

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2009–10

Melbourne — 15 May 2009

Members

Mr R. Dalla-Riva
Ms J. Huppert
Ms J. Munt
Mr W. Noonan
Ms S. Pennicuik

Mr G. Rich-Phillips
Mr R. Scott
Mr B. Stensholt
Dr W. Sykes
Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

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Witnesses

Mr T. Pallas, Minister for Major Projects,

Mr H. Ronaldson, secretary,

Mr A. Smith, deputy secretary,

Mr S. Sweeney, executive director, Major Projects Victoria, and

Mr J. Hall, acting deputy secretary, Major Projects Victoria, Department of Innovation, Industry and Regional Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2009–10 budget estimates for, firstly, the portfolio of major projects. Dr Sykes is an apology.

On behalf of the committee I welcome: Mr Tim Pallas, Minister for Major Projects; Mr Howard Ronaldson, secretary; Mr Alf Smith, deputy secretary; Mr Sean Sweeney, executive director, Major Projects Victoria; and Mr John Hall, acting deputy secretary and Ms Beth O’Conner (managing slides presentation), Major Projects Victoria, Department of Innovation, Industry and Regional Development. Departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee’s proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his/her chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days. In accordance with past practice, the transcripts and PowerPoint presentations will then be placed on the committee’s website.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally, the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a presentation of no more than 5 minutes on the more complex financial and performance information related to the budget estimates for the portfolio of major projects.

Overheads shown.

Mr PALLAS — Thank you, Chair, and committee members. It is a pleasure to be here today to talk about the Major Projects portfolio. Last week Treasurer Lenders brought down a budget that put infrastructure investment and securing jobs at its forefront. A record \$11.5 billion will be invested in infrastructure during the next financial year to fast-track job-creation projects right across the state, creating up to 35 000 jobs. The Brumby government is delivering the largest major projects program in our state’s history; since the year 2000, more than \$24.5 billion has been invested in infrastructure.

In this year’s budget we have announced \$7 billion in net infrastructure investment for the year 2009–10 and a record figure aiming at stimulating investment, creating jobs and seeing us through these hard times safely. The budget also committed to an average net infrastructure investment of \$4.4 billion over the coming three years. To give you a comparison, the average infrastructure spend per year under the Kennett government was around \$900 million compared to \$3.5 billion — —

Mr DALLA-RIVA — How much is government?

Ms MUNT — They hate being reminded.

The CHAIR — Without assistance from members on either side, please.

Mr PALLAS — Thanks, Chair. That is worth at least another minute. It was \$900 million compared to the \$3.5 billion per year under the Bracks and Brumby governments, and we are spending nearly four times as much as the previous government did on infrastructure. The value of combined projects currently being delivered in the major projects portfolio is around \$3.3 billion of both public and private sector capital investment.

Since 2000, the major projects portfolio has represented around \$12.2 billion in economic benefits in Victoria, and has created almost 10 000 construction jobs.

The CHAIR — I hope some of them are women too, Minister.

Mr PALLAS — The 2008–09 financial year has been an exceptional year for Major Projects Victoria, with a number of notable achievements. Since it reopened for business in September last year, more than 18 000 people have visited the \$10.6 million Hepburn Springs bath house, which is now one of the largest spas in the country and which employs more than 70 people.

The award-winning Melbourne Recital Centre and MTC Theatre was delivered three months ahead of schedule, creating 500 jobs during construction and now employing 25 full-time staff and a large casual workforce, including hundreds of actors and musicians.

The completion of stage 1 of the award-winning Kew Residential Services redevelopment delivered 55 private dwellings and 20 community houses, providing high quality, socially inclusive homes for 100 former residents and setting a new standard for disability accommodation.

The new Melbourne Convention Centre is a fantastic new economic engine for the state. It is the largest centre of its kind in the Southern Hemisphere. It will inject about \$197 million a year for the next 25 years into the Victorian economy and will create 2500 jobs. We already have 48 international and 190 national conventions confirmed, which is likely to bring something like a quarter of a million delegates to Melbourne. The \$1.4 billion development has already delivered an estimated \$4 billion in economic benefits to the state.

Projects currently under construction include the \$267.5 million Melbourne rectangular stadium, which will be Melbourne's first ever purpose-built venue for Rugby League, soccer and Rugby Union. This 31 000-seat stadium, with its iconic bio-frame roof, fills a missing link in Melbourne's renowned sporting facilities, and it will be operational early next year.

A lot has been said about this stadium so far, but probably the greatest accolade that I have come across recently is a report from Melbourne Victory supporters, of whom essentially 62 per cent said the no. 1 event for them in the coming year was the opening of this stadium — which is pretty amusing, given that only 19 per cent of them actually considered the defence of the A League premiership as an important event.

The CHAIR — As a member, I think both are very important, Minister.

Mr PALLAS — Currently in the major projects portfolio we have two projects under procurement: the Melbourne Markets relocation and Biosciences Research Centre. Another interesting upcoming project is the \$128.5 million Southbank cultural precinct redevelopment, which begins with the refurbishment of Hamer Hall at the arts centre.

One initiative is the Princes Pier project, where this year \$20 million has been allocated to deliver the final stages of the restoration. This funding, in addition to the \$14 million already committed, will allow the first 196 metres of the pier deck to be replaced, the restoration of the gatehouse and other improvements to the space currently being finalised. The restoration is expected to be completed in 2011.

Beyond project delivery, MPV is also actively engaged in planning for the future, doing early thinking in areas where we think there might be successful project delivery. The state government has allocated \$2 million in funding progress planning for the future of the E-Gate precinct in West Melbourne, a project with a potential value of more than \$1 billion. A comprehensive business case will explore a range of land uses, such as sporting, commercial and residential.

Another large-scale project currently being planned is the redevelopment of Melbourne Park and Olympic Park, to accommodate the growth of the Australian Open tennis tournament now and into the future. During the Australian Open in January this year the Premier announced that \$5 million had been put aside to develop a capital works program with detailed designs to upgrade the entire precinct.

In the current economic climate clearly the global financial crisis presents a challenge to the construction industry. The government is serious about doing whatever realistically it can do to protect the construction industry during the financial crisis. The construction industry is a major part of the Victorian economy. It provides about 7.8 per cent of the state's GDP, employs more than 224 000 people and exceeds about

\$16 billion in net sector production. Our record infrastructure investment is intended to support jobs in the construction industry.

In conclusion, although the immediate future looks challenging for the construction industry, the Victorian government is working hard to stimulate the economy so that we can go forward with some confidence. We entered the global financial crisis with a strong state economy. We have delivered and will continue to deliver record levels of infrastructure investment to world-class standards. In the 2009–10 budget we have committed to a range of strategic infrastructure designed to drive the Victorian economy forward, create jobs and protect our state. Thank you.

The CHAIR — Thank you, Minister. We have until 3 o'clock for questions on the major projects portfolio. I might begin by asking what federal grants, both output and assets, have your portfolio department agencies received in the budget. Can the department provide the committee with a list and description of these grants and programs? What accountability mechanisms are there in respect of them?

Mr PALLAS — Thanks, Chair. In terms of federal grants it is generally not the case that we pick up much in the way of federal grants. We do not generally directly receive federal funding for any projects that MPV is involved with. Our client departments may, however, receive federal funding for construction. Major Projects Victoria has not received any federal funding in the most recent federal budget. In respect of the bushfire clean-up, you probably would be aware, however, Chair, that the commonwealth has committed to providing funding to clean up and dispose of the waste that has been caused by the destruction of the buildings during the 7 February bushfire. Major Projects Victoria is currently directly involved in the bushfire clean-up, administering the contract for the clean-up, for the disposal of bushfire waste and also for the clearing of the more than 2000 buildings, including homes, businesses, community buildings and outhouses destroyed by the fire. Federal funding was in the past provided for the Australian Synchrotron, not for construction purposes but for the additional beam lines.

The CHAIR — If there is anything you can tell us about the accountability mechanisms, I assume you can give it to us on notice.

Mr DALLA-RIVA — Minister, I am just going to budget paper 3, page 140, and looking at major projects. We have had previous ministers here talking about projects that they are undertaking. I am trying to get some clarity in terms of the budget and the forward estimates. How much of the major projects portfolio is actually involved in major projects, and in particular how much are you claiming is yours within the major projects portfolio when in fact projects have been totally managed by other ministers — for example, the desal plant, the Springvale Road level crossing, the east–west rail tunnel and a few other things have been mentioned? Exactly how much is Major Projects Victoria involved in, and in particular what is the relationship you have with DTF through Partnerships Victoria, which seems to be more about the major projects development than in fact your department?

Mr PALLAS — I might say that at least in respect of one minister — the minister managing the grade separation at Springvale Road — I can assure you it is in good hands.

Mr WELLS — That is what we are worried about!

Mr DALLA-RIVA — That is what we are worried about!

Mr PALLAS — No, you are not. Relax.

The CHAIR — The minister, to continue.

Mr PALLAS — In relation to the differentiation in terms of responsibilities between Major Projects Victoria and other government departments, it is probably relevant to give a broad analysis of how that comes about and why it is the case. Major Projects Victoria traditionally manages large-scale development construction projects for the Victorian government. MPV is obviously an expert in project delivery. Projects are effectively allocated to the Minister for Major Projects and MPV under the PDCMA, or the Project Development and Construction Management Act. Not all of the government's major projects, nonetheless, are delivered by MPV. To deal with that issue, traditionally there are two main reasons why a project is allocated to MPV, to look at it in a positive perspective.

Firstly, there are situations when MPV is responsible for a big one-off project that the state is delivering. Examples of that are the Commonwealth Games athletics village, the Australian Synchrotron and of course the rectangular stadium. They are all examples of one-off projects. Because MPV is the government's expert project delivery agency, it can also deliver projects on behalf of the departments that do not have the same sorts of expertise. An example of that would be the Hepburn bathhouse, or for that matter the Kew residential project; they are both being delivered on behalf of departments that are not project delivery experts.

MPV, however, does tend not to deliver projects on behalf of departments that have an established expertise in delivering their own projects. For example, the Department of Education and Early Childhood Development builds a lot of schools, and therefore are experts in this project delivery. Similarly the Department of Transport also has a high level of project expertise, which is why the Department of Transport is successfully delivering a variety of projects, including of course, through the Port of Melbourne Corporation, the channel-deepening project.

Ms MUNT — I refer you, Minister, to page 8 of budget paper 3 under the heading 'Record infrastructure investment program' where it states:

Accelerating investment in public infrastructure will balance any decline in private sector investment resulting from the economic downturn —

referring to the global financial crisis, I presume —

and be a key source of employment opportunities in the state, generating tens of thousands of jobs in construction over the next four years.

Can you please explain to the committee how that investment in public infrastructure is being delivered and be a bit more specific about how that will generate jobs and the level of jobs?

The CHAIR — Minister, particularly in relation to your portfolio.

Mr PALLAS — The government has made a commitment to securing and creating jobs for Victorians, and obviously that, in the current economic circumstances and current climate, is critical to our broad objectives. That is why we are putting in place such a record infrastructure expenditure. Picking up Mr Dalla-Riva's point, that is being delivered right across government, and MPV, of course, is proud to play its part. We are also aware that the global economic crisis is having an impact on economies right across the globe, and I am pleased to be able to tell you that despite these challenging times we take the view that the Victorian economy is holding up comparatively well. Part of the reason for this is that over the last 10 years the Bracks and Brumby governments has also invested appreciably in infrastructure. That has set us at a pretty good baseline in terms of the robustness of the economy and the jobs that have been created up to this point.

Since 2000, as I indicated to you earlier, we have invested more than \$24.5 billion in infrastructure. It is the largest infrastructure program in the state's history. In the 2009–10 budget we have committed to an average net infrastructure spend of \$4.4 billion over the next three coming years. The value of the projects currently in the feasibility planning and construction phase in the major projects portfolio is around about \$3.3 billion of both public sector and private sector capital investment. Since 2000 the government's investment in the major projects portfolio has created what we believe to be around 10 000 jobs, and we have used the calculation used by the Master Builders Association in formulating that.

This commitment to investment in infrastructure and job creation has seen the government, through MPV, deliver benefits right across the state. For example, we have improved health services such as the Austin and Mercy hospital; we have boosted our arts and our cultural precincts and capacities, such as the MRC and the MTC facilities, to enable Melbourne to continue to preserve its global reputation as an arts and cultural centre; and we have delivered world-leading science and technology facilities, some of which I think from a national as well as an international point of view we have every right to be quite proud of, including the synchrotron and first-class sporting facilities. I know there is an enormous amount of excitement around the rectangular stadium, and I think this will be one of the architectural crowning achievements of this state in many ways. It will be iconic, and it is a tribute to all involved, in particular to Grocon, which is managing what is an extremely complex design and delivery program. We are very pleased with how that project is progressing.

We have delivered in regional Victoria. For example, there is the Hepburn spa bathhouse with more than 18 000 visitors, which has also featured on the TV program *Postcards*. Clearly the capacity to identify the offering that regional Victoria has to the rest of the nation has a great tourism potential.

As Minister for Major Projects I am also responsible for projects that continue to create jobs and also to support the Victorian economy. The bioscience research centre, for example, is a major new agricultural research facility the government is delivering in partnership with La Trobe University. We estimate that that will create approximately 320 jobs during construction and will continue to support up to about 450 jobs once it is open. Construction of the biosciences facility is due to commence in mid-2009.

We showed in the recent budget that we as a government are about creating jobs, and I am proud of those achievements to date. We continue to invest in infrastructure, deliver world-class major projects and create jobs in Victoria.

Mr DALLA-RIVA — Minister, I am interested again in page 140 of budget paper 3 in relation to the performance measures for major outputs and deliverables. In particular, under the heading ‘Quality’ we see ‘Delivery of nominated Major Projects Victoria projects complies with agreed plans’, and — surprise, surprise — each one is 100 per cent, despite the fact that Hepburn Springs bathhouse was delayed 18 months from the original date it was meant to be delivered. We still do not know what the situation is.

We have vacant land up in the Melbourne fruit and vegetable market. Nothing has been sorted out there in terms of the forward plans. The Melbourne Wholesale Fish Market, which you advised three years ago was going to be closed in March of this year — —

Mr WELLS — How can this be 100 per cent?

Mr DALLA-RIVA — Exactly, Mr Wells. Princes Pier is in fact nominated underneath the heading ‘Timeliness’, and we know the debacle that happened there. So how does Major Projects Victoria come up with a 100 per cent success rate when I have just cited four delays as an example?

Mr PALLAS — Could I go through the individual items first and then come more broadly to the issue? The 100 per cent criteria contained in those papers are essentially 100 per cent of the criteria of success that those budget papers set, and indeed I think the MPV agreed key performance indicators agreed in its business plan are 80 per cent of projects delivered within plus 10 per cent of agreed budget.

Mr WELLS — What?

Mr PALLAS — It is 80 per cent of projects delivered within — —

Mr DALLA-RIVA — So it is 80 per cent within 10 equals 100?

Mr PALLAS — Within plus or minus 10 per cent of agreed budget and agreed time frame. You do realise that in any major project you would have to incorporate — —

Mr WELLS — How can you say 100 per cent?

Mr PALLAS — It is 100 per cent of that key performance indicator.

Mr WELLS — One hundred per cent of the 80 per cent?

Mr DALLA-RIVA — No, with a 10 per cent variance.

Mr PALLAS — One hundred per cent of the indicator, Kim.

Ms MUNT — They have trouble with figures, Minister.

Mr DALLA-RIVA — Maybe it is a Labor calculation!

Mr WELLS — Eighty per cent plus a 10 per cent variance gives you 100 per cent. That is amazing. I bet your media unit worked that one out!

The CHAIR — Without assistance, thank you.

Mr PALLAS — But because I really want to make this clear to you, Kim — —

Mr WELLS — Please make it clear. Talk slowly — —

Mr PALLAS — I would not want you to walk away with any level of doubt — —

Mr WELLS — Okay, and I think — —

The CHAIR — Without assistance please, from anybody.

Mr PALLAS — One hundred per cent of the performance indicator, the performance indicator is 80 per cent of the projects, plus or minus 10 per cent of agreed budget and agreed time frame. Since 2000, of 15 projects, 93 per cent of those projects have been delivered within 10 per cent of the agreed budget.

Mr WELLS — So it is not 100 per cent?

Mr PALLAS — And 80 per cent of projects have been delivered within 10 per cent of the agreed time.

Mr WELLS — That is not 100 per cent.

The CHAIR — Thank you; without any comments, Mr Wells.

Mr PALLAS — Therefore MPV has achieved 100 per cent compliance of its agreed business plan target.

Mr DALLA-RIVA — This is a real *Yes, Minister* answer, Minister.

Ms MUNT — It is very simple.

Mr PALLAS — I thought it was breathtakingly obvious, really.

Mr WELLS — So your benchmark is 80 per cent with 10 per cent variance?

The CHAIR — Thank you. We have had the answer. Mr Noonan?

Mr NOONAN — Minister, from your presentation I am interested in the E-Gate project. I note its proximity to Australia's busiest container port, just by the map you have provided. I note also that page 331 of budget paper 3 refers to \$2 million for the planning and development of a business case for E-Gate. Can the minister explain to the committee what the E-Gate project is, and also what is the value of investing in the development of the business case.

Mr PALLAS — I think the E-Gate project basically says a lot about the Brumby government and also it is evidence of a government with a vision, a government that shows that it is committed to a strategic long-term process in terms of planning for the state. E-Gate is probably demonstrative of that in a lot of ways, because it is about the long-term strategic fit and planning.

E-Gate is about 20 hectares as a site, and it is ripe with possibility. It is one of the last remaining brownfield sites in inner Melbourne, and it is currently without a long-term strategic plan in place. We are going to have to make decisions reasonably promptly about the long-term future and possible uses of this facility, given the existing tenancies that operate at that facility.

The E-Gate precinct — which is actually called E-Gate because it is next to the E gate in the Melbourne rail yard area, so it makes it easy — is located between the North Melbourne train station and Footscray Road in West Melbourne. There is potential for the site for redevelopment, which is so close to Melbourne CBD, and it is well serviced by public transport, so it is pretty obvious that there are quite a number of opportunities and there will be a lot of potential ideas for us to work our way through.

Development of the site supports the whole policy that the government identified in Melbourne 2030. It has the potential to be a \$1 billion-plus project, comparable to the MCCD in terms of its scope and size of investment. One-billion-dollar-plus projects create jobs, they secure jobs and they also boost the construction industry and

associated industries, and in the current environment that is critically important. And in this case over about a 20-year redevelopment program the project has the potential to create something like 1700 jobs.

The government has been looking at ways to realise the E-Gate potential while also maintaining the essential transport infrastructure which is currently in and around that site. In 2007 VicTrack commissioned MPV to undertake a concept master plan of the land at E-Gate. MPV submitted that master plan to VicTrack in December 2007 and presented it to the VicTrack board in February 2008. So \$2 million has been allocated and it will provide for detailed technical and commercial assessments of the redevelopment opportunities to inform a long-term strategy for the precinct.

The ideas and concepts for the site are quite wide and varied. Obviously we are not at a point where we are sifting or selecting. The land would support options and mixes, including commercial and residential. Some ideas that have been floated around, to give you a flavour for it, are: an eco-city, an environmentally sustainable city, possibly free of cars. An example is a city of the future like they have outside London, but nothing like it exists in Australia.

Another option: the site could be suited to support a large-scale institutional development, such as a hospital or a university or some other social infrastructure. A third option: the site has the potential to support affordable housing. A fourth and final option: the site would be large enough for a sporting stadium.

Any development of the site would require a whole-of-government approach. Portfolios such as roads and ports, public transport, planning, community development, housing and environment are all potentially affected by a development of this nature. We are working with and consulting VicTrack, BlueScope Steel — as I say, the current tenant of that area — and other stakeholders as we look into the options in the site. BlueScope Steel currently leases the site until 2014 but on a site this large and this strategically significant, I think it is important that we start planning now and also start sending some pretty clear signals about our intentions to that tenant in due course.

Mr DALLA-RIVA — Minister, in terms of the previous question about the 100 per cent of the 80 per cent with the 10 per cent variance.

The CHAIR — Twenty per cent, I think.

Mr WELLS — Ten per cent.

Mr DALLA-RIVA — Yes, 10 per cent. You would probably agree that there ought to have been a footnote to indicate that, because it appears that it looks like straight up 100 per cent. But anyway, I think that is for us to consider.

Mr WELLS — You do not think there should be a footnote?

Mr PALLAS — I think it is pretty clear that the statement is that it has met its performance indicators, as agreed in its business plan.

Mr WELLS — Where is it?

Mr PALLAS — It is meeting its performance indicator.

Mr WELLS — According to you.

Mr DALLA-RIVA — Where does it say that?

Mr WELLS — Where is that?

Mr DALLA-RIVA — It is misleading.

The CHAIR — Is that a question or a comment?

Mr DALLA-RIVA — No, I am just saying that perhaps there ought to have been a footnote.

Mr PALLAS — But the good thing is, Richard, you have got the opportunity to ask, and I have provided the necessary level of clarity.

Mr DALLA-RIVA — Whilst we are on page 140 and the figures that appear there, I note reference to Princes Pier, and I note there are only two projects listed in terms of timeliness. I gather they are the only two projects that are currently in the process within MPV. That is the first part of it. The second part of it states ‘Princes Pier: commence reinstatement of deckworks’.

I noticed you said there is \$14 million committed and an additional \$20 million, I think, from the discussion, yet target not met quarter 1, and you say it is because existing:

... beams were exposed, their reuse was not viable ...

Has that cost us \$14 million to discover that? Where has the rest of that money gone and what is \$20 million going to do into the forward estimates? When are you anticipating the Princes Pier project to be completed?

The CHAIR — There are three questions there, Minister.

Mr DALLA-RIVA — It relates to Princes Pier.

The CHAIR — I understand that.

Mr PALLAS — Sure. I will just clarify here that if you go to budget paper 3, page 140, you will note under ‘Quality’ the targets are basically explained:

Delivery of nominated Major Projects Victoria projects complies with agreed plans

That is effectively the targets and the performance indicators that I have just taken you through.

Mr DALLA-RIVA — Where are those agreed plans?

Mr PALLAS — If nothing else, Richard, that would have alerted you to the fact that there is a criteria.

Mr DALLA-RIVA — Yes, but where are they? Somewhere in the public domain, are they?

Mr WELLS — Where are the agreed plans in relation to that?

The CHAIR — Can we get on to the Princes Pier?

Mr WELLS — It is an agreed plan. I am just wondering where it is.

Mr DALLA-RIVA — In a crystal ball?

The CHAIR — I think he is going to tell us now about Princes Pier.

Mr PALLAS — It is pretty important that we recognise that the government has taken action to secure and assure the redevelopment of what is an iconic and historically significant pier. There has been \$20 million allocated in this year’s budget for the final stages of the pier restoration.

I actually visited the pier yesterday and confirmed the government’s contribution. I can tell you a little bit about the historical significance of it, and that is why the government has determined to proceed with the delivery of what I think is a vital project.

It is the second-largest timber-piled wharf structure in Australia. It is very important to Victoria and Australia’s history in many respects. It was the departure point of Diggers in World War I and World War II. It was also the arrival point of many postwar immigrants. These were times and events that obviously shaped our state and our nation and necessarily due regard needs to be paid to them in terms of our investment priorities.

The development of the pier will ensure that this important part of Victoria’s history is retained. The project was announced in 2006; \$14 million was allocated to the first stage of the project. That was to demolish the decking on the pier. It was not until demolition works began that it became clear just how derelict and rotten the old pier

deck was. I have a handout to give you an appreciation of exactly what it was we were dealing with; while that is being handed around I will continue and come back to that.

We had a problem with Princes Pier. We have to accept that. The demolition works were temporarily halted largely due to the extent of the deterioration of the existing structure, which only came to light as part of the demolition process. The demolition works recommenced in October 2008 and are progressing well. The demolition works will be completed by the end of this year.

There might be a question about what the \$20 million was for. The \$20 million announced in this budget will allow the government to complete the vision for the project. The \$20 million will fund the final stages of the project, that is to re-deck about 196 metres of the pier and also restore the gatehouse. Beyond that the decking will be removed, with the original piles being preserved as heritage in the structural sculpture of the centrepiece. I have a handout for that.

The gatehouse will be restored for possible use as a cafe or perhaps also as a historical centre. Details are currently being finalised in the consultation with both the City of Port Phillip and with Heritage Victoria. As with all our projects, however, we are going about securing and creating jobs. The project is likely to generate about 100 extra jobs on site.

It is anticipated that the impact of the construction on the associated industries of the restoration will be about \$40.6 million — that is the MBAV's rubric, while up to about \$30 million in other economic benefit to the community will be generated. It is estimated that the refurbished pier will be protecting its heritage value and will attract 200 000 visitors a year, so the redevelopment is also seen as a final stage for the completion of the waterfront revitalisation of Beacon Cove. It is due for completion in 2011.

I might say, that will come as a large measure of comfort, Jennifer, to yourself, and also to the member for Albert Park, who was with me yesterday at the unveiling; and also a lot of the structural engineers who seemed to be taking up part-time observation work from Beacon Cove, giving us very useful advice as we go along.

Ms PENNICUIK — Minister, I notice that on the front of Major Projects Victoria's website that MPV has a commitment to environmental sustainability in its projects, which is to be expected when it is spending so much public funds and they are due to last many decades, one presumes.

My question relates to the Melbourne rectangular stadium. Also on the website is a list of environmental features that are or will be present by the end of construction, including rainwater harvesting and storage, low water-use fittings, provision for 95 per cent reduction in use of potable water, low energy light fittings, maximum natural ventilation, recycled building materials, low embodied energy, hollow-core concrete slabs, only plantation or recycled timber, low embodied energy bio-frame, low VOC carpet and paints, a fully integrated waste management, building automation system to minimise power use, bike storage facilities and access to public transport.

My question is: will all those features be present when the project is finished, unlike the Southern Cross station which had a similar list but missed out due to cost cutting?

Mr PALLAS — For a minute I thought you were building me up, and then you took it all out from underneath me! Major Projects Victoria takes seriously its environmental responsibilities. I will come back to the rectangular stadium, but let us not look exclusively at that, because I think Major Projects Victoria has a pretty good story to tell also in terms of, say, the convention centre, which will be the first convention centre in the world to achieve the Green Building Council of Australia's six-star green-star rating for convention centres.

Mr WELLS — What does it go up to?

Ms MUNT — What is the highest possible?

Mr PALLAS — I will not take you through all the wonderful things that are in there because clearly you are more excited about the rectangular stadium. We believe we will be pushing the boundaries of sustainable design for construction of sporting facilities, and I think that is a place where Major Projects Victoria is quite comfortable being: they take those responsibilities quite seriously. So while the goals will be scored on the pitch

of this completed facility, environmental goals have been scored during the construction of the stadium already. We are already ahead on points, Sue.

Ms PENNICUIK — Are you ticking off the list and making sure they are all there, Minister?

Mr PALLAS — I am just about to, so you can hold me to account. If I get it wrong, I will hold Sean to account, and he will find somebody further down the line to hold to account. The roof contains about 50 per cent less steel than a typical cantilever structure; rainwater will be collected from the roof; low water use fittings; low energy light fittings where possible; maximum natural ventilation and light — —

Ms PENNICUIK — It is the same list.

Mr PALLAS — I just want you to be sure that I have them all. Recycled building material where appropriate; use of low embodied energy hollow core concrete slabs; only plantation or recycled timber to be used — —

The CHAIR — Does that include the piles from the pier?

Mr PALLAS — No, apparently we are not allowed to touch those.

Ms PENNICUIK — They are heritage, Chair.

Mr PALLAS — They are far too precious. They have to be left where they are, Chair.

Only plantation or recycled timber to be used; a fully integrated waste management and recycling system; bike storage facilities and good access to public transport. Is that your list?

Ms PENNICUIK — You missed out low VOC compound carpet and an automated system to minimise power use. However, my question is: are all those things going to be present when it is completed?

Mr PALLAS — All the things that I said.

Ms PENNICUIK — Thank you, Minister.

The CHAIR — Okay. It sounds like a very good list. I am not too sure why the six star and the green star are there. Do you have an explanation for that? I understand what five star and six star is, but what is the green star? Is it an industry standard?

Mr SWEENEY — The green star is the rating system; that is the actual rating system. It is a green star rating system. There are other rating systems in the world; we have selected that one.

Mr PALLAS — It is a Green Building Council of Australia — —

The CHAIR — Can you give us some details of that on notice?

Mr SWEENEY — Six stars is the highest rating you can get.

The CHAIR — All right. That is pretty useful.

Ms HUPPERT — Minister, thank you for the information you gave us about Princes Pier. I want to ask you about another project that is also in my electorate, and of course in Ms Pennicuik's electorate, which is the Melbourne Convention Centre. Page 9 of budget paper 3 states that:

the new Melbourne Convention Centre, which when combined with the exhibition centre will be the largest convention and exhibition facility in Australia;

Could you please explain to the committee the benefits that this construction has had for Victoria, and why we have built such a big convention centre in Melbourne, and the benefits that will flow in the forward estimates period?

Mr PALLAS — I think the introductory comments that I took you through really outline the great economic value that this facility is going to have. In a lot of ways you get a spin-off value to the state just by the sheer

physical presence and the notice that you get. We anticipate that we will get a quarter of a million delegates to the convention centre in terms of committed projects, whether national or international.

Victoria is set to become one of the most sought after business tourist destinations in the world when the convention centre opens for business in July this year. We are tracking very well, and a lot of great work has gone into the delivery of what I think is not only an exciting project, not only a world-class piece of infrastructure but something that will set off in a visual sense and architecturally Melbourne to its best.

I hope that when it opens you will get an opportunity to go and see how the Yarra River is framed through some of the major common areas within the convention centre proper. It is a world-class convention centre, and it will strengthen Victoria's position in the national and international convention and exhibition markets. The facility is a significant asset in terms of our state, and one which will help us weather the storms of the current global economic slowdown.

The investment by the Bracks and Brumby governments in the Melbourne Convention Centre project is \$368.8 million. The total investment in this project from commercial development is about \$1.4 billion. To put that into some sort of context, it is just slightly more than the amount of investment that the state is making in terms of the M1 project — the Monash–West Gate project. The project has already delivered an estimated \$4 million in economic benefits to the state. As I indicated to you earlier that is through committed conferences, and the employment spin-offs that have flowed from the delivery of the project.

The MCCD has created jobs and will continue to create secure jobs. There are 1780 jobs during the construction stage, and 2500 jobs across the state over the next 25 years is our anticipation of ongoing employment opportunities.

So far 48 international conventions and 190 national conventions have been booked. That is pretty impressive for a structure that hasn't even opened its doors yet. These will bring something like a quarter of a million delegates to the state. The first of the conventions will start in early July, and we will meet their expectations of having a fully functional convention centre up and running then.

It is worth noting how the convention centre delegates boost our economy. I think it is quite interesting when you look at the 2006–07 Melbourne convention delegates study that found international delegates spend on average about \$876 a day in Melbourne and that they stay for an average of about six nights. Domestic delegates spend about \$860 a day but they stay for an average of about three nights. Compare this to how the national leisure tourists market operates. This really does put into contrast or stark reality why it is that we need to get the convention business. Leisure tourists spend approximately \$100 per day. Clearly, convention delegates spend seven to eight times that amount on a daily basis.

These delegates will be able to stay at and enjoy the \$150 million, 20-storey Hilton Melbourne South Wharf. Construction began on the Hilton in May 2006, and it opened in April this year. The hotel includes 396 rooms, a restaurant, bars and a cafe, and will be the equivalent of a 5-star hotel.

The convention centre itself will include an impressive 5000-seat plenary hall which has innovative gala seating systems. It has a grand foyer, banquet room and fantastic views of the city. It will revitalise the precinct, providing a link between Southbank and the Docklands area. It will provide a significant tourism boost with new bike and pedestrian facilities, and ensure that the Polly Woodside remains a major tourist attraction going forward.

The convention centre, as Sue and I have just discussed, leads the world in sustainability. Sorry, Sue, we didn't — we actually talked about the rectangular stadium. I tried to discuss that one — —

Ms PENNICUIK — You are going to discuss it now.

Mr PALLAS — Good. Thanks for that. Our green credentials include solar panels to deliver all public amenity and hot water requirements; a black water recycling plant to recycle water waste to supply toilets, cooling towers and also to irrigate landscapes; natural light and energy-saving controls on installed lighting; and lighting fixtures that adjust depending on the amount of daylight that is available or detected in a room. Many of the building materials are sourced from renewable materials and sustainable industries. A public open day is due to occur on 31 May. Get along there. It is well worth it.

The CHAIR — It sounds very good.

Mr SCOTT — I would like to discuss the major project of Victoria's response to the bushfires. We have all noted the huge community response to the bushfires. I refer to budget paper 3, page 9, which notes the government's response to the bushfires of 7 February this year. What role is Major Projects Victoria playing in response to the bushfires?

Mr PALLAS — I might actually hand over to Sean at some stage so that he can at least get an opportunity to speak before this committee. He has taken quite a substantive role as part of an indoor agency task force that was formed in the immediate aftermath of the 7 February Black Saturday bushfires to coordinate the government's response. Perhaps I will just ask Sean to give us a brief update on how things are going.

Mr SWEENEY — I have been sitting on the task force, but primarily sitting there from a construction or infrastructure rebuilding needs point of view. Most of the rebuilding is going to be private individuals doing their own thing with their own property. There is actually quite a small amount of public buildings that have been destroyed. The focus of our efforts is as the contract administrator for the clean-up contract with Grocon, which is a massive logistical task, but it is now starting to proceed very well. As of last Friday, it had cleaned 1000 of the 3000 sites.

Mr SCOTT — Just by way of seeking some further information, what is the estimated value of the public buildings that were destroyed?

Mr NOONAN — I think it is about \$80 million. We heard that this morning.

Mr SWEENEY — The building stock is of a highly variable nature, from \$1 million high-end homes to very basic quarters. I think it would be quite hard to come up with a value. I think 3000 properties were registered as having suffered damage.

Mr PALLAS — One of the things that I think is interesting on this is that approximately 3000 property owners have registered for the clean-up — and Grocon is now mobilising in 10 regions plus having its Melbourne headquarters. Nearly 80 clean-up teams have been mobilised with 39 subcontractors; 69 per cent of the subcontractors and about 50 per cent of the clean-up workforce are local to the fire-affected areas. Separate operations have been mobilised to offer assistance to more than 90 property owners who have been served with emergency orders by councils.

About 28 per cent of eligible registrants have been contacted by the authority and have been approved for reimbursement, and nearly 70 per cent of those registrants have been reimbursed. Almost 20 per cent of the sites have signed consent deeds and have been cleaned up and are waiting formal approval as complete. We are making substantial progress in this area.

The CHAIR — Thank you. Minister, I just want to come back to the rectangular stadium as a bit of a fan of football and also rugby, as you have mentioned before. I have seen photos in the paper regarding the developments, and I will be pretty keen to get down there myself, particularly with some of the supporters of Melbourne Victory, to have a look. If you could organise that for us, that would be great.

I am looking forward to matches being played there. The best sporting spectacle in Melbourne is watching Melbourne Victory with soccer fans at one end and the other — it is wonderful. Can you tell us how this rectangular stadium is actually going to deliver jobs and fit in with the infrastructure spend that you outlined at the beginning?

Mr PALLAS — Sure. I am looking forward to the rectangular sports making the rectangular stadium their home. I had the great opportunity to play at Olympic Park on Monday night as part of a Labor Party All-Stars versus Celebrities match. We lost 3-1, and I think it was largely because of the pitch. But of course those problems will not occur in future on the spectacular pitch that will be available.

In the 2009–10 budget the Brumby government obviously has made investing in infrastructure and securing jobs a no. 1 priority; the \$267.5 million rectangular stadium is a key example of this. The stadium will be known around the world as the next generation stadium, and there is a lot of excitement, I have to say, within the architectural and engineering community about what is going on at this stadium.

I have gone down to the site and spoken to the construction manager on site, Mr Stephen Richardson for Grocon, and he is doing an exceptional job. He is the same fellow who actually managed the work on the MCG development before the Commonwealth Games and he managed that project spectacularly, as did Grocon. This project similarly is going ahead very well.

It will be visually and structurally unique. It has a self-supporting roof with a strong focus on sustainability. It will be to Melbourne sport what the Opera House was to culture in Sydney. The stadium will also provide the missing link in Melbourne's sporting infrastructure.

In response to the growing popularity of football and soccer, and the support for Melbourne Victory, the government has decided to increase its capacity from what I think originally was around about 20 000 to 31 000 seating capacity, which is an increase of 55 per cent. More than 1200 workers are expected to be employed both on and off the site during construction.

The features of the cutting edge bioframe roof design provide extensive seat coverage. The stadium will aim to push boundaries for sustainable design and construction. The bioframe roof is unique in not only Australia but also the world and will give the stadium a very strong identity, both visually and architecturally in a broader sense. The innovative bioframe roof design helps reduce the amount of steel that is actually required for the roof by about 50 per cent compared with the traditional cantilever construction methods that are used.

Arup, who have been the engineers in the roof of the stadium, also worked on the Water Cube and the Birds Nest stadiums at Beijing. They say that the stadium roof is just as complex as the stadiums that amazed the world at the Beijing Olympics. Certainly the engineers who are putting together this task tell us exactly how complex it is.

The stadium is truly of an innovative character. It has already been recognised, winning such awards as the 2008 Bentley engineering awards of excellence. This prestigious international award is presented by US company Bentley, a market leading provider of comprehensive software solutions for infrastructure lifecycles.

The stadium will be the new home of Melbourne Victory and Melbourne Storm. We are pleased about that. It will also become a world-class event and administration complex. It will be open for events early in 2010.

Ms MUNT — Is it meant to look like soccer balls or is simply my imagination?

Mr PALLAS — It is simply your imagination.

The CHAIR — Thank you, Minister. I look forward to going down and watching the Melbourne Victory women's team.

Mr PALLAS — In fact what the architects tell me is it is supposed to look like: they got the inspiration for the design looking at the bubbles coming out of soft drink. It is effervescence of Melbourne.

Ms MUNT — It looks like a soccer ball.

Mr DALLA-RIVA — That sounds like you can get some naming rights!

As I asked the Minister for Agriculture the other day, and I will ask you the same question: why do you hate fruit and vegetables, and why do you hate fish? We have a situation of two iconic markets in Melbourne where there has been a total failure in terms of their relocation, decision-making and the whole lot.

You put out a press release on 2 December last year, particularly in relation to the Melbourne Wholesale Fruit, Vegetable and Flower Market — you hate flowers as well — that you were going to move it from the current Footscray home to a new 133 hectare site in Epping. Given that in your press release registrations were to close on 9 December 2008 and construction was expected to begin mid to late-2009, I ask: did you get any expressions of interest? Why is there is nothing in the budget or the forward estimates in terms of allocation of funds; and if there is, where are they, for those two markets?

The CHAIR — Thank you, Minister. Take no notice of the imputations but answer the question.

Mr PALLAS — I want to make it very clear to you, Richard, I do not hate vegetables except for broad beans. The relocation of the wholesale markets from Footscray to a new purpose-built facility and precinct in Epping is going ahead. The government is committed to it. The market has outgrown its current site; it has actually outgrown the site in quite a practical sense, and also the site where it is currently located is required for a variety of other issues. I know that perhaps in the next couple of hours people might want to ask me about our freight strategies.

Mr WELLS — I think Labor has got it down as no. 3.

Mr PALLAS — I think it might actually be your lot that might ask me about this one. It has outgrown its current site. We are committed to a new site at Epping with better transport access and also to ensure that there are state-of-the-art facilities and more capacity for the future. It will secure something like 600 jobs in the construction phase, and we are hoping that the markets will be operational in 2012.

They are an important part of the state's economic infrastructure and have an annual turnover of something like \$1.6 billion. They will cater for the future demand and growth of Victoria's horticultural industry; they will help meet the government's export target of about \$12 billion by 2010. The relocated markets will provide excellent road access to Melbourne and regional Victoria. They will also provide vastly improved occupational health and safety for market users.

About 75 per cent of the producers who use the current market site come from the north, so it will avoid the need for large truck movements, for producers to drive through the city; that will also have efficiency benefits to them and amenity benefits to the city and the inner west. I know Mr Dalla-Riva has a view that Epping only good for growing thistles.

Mr DALLA-RIVA — I have never said that.

Mr PALLAS — On 25 October 2008 on 3AW radio he said:

It's a lovely place to grow thistles.

The CHAIR — Without provocation, Minister!

Mr PALLAS — We can both agree that we do not like thistles.

Mr DALLA-RIVA — When was that, 2007 — two years ago?

The CHAIR — The minister, to finish the answer, please.

Mr PALLAS — However, we need to recognise that there are important uses for this facility now and into the future, so whilst the opposition has essentially said it would keep the fruit and vegetable market at Footscray, and Louise Asher has said that as recently as August 2006 — —

Mr WELLS — 'As recently as 2006' — that is 'recently'?

Mr PALLAS — I understand you have a very short-term memory, Kim, but some of us have a greater capacity for recall.

The CHAIR — Thank you — without assistance!

Mr PALLAS — Also very recently, in 2006, Peter Costello recognised that we do need that facility for port and for our freight development. The project budget, to the issue in point, has an allocated budget which obviously in the 2008–09 budget is identified as \$218 million, budget information paper BIP at page 61. The MPV's role on the project is essentially delivering the design and construction of the core market facilities and, as such, I am the delivery minister with responsibility for ensuring that that all occurs.

The tenants of the market from our perspective have a pretty key role to play here, and we intend engaging with them to ensure they have a clear appreciation of what it is that is on offer, and we have every confidence, given the level of investment that the state is making not only in the core facilities but into the long term, in the broader success of this site in a holistic sense. We believe it will be attractive to them.

I make this point that there has been some concern expressed by some of the growers — it was in last year's budget papers — —

The CHAIR — We understand that. You will also find it in the budget information paper for last year, too, on infrastructure.

Mr PALLAS — Yes, 2008–09. One of the things that we are attempting to make clear in our dealings with the market community will be to invite them to register their interest in taking space at the new markets in Epping. This will allow the state to further develop the design and functional requirements of the new market before construction commences. The basic philosophy for the incumbents will be, from our perspective, that the store tenants will have preferential access to the Footscray Road footprint as part of the precommitment process, giving them some surety that they will get like with like in terms of footprint, but of course the facility itself will be remarkably and substantively better.

This will leave some space for new entrants and will also include stand holders wishing to move to stores. Because of the large volume of warehousing that will be available, it is our aim, to both freeholders and leaseholders, that this warehousing will be available close to and further away from the trading floor complex at Epping. We expect to see an accelerated level of development of the varied business models for the market tenants as we are capable of giving them greater clarity in terms of the process on offer.

Mr DALLA-RIVA — The second part of my question to finish: is the wholesale fish market going to Epping as well, as a number of members did say last year in Parliament?

Mr PALLAS — When I was in the Assembly, I understand a question was asked of Minister Helper about this issue, and he volunteered the advice that this is essentially an issue that relates to his portfolio, but the tenancy arrangements are with the City of Melbourne in respect of that facility. We have made offers, I might say, to the fish market operators, that we would be happy to talk to them about facilitating the move to Epping, and they have indicated to us they have no desire to move to that facility, and they are looking for alternative locations.

The CHAIR — Thank you, minister. I would appreciate if the department could try and complete question 9.1 on the questionnaire in regard to staffing. I thank Mr Ronaldson, Mr Smith, Mr Sweeney, Mr Hall and Ms O'Connor for their attendance.