our regional communities. You will see initiatives like the Grampians Peaks Trail, which is a very significant commitment against this fund and which I note the federal government also made a sizeable commitment to in the last week. It is good to see that that has bipartisan support. This is the kind of project that perhaps you could say is a tourism project, but the impact of the number of jobs that will be created during its construction and the spin-off industries that will be developed when the Grampians Peaks Trail is fully realised cannot be underestimated in communities from Dunkeld to Mount Zero and communities around the Grampians.

There is a consistency to the approach that the former government took in this respect as well. The Geelong Library and Heritage Centre project was funded through the Regional Growth Fund. There were a number of sporting-related projects funded through the Regional Growth Fund, including the 2012 VicSuper Murray Marathon, the Alexandra Oval Community and Recreation Centre, the Rosedale outdoor swimming pool

upgrades and the Tallangatta Multi-Sport Precinct. These were all supported through the predecessor fund, the Regional Growth Fund.

If we are to talk about something that might be funded through an arts fund, the Port of Sale cultural hub project — there was a \$4 million Regional Growth Fund grant towards what is a \$15 million project there. I am not sure if committee members have had an opportunity to visit the Ulumbarra Theatre in Bendigo. That was an arts project that was also an education project, but anybody who has seen it would not underestimate for a moment its economic development potential. It is quite extraordinary.

Mr D. O'BRIEN — My question relates, again, to these projects and the fact that guidelines for this fund are not yet available, as I understand it. Are the guidelines being written retrospectively to ensure that these projects can fit?

Ms PULFORD — There are a number of election commitments that the government will be delivering on that were made against this fund. When our election commitments were made and we outlined the framework for the Regional Jobs and Infrastructure Fund, we had a very clear sense of what we want the funds to do and how we want the funds to work. The guidelines will be written so that they are appropriate and responsive to the lessons that have been learnt over 15 years of regional funds administration in Victoria.

The Regional Growth Fund was administered in a way that was, in part, based on the learnings from the Regional Development Infrastructure Fund that had preceded it, and the Regional Jobs and Infrastructure Fund will also. The Auditor-General is currently undertaking an inquiry into the Regional Growth Fund, and the Auditor-General has on previous occasions looked at the former Labor government's funds as well, so there is continual learning and improvement. But I would make the point, Danny, that the guidelines for the Regional Growth Fund were written after the election as well.

Dr CARLING-JENKINS — Thank you, Minister. I would like to refer you to budget paper 3, pages 26 to 27, and to your presentation, where you have stated on page 5 about the investment of \$200 million into 34 initiatives across regional Victoria.

I would like to talk a little bit about Geelong, which has already been covered by the committee, but in a more specific sense, I guess. Geelong is a very closely aligned with my area of Western Metropolitan Region, as you would know, particularly within the Werribee-Wyndham area. Economically we are quite linked. As a result of this I have spent quite some time in Geelong with groups such as the Committee for Geelong, where they have described their struggles — and I am sure they have described them to you as well — around the loss and the downsizing of their manufacturing industry. Also, I have been quite impressed with their commitment to innovation in light of the issues that they faced.

I would like to ask particularly about the manufacturing hub in Geelong, which is described as one of the initiatives in this fund. I would like to ask what percentage of the \$200 million is allocated to this hub and what broad terms of reference have been given to this initiative.

Ms PULFORD — Thanks for your question, Rachel. Geelong sits within my electorate as well, and so I am familiar with the conversations that you have no doubt been having with people in Geelong about the challenges but also the opportunities for Victoria's second largest city. The transition in Geelong has been ongoing for a while, and our federal government's decision to pull support for the automotive industry has been a significant blow to Geelong. The government is very keen to work with the Geelong community in a number of ways, including by supporting some of those initiatives that I spoke to earlier. The manufacturing hub will apply in the same way, and I might invite Justin to provide a bit more detail.

Mr HANNEY — The manufacturing hub, as the minister described, will apply to the Jobs and Investment Fund in exactly the same way as any other of the groups, such as the Committee for Shepparton or Wangaratta Unlimited. There is a whole lot of these groups that exist out there that would apply for funds through the Premier's Jobs and Investment Fund. In addition they have also got access to the GRIIF fund, the Geelong regional industry fund, so that is targeted specifically for Geelong.

Dr CARLING-JENKINS — I am just wondering if you could answer the other part of the question that I have there about the percentage of money allocated to the Geelong manufacturing hub out of the 200 million.

Mr HANNEY — Minister, we will have to take that on notice.

Ms PULFORD — Yes, I think we will need to take that on notice if that is okay.

Dr CARLING-JENKINS — Not a problem, thank you.

Ms PULFORD — I will get an answer to you in the next couple of days.

Ms SHING — Good afternoon, Minister. Good afternoon, departmental representatives. Minister, I would like to take you to budget paper 3, page 123, if I may, which includes the forecast output costs for regional development for the 2015–16 period. I would like to ask you in particular about whether that output cost includes grants that have been approved but not yet expended and then to be taken through an example of such a grant, including the approval process that accompanies that consideration.

Ms PULFORD — Certainly. Thanks for the question, Harriet. The delivery of projects and programs under a fund like the Regional Jobs and Infrastructure Fund, and like its predecessor funds, can often have bumps in the road for various reasons. There can be any number of reasons for variations in payments and the delivery of projects, and one example I can give you is the former government's Energy for the Regions program, which was about connecting a number of communities to natural gas. This project has been beset by problems and delays, and I think it will take us until late into the latter part of 2018 to fully fix that particular mess and deliver on the former government's election commitment.

That was a \$100 million commitment by the government. There has been an increase in the costs to date. Those funds are confirmed and contracted for and will continue to be delivered over a long period of time, which is why you will often see those variations. Another example is there are any number of projects that are just being commenced because they were committed to at the election not so long ago and the funds are coming online just in the new financial year. Project delivery often has not such a high expense profile at the beginning as it does in the middle. The early part is a lot of planning and design work, the end bit is a lot of tying up of loose ends, the middle years are the peak construction periods — that is where the greatest expense is — and that is why you do get those kinds of fluctuations.

Another example can be changing circumstances, where a company may not be able to proceed with a project or indeed in a partnership arrangement with the local council it may not be able to proceed with a certain project for any number of reasons: planning matters taking longer than originally thought, circumstances changing within the company that might delay their investment, issues with attracting finance to plan as proceeded at the time that arrangements were entered into. This is not unusual, and it is just to be managed.

There is one example that I can share with you, though. In August 2013 the former Minister for Regional and Rural Development approved a grant of up to \$1.5 million for Covino Farms. This company has been the subject of some allegations that ran on *Four Corners* a couple of weeks ago around inappropriate employment practices. This is a matter of great concern; there are some very serious allegations. That grant was made more than 18 months ago, and those arrangements are yet to be concluded. One of the conditions for the approval of that grant was the agreement by the company to employ an additional 60 direct full-time equivalent employees. This is a significant number of people and a significant investment that the company was making. Part of this was also about ensuring the retention of 200 existing jobs.

That application was submitted. The department went through a comprehensive risk and probity assessment, as is always done for the granting of funds like this, and there was no reason for concern known at the time. The department later became aware of allegations against Covino Farms and some investigations by the commonwealth in relation to these. In August 2014 the former minister, Peter Ryan, approved a variation request for the inclusion of contractor employees within the employees definition in the legal agreement between the department and Covino Farms, and an extension to the condition of the grant proposal that the legal agreement is signed and the project commenced by 3 December 2013 to 30 October 2014.

In light of the allegations that have been made, I think it is probably appropriate if I take the opportunity to indicate to the committee that I will be making no further payment to Covino Farms until and unless I am satisfied that Covino Farms have complied with their legal and contractual employment responsibilities. I have requested that my department work further with the Fair Work ombudsman and also obtain legal advice in regard to the current contract between the Victorian state government and Covino Farms, and we will upon

receiving this advice consider the matter further. This is a further example of the kind of thing that can contribute to changes in initially proposed time lines for the expenditure of funds from something like the Regional Jobs and Infrastructure Fund.

Mr D. O'BRIEN — On a point of order, if I may, the minister may have said this in that answer, but could you tell us what the remaining funds were that have not yet been expended to?

Ms PULFORD — All of them.

Mr D. O'BRIEN — So none has gone out yet?

Ms PULFORD — Yes, that is correct.

Mr D. O'BRIEN — Minister, I refer to budget paper 3 again, pages 26–27, on infrastructure projects for regional Victoria. Last year I am sure you remember the opposition was extremely critical about a perceived lack of investment in infrastructure in regional Victoria. How do you justify the fact that in this budget only 2.9 per cent of infrastructure funding is going to rural and regional Victoria?

Ms PULFORD — This government is very committed to building infrastructure and supporting the delivery of infrastructure projects in regional Victoria. Prior to the election we indicated that we would provide road funding support — a billion dollars for regional and rural Victorian roads. My colleague Luke Donnellan has outlined a number of country roads and bridges that will be upgraded by this government. In the budget we confirmed our commitment to delivering on the Murray Basin rail, which is a very significant infrastructure project for regional Victoria. There are a number of projects that are listed here in the budget papers that will be essential for transforming some of our regional communities. There are other projects that we look forward to discussing with local communities, with local councils and indeed with the federal government to support an ongoing pipeline of infrastructure projects in regional Victoria.

I simply do not accept the basis of your question, Danny. I think that our government has — —

Mr D. O'BRIEN — I would welcome an alternative figure, if you want, Minister.

The CHAIR — Order! Mr O'Brien!

Ms PULFORD — an enormous job to do to rebuild the services that are critically important for regional Victoria. The school capital spend in the budget is one-third in regional Victoria, including the Sale special school and the new Bannockburn school that will go all the way to secondary years. The government is supporting our regional communities in addition to infrastructure and rebuilding vitally needed services. I notice that The Nationals party had a conference on the weekend and talked about the need to address the gap in education outcomes for people in regional and rural Victoria.

Mr D. O'BRIEN — Good to see you following it, Minister.

The CHAIR — Order!

Ms PULFORD — I would respond to that by saying that we are working hard on rebuilding TAFE. My colleague, Steve Herbert, is very keenly aware of the need.

Mr D. O'BRIEN — Spending not a single cent.

The CHAIR — Order!

Ms PULFORD — I can understand why you are sensitive about TAFE thing and our need to rebuild it. It was nice that you talked about it at your conference, but this is going to be a massive task. The impact of the devastating cuts to TAFE by the former government —

Mr D. O'BRIEN — There were no cuts.

The CHAIR — Order!

Ms SHING — There were huge cuts!

The CHAIR — Order!

Ms PULFORD — were so much greater in regional and rural communities than they were in Melbourne. That is not to say that they were not significant in Melbourne, but in places like Melbourne kids have got another place they can go if they cannot get into a course. In communities like in my electorate in Stawell, Ararat and Horsham when the courses are cut there is often nowhere else to go. And so we are going to be working hard to rebuild our ambulance services, we are going to be working hard to rebuild TAFE as well as undertaking a strong program of infrastructure projects, most significantly Murray Basin rail. We are going to be working fast and furious. Unlike the former government we are going to take a really aggressive approach to rebuilding confidence in regional Victoria.

Mr D. O'BRIEN — On a point of order first, Chair, the minister said she did not accept the premise of the question.

Ms PULFORD — I did not use those words.

Mr D. O'BRIEN — That is your call. I invite the minister to table or provide the committee —

Ms SHING — Are you paraphrasing or quoting the minister?

Mr D. O'BRIEN — with what she believes to be the spend on regional Victoria if she does not agree with the figure that I used in the question.

Ms SHING — Further to the point of order, Mr O'Brien may not accept the basis for the minister's answer, but the minister's answer stands. So unless he is going to wait his turn for another question opportunity, I suggest that that one be parked and held in abeyance until such time as he has got an opportunity.

The CHAIR — The minister has answered the question.

Mr D. O'BRIEN — Have I asked that the minister would do so? But anyway. On a supplementary then, Minister, given that only 2.9 per cent of major infrastructure spending is going to regional Victoria in this budget, will you guarantee that the full proceeds of the sale of the Rural Finance Corporation, including the \$60 million uplift from the commonwealth, will be spent on infrastructure in rural and regional Victoria?

Ms SHING — On a point of order, it is a very long bow to draw from the original question, which related to the 2.9 figure that Mr O'Brien advanced, to now be talking about a guarantee that funding received from the sale of a public asset be expended in a certain way.

Mr D. O'BRIEN — On the point of order, Chair, the minister in her own answer talked extensively about projects such as Murray Basin rail, which is being funded from the sale of the Rural Finance Corporation. I think it is perfectly apposite to the question that was asked and the answer that the minister gave.

The CHAIR — Order! I think in fairness to the minister, proceeds from the sale of the Rural Finance Corporation would actually fall within the Minister for Finance's portfolio rather than the minister's portfolio. So I do not think that you can ask the minister to give any guarantee for a portfolio responsibility she has no power over.

Mr D. O'BRIEN — For the record, the previous Minister for Regional Development made that guarantee publicly. I am asking the minister to do it herself. If she does not want to do so, then that is fine. But I think it is a perfectly reasonable question to ask.

Ms SHING — Further to the point of order, you may well ask that precedents which were established by former members in this committee or elsewhere be used as a relevant example, but I also note that the committee has on several occasions heard from the opposition that history is not relevant to the purpose of this committee's deliberations.

The CHAIR — I do not think that the minister can fairly or reasonably provide that guarantee given the fact that it is not within her portfolio responsibility.

Ms SHING — Or authority, Chair.

Mr D. O'BRIEN — For clarification, Chair, are you ruling the question out?

The CHAIR — I am ruling the question out. I would be happy if you had another question Danny.

Mr D. O'BRIEN — I would love you to answer, Minister.

Ms SHING — There is no question. It has been ruled out.

Mr DIMOPOULOS — Minister, I am going to ask you a question that is actually within your portfolio as opposed to Minister Scott's. My question is in relation to one of the budget initiatives under the Regional Jobs and Infrastructure Fund, and specifically the Latrobe Valley dental prosthesis centre, I think it is. It is BP3, page 27. As I said at an earlier hearing, we learn a lot about things we never knew existed reading the budget papers. It is the dental prosthetics and training centre in the Latrobe Valley. Would you touch on a bit more of the detail about this initiative?

Mr D. O'BRIEN — Clearly not a health project, that one!

Ms PULFORD — Thank you. It is a manufacturing project and a research project, and I was very pleased to join Ben Leigh from Latrobe Community Health Service, Regional Development Victoria committee representative Richard Elkington, the Committee for Gippsland, local councils for Gippsland, the Gippsland Trades and Labour Council and Federation University, who all work very closely on regional development projects, at the centre last week to receive an update on the project and a briefing. The budget confirmed \$1 million in addition to the almost \$1 million previously committed by Regional Development Victoria and the former Department of Health to support the development of this project, which will create 38 new jobs.

The project has had a couple of good days and bad days lately. We confirmed our commitment to it. It was an application before the federal government for stronger regions funding. They unfortunately missed out, but my department is working with the federal government to find out where the shortcomings in the project were. It would be my expectation that we would bat on into round 2 of the stronger regions program. What I would also take the opportunity to say is that in a previous discussion the committee just had we need to be flexible, we need to be innovative and we need to support the projects that will be so important for local communities. This is a good example of that. The conversation that we were just having with Danny O'Brien also reflects that.

I note on the broader question about what the government is doing as a whole on infrastructure spending that no member from the Liberal Party or the national party sought to ask the Premier or the Treasurer any question like that at all. But what I can say specifically on this — —

Mr D. O'BRIEN — We knew we had you coming up.

Members interjecting.

The CHAIR — Order!

Ms PULFORD — If you really cared, you could have asked the Premier or you could have asked the Treasurer. But back to Steve's question about the Latrobe Valley university training clinic, this will be cutting-edge manufacturing. This will be a project that will create 38 new jobs in the Latrobe Valley. It is very exciting; I was delighted to go and learn a bit more about it last week. I would certainly hope that project is successful in round 2 of the federal government funding. This is another example of a project that we work on with other tiers of government, other organisations that are engaged in regional economic development, to make our communities stronger, and to make their economies stronger. This is a particularly nice example of that.

Chair, can I just provide further information in response to Rachel's question about the Geelong manufacturing hub?

The CHAIR — I was about to come to that.

Ms PULFORD — Thank you. I did not have this information immediately to hand when you asked the question — —

Dr CARLING-JENKINS — That is okay.

Ms PULFORD — But I can now indicate to you that it is \$3 million.

Dr CARLING-JENKINS — It is \$3 million out of the \$200 million?

Ms PULFORD — For the Geelong manufacturing hub, yes, that is right.

The CHAIR — I would like to thank the witnesses for their attendance: the Minister for Regional Development, the Honourable Jaala Pulford, MLC; Mr Bolt; Ms Eddy; Mr Hanney; and Mr Bruce. Thank you for your time today.

Committee adjourned.