

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2011–12

Melbourne — 10 May 2011

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

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Witnesses

Dr D. Napthine, Minister for Regional Cities,

Mr Y. Blacher, Secretary,

Mr G. Forck, Chief Finance Officer,

Mr X. Csar, Acting Deputy Secretary, Regional Development Victoria, and

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

The CHAIR — I welcome Mr Yehudi Blacher, Secretary of the Department of Planning and Community Development, Mr Greg Forck, chief finance officer, Department of Planning and Community Development, Mr Xavier Csar, acting deputy secretary, Regional Development Victoria, and Ms Lill Healy, executive director, policy and planning, Department of Planning and Community Development, as well as Mr Mark Grant, manager, regional development program, Department of Planning and Community Development, who will be operating the presentation only.

Before I call on the minister I want to remark that the committee has flagged its concern about the failure of departments to return the Public Accounts and Estimates Committee 2011–12 budget estimates questionnaires within time. They were due to be returned last Thursday, and this particular questionnaire from DPCD was made available to us during the lunch break. That is an unreasonable delay, and I note that the delay in presenting this information is inconvenient to members of the committee. It is helpful information to members for the purpose of presentation. Ministers and departmental officers can work out who is responsible for that, and I am not going to entertain any acknowledgement of who might have been responsible. I now call on the minister to make a brief presentation of no more than 5 minutes on the regional cities portfolio.

Dr NAPHTHINE — Melbourne is Australia's, and one of the world's, most livable cities, but its livability will be at risk if it is not managed carefully. Our regional cities need to be supported so they can play their part in accommodating Victoria's growth. Strong regional cities will provide viable options for people to live and work outside Melbourne, and I strongly believe they provide a better opportunity for many people in terms of their quality of life. These regional cities will play an important role in driving the growth and development of their regions, as well as assisting in the overall growth and development of the Victorian economy.

Regional Cities Victoria was formed in 2000 as a self-nominated group representing the interests of the 10 largest regional cities outside the Melbourne metropolitan area. They are a well-organised group that works with governments at all levels on a regular basis. As a result the group provides an efficient mechanism for government, through my portfolio, to hear the voice of regional cities collectively and individually. I meet regularly with the group's councils, individually as necessary, and I also meet with them regularly as a group. Through these mechanisms I have been able to advocate for these regional cities and support the role they play in driving Victoria's growth and prosperity. I also recognise the important role played by other major population centres that are not formally part of the regional cities group.

I work closely with the Minister for Regional and Rural Development in supporting these cities and bringing their views and needs to government as necessary. It is important to recognise that regional cities are a diverse group — from the large population centres of Geelong, with over 260 000 people, to Horsham, with just over 20 000 people. However, each city plays a particular role in its region and within the economy of the state of Victoria. Their contributions are important in providing opportunities for economic growth and alternate living options as Melbourne grows and resources are stretched.

The government wants economic growth in the regions to play its part in Victoria's overall economic growth. Some examples of the investments we have made in regional areas include \$5 million to take up to \$25 million the Latrobe Valley Advantage Fund to ensure that the Latrobe Valley is able to adapt in the context of the changing economy and environment; \$2 million for the car trade feasibility study, which I talked about as Minister for Ports; some of the developments in terms of the waterfront at Mildura and the Mildura airport; and of course investment in Skilled Stadium in the great city of Geelong, which is an absolutely terrific investment.

Mr MORRIS — Hear, hear!

Dr NAPHTHINE — There are also investments into the heritage and library centre in Geelong; the Ballarat link road development of \$38 million, which will assist in the Ballarat West economic employment zone; the revitalisation of the Bendigo greyhound track; and the additional \$102 million to make a \$630 million investment into the Bendigo hospital.

I am working across government to ensure that our election commitments in regional cities are put in place in a timely manner. I am particularly keen to ensure that major projects in regional cities are coordinated in the most efficient manner and delivered in a timely manner. I will continue to work with and advocate for regional cities so that their relationship with government is as smooth as possible and so that we can make sure regional cities

not only get their fair share of government investment but are able to work with government to deliver outcomes for the whole of Victoria.

The CHAIR — Thank you, Minister. We only have a bit over 20 minutes for questions. I will ask you a question you are familiar with: how have predictions concerning population growth shaped the budget for 2011–12 and the out years and for the discharge of your portfolio responsibilities in this portfolio?

Dr NAPTHINE — That is an excellent question for this portfolio, because it goes to the heart and soul of what this portfolio is about and what the portfolio of my colleague the Deputy Premier, Minister Ryan, in regional and rural development is all about. We are about assisting with population growth and making sure that population growth can be continued in Victoria in a way that delivers benefits for all Victorians.

As you are aware, the population of Melbourne has increased by over 600 000 in recent times, and there are challenges as Melbourne continues to deal with a growing population. We as a government, and I as a minister, are firmly of the view that there are great opportunities for further population growth in regional and rural Victoria. We believe regional cities have a great capacity to grow their populations. They have significant infrastructure and they have significant opportunities to provide jobs, economic benefits and quality-of-life outcomes for people in those areas that may be as good if not better — I would argue in many cases much better — than the quality-of-life outcomes for many people in the metropolitan areas who sometimes face congestion and the tyranny of distance when it comes to going to work.

We are of the view that regional cities play a vital role in that, and that is why we have had the \$1 billion Regional Growth Fund dedicated specifically to help regional and rural Victoria and our regional cities look at opportunities to invest in areas that can deliver economic benefit and population growth in those regional areas that can help those local cities, because population growth can often produce a better quality of life in regional cities and at the same time produce a better quality of life across all of Victoria.

As I outlined in my introduction, there are also a number of specific projects that we have funded in regional cities that deal with the population growth and accommodating future population growth in those areas.

Mr PAKULA — On page 260 of budget paper 3 it states clearly that the Department of Planning and Community Development supports a number of portfolios, including this one. Minister, it would be good if you could advise the committee of what actual policy areas and funding programs you are responsible for as Minister for Regional Cities.

Dr NAPTHINE — Mr Pakula, it may surprise you that as a government we work collegiately and collectively — —

Mr PAKULA — It didn't when you were in opposition.

Dr NAPTHINE — I work closely with Minister Ryan in the delivery of a range of things for regional cities and with my colleagues in education, health, planning in a whole range of things. We are not in this situation that we inherited when I moved into my ministerial office, that you may well know, where the corridor to the adjoining ministerial office contained a locked door — —

Mr PAKULA — No, it wasn't.

Dr NAPTHINE — with a separate key.

Mr PAKULA — No, it wasn't. Minister, it was open.

Dr NAPTHINE — We actually work together; we actually work cooperatively. My task as Minister for Regional Cities is to be a champion and an advocate for regional cities — —

Mr PAKULA — So it is like a lobbying role.

Dr NAPTHINE — It is to make sure that regional cities are well represented at the cabinet table. It is to make sure that the programs, the initiatives and the ideas they have are able to be formulated, developed and fulfilled. I work with Minister Ryan in terms of the Regional Growth Fund.

Mr PAKULA — Just as a follow-up, I was just trying to drill down to legislative, policy or programmatic authority that you could point to that is within the regional cities portfolio. Is there any?

Dr NAPTHINE — Yes, there is. There is legislation allocated to the portfolio, and there are responsibilities I have in terms of representing regional cities at the cabinet table and developing, with those regional cities, programs and policies that will assist them in the delivery of their objectives.

Mr PAKULA — Sounds like a lobbying role to me!

The CHAIR — It is better not to engage, Minister. Can I suggest that, if we want to get through some questions, we move on. I can say on your behalf, having sat at a shadow cabinet table with you, I know that there is no stronger advocate for regional cities.

Ms HENNESSY — Chair, it sounds like the minister's role is to keep an eye on The Nationals in regional Victoria, to me! That is what it sounds like his role is.

Mr MORRIS — Minister, can you indicate to the committee what sort of feedback you have had from the regional cities on the recent budget and in particular what sort of feedback you have had regarding the Regional Growth Fund?

Dr NAPTHINE — I am pleased to say that the Deputy Premier, Peter Ryan, and I met with the mayors and the CEOs from the 10 regional cities only recently in the Parliament. As strange as it may seem to the opposition, we actually work together, do these things together and deliver together because we are able to work in a cooperative sense. When we met with the regional cities group they made it very clear that they welcomed the Victorian government's commitment to regional Victoria through the release of the recent state budget. Indeed in a media release that the regional cities put out, dated 3 May, they said:

... significant funding allocated to regional cities and towns is a statement by the government that Victoria's regions are a solution to the state's population growth challenges and key to a prosperous Victoria.

Cr Mark Byatt, the chair of Regional Cities Victoria, said these investments to create 'livable regional cities with quality infrastructure and services means equality for all Victorians' and, further, that the government's investment in infrastructure and planning studies for regional road, rail and aviation is particularly welcome.

Indeed they referred to some of the commitments that were made in the budget with respect to the Ballarat base hospital, the Bendigo hospital, the Ballarat-Buninyong Road upgrade, the Skilled Stadium upgrade, the Geelong library and heritage centre and of course the investments in Mildura. The regional cities were very fulsome in their praise of the government's most recent budget.

Mr SCOTT — I know the issue of time is pressing, so I will keep it brief. Mine is really a machinery question. I noted from your presentation the criteria for inclusion in regional cities appeared to be self-nomination to the regional cities group. Is that correct; and what does that mean for places like Portland, Hamilton and Swan Hill in terms of your responsibilities?

Dr NAPTHINE — What I said in my presentation was that the regional cities group was formed by self-nomination some years ago.

Mr SCOTT — That is what I said.

Dr NAPTHINE — It was formed by themselves. They developed as a group, and they became a very significant group within the structures of local government across Victoria. In opposition we were very keen to work with that group, as we work with a number of other groups, whether it be timber towns or whether it be different MAV or local government organisations. We work with those groups, and we recognise the importance of that regional cities group as a group representing the interests of the larger regional cities in Victoria. We recognise the importance of them in terms of the opportunities they provide for Victoria to grow and develop in an appropriate way in terms of population, decentralisation and the balanced development of this state. That is why we work with the regional cities group. That is the group that I represent in terms of my ministerial role as Minister for Regional Cities.

You asked as the second part of your question: what does it mean for other cities? I can assure you those other cities are in most cases very well represented by their local members. In particular, you mentioned Portland, and I know that is enthusiastically represented by its local member!

Ms HENNESSY — Keeping that ego in check, are you, Minister?

Mr SCOTT — You got a picture of your home town into your presentation.

Dr NAPHTHINE — Those other cities are also strongly represented by Minister Ryan in his capacity as Minister for Regional and Rural Development. Minister Ryan and I work well together. As strange as it may seem to the opposition, ministers can work well together in a positive way to deliver positive outcomes, not only for regional cities but for all of regional and rural Victoria. Not only am I passionate about regional cities, I am absolutely passionate about regional and rural Victoria.

Mr ANGUS — Minister, what commitment has the government made in the budget to the Geelong cultural precinct?

Dr NAPHTHINE — Thank you, Mr Angus, for that question. It is a very important question, and I am pleased to advise that in the budget the Baillieu government has committed \$15 million, which is a very significant commitment, to the revitalisation of the Geelong cultural precinct. What we have done with that \$15 million is make it clear to the City of Greater Geelong that that money could be used as they saw in the best interests of the Geelong community.

They believed they had a choice as to whether it went to GPAC or the library and heritage centre and the City of Greater Geelong. I was with the mayor only last Friday in Corio-Norlane, and he made it clear that the City of Greater Geelong has as its top priority the construction of a new library and heritage centre, which will be most welcome in Geelong. The current library is well past its use-by-date. The heritage sector is a great facility and has a great collection of material that is important to our past and our future. Unfortunately there has been water damage and issues of storage. Indeed some of the material has to be stored in Ballarat because they do not have sufficient room.

The City of Greater Geelong made it clear that their top priority was a new library and heritage centre, which will cost \$45 million. The state government has provided \$15 million. The City of Greater Geelong has provided \$20 million to this project. What is missing, Mr Angus, is a commitment from the federal Labor government. We certainly need the federal Labor government to come on board. I understand the federal budget is tonight, and I urge the Labor members of this committee and indeed the Labor members who purportedly represent Geelong to make very strong representations to their colleagues in Canberra to get the Gillard government to commit the additional \$15 million that is required to deliver a new library and heritage centre for Geelong.

Ms HENNESSY — Minister, I refer you to budget paper 3, page 264, and the number of vital regional infrastructure projects funded to keep momentum going in regional areas. Plans have been drawn up for stage 2 of the Geelong Performing Arts Centre in Geelong, Eureka Stadium in Ballarat and a 1000-seat community theatre in Bendigo. In your role as champion and advocate for regional Victoria will you be telling Minister Ryan, as Minister for Regional and Rural Development, to fund these programs under the Regional Growth Fund?

Dr NAPHTHINE — Thank you for that question. What we have done, as I have just outlined, in Geelong we have put \$15 million on the table with respect to their cultural centre. The City of Greater Geelong — —

Ms HENNESSY — Were they not actually after funding for their library, Minister?

Dr NAPHTHINE — Sorry, let me finish. The money we put on the table was for the Geelong cultural precinct. It was the City of Greater Geelong that decided the highest priority for development in that Geelong cultural precinct, that broad precinct, was the library and heritage centre. That is what they decided. Because I am a good advocate and representative for the regional cities, I listen to the democratically elected local council, and particularly the mayor, who is a great advocate for the city of Greater Geelong. They have said very clearly their top priority is to get funding for the library and heritage centre. We have put our \$15 million on the table; the City of Greater Geelong will put their \$20 million on the table; the only one missing in action is the Labor

federal government. Perhaps, Ms Hennessy, you could use your good endeavours to persuade your Labor colleagues in Geelong and in Canberra to deliver the additional \$15 million for that budget.

Ms HENNESSY — Will you be persuading Minister Ryan to fund Eureka Stadium and the community theatre in Bendigo, or are you walking away from those?

Mr O'BRIEN — He is not walking away from anything.

The CHAIR — Thank you, Ms Hennessy.

Mr O'BRIEN — Minister, I thank you for those answers. I also urge the federal Labor government to complete that funding commitment. I ask the Minister: can he advise on any funding allocated to building jobs in Geelong, as well, through the city's port?

Dr NAPHTHINE — Mr O'Brien, I am aware of your significant interest in the port there. As you said in a previous discussion under ports, you did accompany me and the regional channels authority as we did an inspection of the port. It is a great asset to Geelong in terms of both the jobs it creates and the economic benefit it creates to Geelong. Of course in the heritage and history of Geelong it is the port of Geelong which was the reason, or *raison d'être*, for Geelong's initial development as a port city, and then subsequently for people to go to the goldfields and for servicing the agricultural production in the western district.

What we are seeking to do is obviously diversify the opportunities in Geelong, and particularly the port of Geelong. The government has allocated in this budget \$2 million to undertake a feasibility study for the relocation of the car import/export trade from Webb Dock in the port of Melbourne to the port of Geelong. This relocation would have the significant twin benefits of promoting economic growth and jobs in regional Victoria, in particular in Geelong, and indeed it is suggested it could create 1000 jobs in Geelong.

Mr PAKULA — Did we not have this in the ports presentation?

Dr NAPHTHINE — At the same time it would ease congestion in and around the port of Melbourne, and also it would produce an extra \$200 million in output for the local Geelong community. As there are about 320 vessels a year bringing cars into the port of Melbourne — —

Mr PAKULA — You know we are the same committee members who were here for the ports presentation?

The CHAIR — With respect, Deputy Chair, the minister has been asked a question. He is answering the question; pay him the courtesy.

Dr NAPHTHINE — We believe having that trade through the port of Geelong would create economic benefits and jobs in Geelong, and potentially benefits for Melbourne. A study is under way by the Department of Transport. There has been widespread consultation with relevant stakeholders. We expect a discussion paper to be released in the foreseeable future, and there will be decisions on this made early next year:

The CHAIR — Thank you, Minister. We do not really have time for further questions in this portfolio, as we have to change witnesses.

Mr PAKULA — What would be the point, Chair? This is like a parliamentary secretary's role.

The CHAIR — May I thank Mr Blacher, Mr Forck, Mr Csar, Ms Healy and Mr Grant for their attendance.

Witnesses withdrew.