

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2011–12

Melbourne — 12 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

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr. P. Ryan, Minister for Regional and Rural Development,

Mr Y. Blacher, Secretary,

Mr G. Forck, Chief Finance Officer,

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

Ms S. Jaquinot, Deputy Secretary, Community Development, Department of Planning and Community Development.

**The CHAIR** — I would like to welcome Mr Yehudi Blacher, secretary, 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; Ms Sue Jaquinot, deputy secretary, community development, Department of Planning and Community Development; as well as Daniel Roger, business manager, Regional Development Victoria, Department of Planning and Community Development, who will be operating the presentation only.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information relating to the budget estimates for the rural development portfolio.

**Overheads shown.**

**Mr RYAN** — I am delighted to open this presentation by speaking to the first of the slides. This is about the Department of Planning and Community Development. It is about concepts of planning and investing in communities to manage Victoria's growth and development and to build stronger communities. DPCD is responsible for planning for Victoria's growth and development, strengthening regional areas and building stronger communities. The department's focus is to enhance Victoria's livability through planning and investment in our cities, regions and communities. I understand the committee is going to hear, no doubt at some length, about planning issues this afternoon, which are fundamental to this. It is achieved through integrating land use planning, infrastructure investment and urban design, investing in metropolitan and regional development, and planning for the needs of communities, including the services and facilities they require now and into the future.

On the next slide the objectives of DPCD are set out. They are self-evident; I will not read through them. The key challenges the department faces are the challenges of Victoria's growth in and the ageing of the population and their implications for housing infrastructure, the economy and service provision, and secondly, the supporting of regional Victoria to play a greater role in the state's economy and increase its share of the state's projected population growth.

The departmental objectives include planning communities for growth and change, investing in communities and growing regional and rural Victoria. Its key priorities are to address the challenge that the department faces as set out above. They include implementing planning and regulatory reforms, developing planning strategies for metropolitan and regional areas, driving economic growth in regional and rural Victoria, partnering with business, communities and councils and, very importantly, with the federal government to improve infrastructure development, and delivering whole-of-government strategies to close that gap between indigenous and non-indigenous Victorians while supporting the needs of Victorian veterans.

Over to the next slide and the key achievements: establishing the Regional Growth Fund — this has been a magnificent outcome for rural and regional Victoria; continuing support for regional Victoria in its so many forms; delivering regional development in what is Victoria's biggest ever budget for that purpose; leading the flood and bushfire recovery — we have already explored some of those matters; continuing support for communities; providing new support for communities; and, very importantly, promoting volunteering.

The next slide is to do with the Regional Growth Fund. The first \$500 million allocation into the fund — this \$1 billion fund — will occur from 1 July this year. It is a trust fund in the public account as part of the Regional Growth Fund Act. Strategic projects comprise 60 per cent of the funding and incorporate initiatives such as the \$100 million for energy for regions. It deals then specifically with a couple of the other initiatives that are referred to within the strategic category.

Then there are the local initiatives funding of 40 per cent which is split into the local government infrastructure account and the Putting Locals First program. It will probably be dealt with further on, but just to motor into it while I am here, that 40 per cent reflects \$200 million of the \$500 million. One hundred million is being dedicated to initiatives within that category of local government infrastructure; the other \$100 million is being dedicated to Putting Locals First initiatives. But the actual programs within those respective amounts of \$100 million will be up to the work undertaken by communities to see how that money is actually allocated and then funded.

Over to the next slide, continuing support for regional Victoria: all offers of funding which were made before 27 November via Regional Development Victoria to regional organisations have been confirmed. They will be

honoured. Regional development programs continue to be rolled out in 2010–11 to capture new growth opportunities. There is new funding for 2011–12. That is principally through the Regional Growth Fund.

Then there is a breakdown of additional programs, through Country Week, through the Farmers Market Support Program, through flood recovery and through a variety of other initiatives. Programs initially funded as part of the 2010–11 budget will generally continue into 11–12.

I want to observe that, in addition to those initiatives that I have set out there, the vast majority of the initiatives that were funded in June 2010 as part of the previous government's regional statement will continue. The only significant program that is not continuing is the Regional Infrastructure Development Fund, and that has been replaced by the larger and more flexible Regional Growth Fund. Apart from that, the programs set out in the blueprint — the high majority of those — are actually being met and being observed. In addition to that, though, we are adding money through the Regional Growth Fund, the \$500 million, which will stand instead of what would otherwise have been there through the remainder of money left in RIDF.

Over to the next slide: boosting funding for regional Victoria. Regional Development Victoria has its largest ever budget in 2011–12, \$180.5 million. I pause to say that the department does a magnificent job generally. Regional Development Victoria has a well-earned reputation for what it is able to do by way of delivery of these important programs through the regions. The funding available for specific programs in regional Victoria between 10–11 and 14–15 has grown significantly to \$1.1 billion, and that includes the RGF — the growth fund of 500 million — the Regional Aviation Fund of \$20 million and new funding for rural roads of \$160 million. It will mean that 40 municipalities in regional Victoria each year will have about an average of \$1 million in each of the next four years to supplement their road funding programs, and they are needless to say delighted about it. Then there is the funding maintained from the previous government's regional statement, to which I have also referred.

We can flip to the next slide: the flood recovery effort. The budget includes \$329 million for flood recovery initiatives, and the highlights of that go to the point I suppose that Mr Scott referred to in part. For repairing arterial roads there is \$122 million. For repairing Victoria's flood-damaged regional rail network there is \$20 million. Then for some medium-term marketing there is \$1.5 million to help with the tourism industry. Then DPCD and RDV are delivering on key initiatives. They include those that are set out on the slide; I do not intend to read through them all, in the interest of time.

The next slide is about extending the bushfire recovery support. This is critically important because a new fire recovery unit is being established within Regional Development Victoria. There will be new initiatives supported in the 11–12 budget, and they will include the Murrindindi Shire Council industry development package, Murrindindi Shire Council operating costs for assets and the fire-ready communities program. There are existing initiatives that have been extended, and they include the concessional loans through the Rural Finance Corporation and the services offered through the rebuilding advisory service, which has been critically important in the recovery process.

Then there is progress with other major initiatives in the portfolio. There is the Marysville conference centre, and I hope we are able to talk about that, because it is a great initiative. Similarly there is the Marysville golf course redevelopment where we have seen a coming together of a lot of like-minded people who have contributed so well to our being able to imminently bring that to a reality. Then there is the Council Capacity Development Program.

The next slide is about continuing support for communities, and in that it refers to the offers of funding made before 27 November. They have been reconfirmed, including the Victorian community support grants, the infrastructure for growing communities and improving access to services, where we have extended 34 transport connection projects in 48 rural and regional local government areas and 6 of these peri-urban local government areas with a \$22.8 million investment. Finally on that slide is the development of a simplified and common funding agreement for the community sector, which of course they have welcomed because they understandably were driven to a frenzy by having to deal with these things and reinvent the wheel.

The next slide is about new support for communities. There is \$55.6 million for the community development output in 11–12. New initiatives over four years include \$42.23 million for community support grants, \$4.6 million to reduce red tape and regulatory burden for the 120 000 not-for-profit community organisations —

and I pause to say that I sought advice just to make certain that that figure was actually right; it is a staggering figure of 120 000 not-for-profit community organisations — and then 5.18 million to promote volunteering.

Over to that issue of promoting volunteering — in National Volunteer Week — more than 1 million Victorians support their community by volunteering, and 5.18 million is to be provided in 11–12 to continue support for Victoria's Volunteering Portal for their coordinated, spontaneous volunteering during emergencies and to recognise and promote volunteering by people from diverse backgrounds. The special flood volunteer registration system on Victoria's Volunteering Portal has been implemented, and \$750 000 in volunteer support grants has been provided to local governments impacted by the floods. Rather than dwelling on the slides, if I finish there, we can move on.

**The CHAIR** — Thank you, Minister. While your presentation alluded significantly to the issue of population growth in regional Victoria, I want to specifically ask: how have predictions concerning population growth shaped the budget for 2011–12 and the out years in relation to the discharge of your portfolio responsibilities for Regional and Rural Development?

**Mr RYAN** — Back in 2008 the growth forecasts for Victoria in future identified that Victoria's population is projected to rise from 5.13 million in 2006 to nearly 7.4 million by 2036. Of this projected growth, regional Victoria will account for about 477 000 people during this period. Numbers will rise from 1.383 million in 2006 to 1.860 million in 2036. Regional population growth projections are not even across the state, not surprisingly. Most of the growth is occurring in settlements within commuting distance of 1 to 2 hours from Melbourne, or 100 kilometres from the Melbourne CBD, with nearly 80 per cent of the projected growth expected to occur in the four major regional cities of Geelong, Bendigo, Ballarat and Latrobe and again in this peri-urban centre around the Melbourne hinterland. Other more remote regions are forecast to experience lower rates of growth, and I know that is particularly so in forecasts about the west and the north-west.

Victoria's regional cities and centres continue to play a pivotal role in contributing to balanced population growth across the state. This is a double-edged benefit. It is a benefit for those centres themselves — those great cities — but it is also a benefit for Melbourne. We cannot hope to be able to take the pressure off Melbourne's growth unless we are able to present our regional centres in a way which makes them attractive to people whom we would like to come and live with us in a rural and regional environment.

The regional cities continue to play that important role. It is reflected in the budget through the initiatives such as the Regional Growth Fund, but the \$500 million in its different categories over the next 4 years and a number of commitments made in 11–12 are specifically intended to enhance key infrastructure and services in regional areas. That includes \$259 million of additional funding allocated to the upgrading of regional health services, so places like Echuca will have \$40 million spent on their hospital. An amount of \$17.5 million will be spent in Kerang; there is money being spent in Geelong; \$5 million is being spent in Mildura; and of course the crowning investment in the whole thing is the Bendigo hospital, which will be a fantastic facility with the integrated cancer centre, and there is money in this budget to enable that work to get under way.

In addition there is \$300 million for the upgrades and improvements to regional highways, and that incorporates the \$160 million that I have already referred to as well as another \$140 million for VicRoads along with another \$30 million to upgrade police stations across the state — and so it goes on. It is an enormous amount of money being dedicated for these purposes, and it is all, if I may say in a completely unbiased fashion of course, a completely worthy cause.

**The CHAIR** — I am pleased to turn to my deputy in a moment, but I just want to indicate that we are limited for time because we did lose a little bit earlier, so we will try to get as much into this session as we can.

**Mr PAKULA** — Minister, I am looking at page 160 of budget paper 3, under DBI, and there is a performance measure listed as 'Jobs created in regional Victoria'. It says, 'This performance measure is transferred directly from the regional economic development, investment and promotion output'. When I then turn to the DPCD output measures on page 264 and 265, under the heading 'Regional Development and Regional Cities', there is an absence of any such performance measure. The only performance measure for the creation of jobs in regional Victoria is within DBI rather than DPCD, where Regional Development Victoria now sits. Minister, don't the budget papers paint a story such that, as a result of the machinery of government

changes, the Minister for Regional and Rural Development no longer has any responsibility for creating jobs in regional Victoria?

**The CHAIR** — Minister, I am sure you will be delighted to answer that question.

**Mr RYAN** — That is a very big statement.

**Mr PAKULA** — As is the budget!

**Mr RYAN** — That is a very big statement. Of all the things I am passionate about, it is job creation.

**Mr PAKULA** — It is not about what you are passionate about; it is about what your responsibilities are.

**Mr RYAN** — I am absolutely passionate about it. Do not try to qualify it. I am.

**Mr PAKULA** — No, it is about what your responsibilities are, not your passions.

**Mr RYAN** — I am. I live in a regional environment, and I am in politics — I came to it — precisely because we need to ensure that we do everything we possibly can by way of growing job opportunities and enhancing our communities in the rural and regional environment. If you want to ask me a question about the niceties of what is contained in those pages, I will — —

**Mr PAKULA** — They are not ‘niceties’; it has the responsible — —

**Ms HENNESSY** — It is the state budget, and we are the estimates committee.

**Mr RYAN** — I will hand to Mr Csar for the purposes of being able to take you through that, but in so doing let there be no doubt that what is driving this huge investment in rural and regional Victoria is the fact of being able to grow further job opportunities in particular.

**Mr CSAR** — The targets transferred to the Department of Business and Innovation are in line with the transfer of funds from the programs that were articulated in the last budget. In particular that is industries that start today and tomorrow, so you will notice that in last year’s budget. With regard to the Regional Growth Fund more generally, it has the objective of job growth and it is administered principally by RDV, which is responsible to the minister, but it is done jointly under clear administrative arrangements with the Department of Business and Innovation so that those funds can be applied to achieve employment outcomes.

**Mr PAKULA** — I just make the point, Chair, that despite Mr Ryan’s passion it does seem that portfolio programmatic and ministerial responsibility for job creation in regional Victoria lies within the ministerial responsibility of Minister Dalla-Riva, not the Minister for Regional and Rural Development.

**Ms HENNESSY** — Mr Dalla-Riva needed something, to be fair!

**Mr O’BRIEN** — On a point of order, Chair, that is not a question, it is a point, and it has totally miscategorised the answer.

**The CHAIR** — Thank you, Mr O’Brien. I have every confidence that the minister is anxious to respond.

#### **Members interjecting.**

**Mr RYAN** — I withdraw. The bottom line here is that the government, through the ministers who have responsibility in this important area, is intent on job creation as a first article of responsibility for us in rural and regional Victoria. We have a spread of programs across a number of the portfolios. I think I am right in saying the Minister for Regional Cities has already been before the committee.

**Mr PAKULA** — Yes. He has nothing to do. He told us he has nothing to do. He is a lobbyist.

**Mr RYAN** — He has a significant role to play in terms of the future of those regional cities, and that role inevitably will lead to job creation.

**Mr PAKULA** — And in keeping an eye on The Nationals.

**Mr O'BRIEN** — No need to keep an eye on us.

**Mr RYAN** — Similarly with DBI and similarly in relation to the programs which I administer. We have a vast amount of money which is appropriate to the purpose at hand. The thing is we have a single administrative arrangement across DPCD, RDV, DBI in each of the regions, so do not panic. All is well.

**Mr MORRIS** — Minister, going to budget paper 3, page 65, and in particular the local project stream of the Regional Growth Fund and the reference to the focus on locally identified priorities, can you indicate to the committee basically how this will work, and in particular how the project priorities will be determined locally?

**Mr RYAN** — Mr Morris, this will go like a German band. This will be a huge success in our communities. The key points: 40 per cent of the Regional Growth Fund, or \$200 million over the four years, will be allocated to the local projects stream. This stream is divided into two parts — local government infrastructure and Putting Locals First, \$100 million into each of them. The guidelines for these programs are currently being developed in consultation with the major stakeholders. As recently as the last sitting week I had a forum with the mayors and the CEOs of the regional cities, and there is another one coming up — that is the 10 municipalities which comprise the regional cities group. I think another of those initiatives is being undertaken next week with the other 38 of the 48 councils which are able to access this fund.

My initial forum the other day was interrupted because I had to go to the chamber to make my budget commentary, so I had the opportunity of responding to the members of the opposition who were giving me heaps because I was ostensibly being late.

**Mr SCOTT** — As I recall.

**Mr RYAN** — In fact I was with the mayors and the CEOs of the regional cities.

**Mr SCOTT** — And the call was ceded, as I recall.

**Mr RYAN** — They are the key points in relation to the 40 per cent. In administering the local government infrastructure program we aim to provide regional and rural councils with certainty, which will enable them to plan for and to build new infrastructure or to renew assets. The intention is to get away from the requirement for councils to allocate scarce resources to chasing grants. In order to do this we want to ensure the maximum degree of certainty. Each council will be allocated a notional four-year budget for the project, and the program will have the flexibility to support a range of local council initiatives, including roads, bridges, new community assets such as halls, theatres, sporting grounds, grandstands, pools, libraries and upgrading existing facilities. I want to emphasise to the committee this is all supplemental to existing streams of funding. We will run this program on the basis that it does not replace — that it supplements — existing streams of funding in other ways.

The Putting Locals First program component of the fund has been designed to realise the government's policy of supporting the development of local solutions to address gaps in services and infrastructure in regional communities, and this program does recognise local people have a role to play in addressing these challenges. The grants are to be administered by DPCD, and the proposals will be considered and endorsed by Regional Development Australia committees.

I finish on that point, because that is an essential point to understand in the way this whole thing functions. The regional development committees are going to be utterly integral to shaping the priorities of local communities and then bringing them to the government. We want to get away from the proposition which has always been the case that the government would be down here in a Spring Street sense with complete oversight of how all this happens. We want the local communities to drive this, and that is what is going to happen. Of course they have to sign off on the program — they have got the Auditor-General there doing his important job; I have got to do that — but it will be local-community driven.

**Mr SCOTT** — I refer the Deputy Premier to budget paper 3, page 393, which makes reference to discontinued performance measures. I will note the Orwellian reference in the heading of 'Output performance measures for review by the Public Accounts and Estimates Committee' for discontinued measures, which I enjoyed reading as a fan of Orwell. I refer to the Regional Infrastructure Development Fund measure that is there as a discontinued measure, and I ask: will the remaining money — the \$260 million that is already in the

forward estimates for the abolished RIDF and the moneys that sit under that \$260 million that have not been committed to by the former or current government in this financial year — be additional to the money allocated to the Regional Growth Fund or will it be included in this amount? In essence, what will happen to the money that has not been expended from RIDF?

**Mr RYAN** — Thank you, Mr Scott, for the question. As an overview, the first thing I want to assure you about, Mr Scott — to assuage your basic concern — is that there will be more money available through this process than would otherwise have been available. I will ask Mr Csar to deal specifically with the issue you have raised, but as a general principle I give you that assurance.

**Mr CSAR** — In regards to funds and forward estimates for RIDF going out in the out years — specifically for the funds in this current financial year about to conclude — they have remained available and they have remained a commitment against projects subject to evaluation and ministerial endorsement. The funds in the forward estimates going beyond 1 July remain in effect and comprise part of the Regional Growth Fund.

**Mr SCOTT** — If I take you correctly, the remaining funds from RIDF have been included in the Regional Growth Fund beyond this financial year?

**Mr CSAR** — Correct.

**Mr ANGUS** — Minister, I refer you to budget paper 3, pages 264 and 265, and to the regional development and regional cities output group, and in particular the total output cost shown there of \$180.5 million. This is a very significant increase over previous years. I am wondering if you could you tell the committee what are the factors driving that increase in the total output cost.

**Mr RYAN** — Thank you, Mr Angus, for your question. The regional development and regional cities output cost group budget of \$180.5 million is, by a considerable margin, RDV's largest ever budget. That increase is predominantly associated with new initiatives, and principal amongst those of course is the Regional Growth Fund. The output program is also affected by the increase in funding from the previously announced regional blueprint initiatives and the Business Flood Recovery Fund, which will be administered by RDV.

The programs announced by the previous government under the regional blueprint that will be continued, and the opposition members may just like to take a note if they feel so inclined, include: the Sustainable Small Towns Development Fund, the networking rural councils — that's the assistance for rural councils Victoria — the young professional cadetship program and provincial Victoria leadership program. Changes may be made to the implementation of those programs to align them with the current government's priorities. The Industries for Today and Tomorrow and innovative industry clusters programs will also be continued and will be delivered through the Department of Business and Innovation. In addition — there is more — to the specific RDV-administered programs, regional Victoria will of course benefit from a raft of other government initiatives, including the \$20 million for the aviation fund and the \$160 million for rural roads and bridges.

In aggregate I can tell the committee the total value of these regional and rural-specific programs, and Mr Scott will be very interested in this, will be approximately \$970 million over the period 11–12 to 14–15. This compares to an amount of \$500 million over the same period which was budgeted by the previous government under the Ready for Tomorrow programs. It is by any standards an extraordinary commitment to rural and regional Victoria.

**The CHAIR** — Thank you very much, Minister. That is a very complete answer.

**Ms HENNESSY** — Minister, just in reference to your presentation that identified your responsibilities for interface councils and community support grants, I just want to clarify with respect to the Regional Growth Fund whether all areas within interface councils will be eligible for funding, and will interface councils, for example, be able to apply for funding under the strategic projects and local projects funding streams?

**Mr RYAN** — Thank you, Ms Hennessy, for the question. The answer is no in the sense that this fund was devised for and is dedicated to the interests of rural and regional Victoria. That is why we have got it. On the other hand we recognise that in a lot of the interface councils — in the nine of them — there are areas of a regional nature contained within those councils, and so what we looked to do in the development of the fund

was to have a capacity at least to be able to consider initiatives that might be thought to be appropriate within those interface councils, particularly within the rural component of those interface councils.

In so doing, this is nothing new. You may or may not know, Ms Hennessy, that under the Labor government there was an application of \$70 million for natural gas extensions, to which the interface councils were able to gain access. We are not actually allocating a specific amount of money from the \$500 million which might go to initiatives such as that. We are, of course, allocating \$100 million to the Energy for Regions program for natural gas extensions, a program which was completely abandoned by, I might say, the former government. But we are preserving the capacity to have these interface councils apply to the fund under regulations contained within the act to enable us to provide assistance if it is that we deem it appropriate.

There is plenty of capacity in those interface councils of course to be able to access all sorts of assistance through a variety of other programs which we run on a whole-of-government basis. In terms of the Regional Growth Fund, as a general principle the fund itself has been developed for the benefit of rural and regional Victoria and the 48 councils that are accommodated under the legislation. That mirrors the extent of the commitment under the Regional Infrastructure Development Fund Act; it is the same 48 councils. The issue here is that there is an ability — there is a capacity — to extend into the rural sections of the interface councils, if it is that there is a particular program that might be thought to be appropriate for that purpose.

**Ms HENNESSY** — If you could just clarify for me, Minister: what in fact will interface councils be eligible for under the Regional Growth Fund?

**Mr RYAN** — Thank you, Ms Hennessy. They, as a principle, will be able to make application to the fund for assistance, but they will need to do so in circumstances where they appreciate the basic principles I have set out to you. You are looking quizzical. Let us take a specific example.

**Ms HENNESSY** — That is because those basic principles are yet to reveal themselves with any clarity, Minister.

**Mr RYAN** — I thought I outlined them thoroughly, in the interests of time. I can keep talking about it if you like.

**Ms HENNESSY** — I was not quite sure whether or not you were saying if they were rural interface councils, they might be eligible to this, but if you are an interface council, what is it that you could put an application in for? What would you be eligible to put your hand up for?

**Mr RYAN** — Sure. The first thing is if you are an interface council, you will have a component of rurality about the council. That is part of the definition. The second thing is, for example, even though the Labor Party in government abandoned the prospect of more extensions of natural gas, we as a government are not prepared to walk away from that. As a matter of general principle it may be that an interface council which has an element of rurality about it would see fit to make application to see if there is a prospect of some component of our \$100 million Energy for Regions to be able to be extended to benefit that rural area of an interface council — —

**Ms HENNESSY** — And sporting facilities for an interface council?

**Mr RYAN** — I know, for example, that the member for Bass, the Speaker of the house, is very keen in relation to Koo Wee Rup. There is nothing at all to stop Koo Wee Rup from making an application, but it would have to do so recognising that the origins of this fund are to do with rural and regional Victoria as is defined across a raft of legislation and is specifically defined in this particular act.

On the other point —

**Ms HENNESSY** — Sport?

**Mr RYAN** — the follow-up, the sporting-related matters.

**The CHAIR** — Sorry, Minister, through the Chair.

**Mr O'BRIEN** — She is just teeing them up for him, Chair. We could go all day.



**The CHAIR** — Ms Hennessy has now asked six questions in succession. Minister, if you would direct your responses through the Chair, it might enable other members of the committee to ask a question. Ms Hennessy, you may have used up all your questions. Minister, have you completed your answer?

**Mr RYAN** — I am trying to resist my propensity to be open and transparent about these things, Chair. Perhaps Ms Hennessy and I can continue the conversation at another time in another place.

**The CHAIR** — Thank you. Mr O'Brien.

**Mr O'BRIEN** — Irrespective of the opposition's interest or lack of interest in this program and this portfolio I can say on behalf of my constituents in western Victoria that we welcome these government-wide initiatives, particularly the gas programs, and we look forward to them being delivered. Taking you to that, in budget paper 3, and some government-wide initiatives that are also very important to my constituents in western Victoria, I would like to ask in relation to your portfolio responsibilities and generally in your capacity as Deputy Premier: what support is being provided to help Victorian communities affected by the recent floods rebuild and recover?

**The CHAIR** — Sorry, the question is directed to the minister in his portfolio responsibility, not as Deputy Premier.

**Mr O'BRIEN** — That is how I asked it, but I am happy for him to answer it how he sees fit.

**The CHAIR** — Have you finished?

**Mr O'BRIEN** — Yes, I have asked the question, thank you, Chair.

**The CHAIR** — I wanted to be clear that you had finished. Minister.

**Mr RYAN** — Thanks, Mr O'Brien. The government has been quick to respond to the disaster which is represented by these campaign floods. We recognise well and truly the enormity of the impact that has occurred in those communities. We have had 104 towns that have been affected across 28 municipalities. Indeed, for those of us who live outside Melbourne, many of us reside in these very communities or represent them in the Parliament, so of course it is something very close to our respective hearts.

On 17 January the government announced the establishment of a cabinet flood task force to coordinate additional help for families, businesses and communities. I am the deputy chair of that flood task force; the flood task force is chaired by the Premier. A \$5 million local government clean-up fund to assist flood-affected councils with clean-up costs, waste disposal and emergency services has been established. To date the fund has provided \$1.6 million to affected councils, and we are in constant contact with them about being able to access the balance of that money. A \$4 million community recovery fund to support communities, restore social networks and repair community assets has been established, and I believe that to be a joint fund with the commonwealth government. We are each putting in \$2 million.

Other initiatives to assist the affected councils include the reimbursement under the NDRRA provisions. On 11 February the government announced a further \$1.26 million for 13 new flood recovery officers to work across 16 councils to help communities develop and implement long-term recovery plans and to provide that necessary support. Flood recovery officers are being appointed by councils and are working with Regional Development Victoria.

The government's support for flood-affected regional and rural businesses includes: on 7 March a grant of \$1 million for tourism marketing; 29 March, a \$1.5 million contribution towards the Victorian employers chamber of commerce business relief fund that is intended to provide assistance to affected businesses through the flood-affected areas; and on 31 March, we announced \$8.8 million in urgent works for the flood damage that occurred at Wilsons Promontory, within our respective electorates, Chair. To see the Prom as battered and broken as it is is a very sad sight indeed, but this money will bring it back to its former glory. Also subsequently we have announced funding to assist in the Grampians, because we recognise there that of course we have enormous challenges facing us over the course of the years.

Significantly, new allocations in the budget to support flood recovery include: \$122 million over two years for repairs to the arterial roads, as Mr Scott and I have been discussing; \$20 million to repair the rail network; a

\$30 million program that is jointly administered by DPCD and DSE to help committees of management and local councils repair or rebuild flood-impacted community assets; the Business Flood Recovery Fund allocation of \$10 million over two years to support regional companies in flood-affected areas; and a \$1.5 million allocation for medium-term marketing activities to help the tourism industry. It does not appear directly in my papers here, Chair, but of course we have recently announced the buyback program for flood-affected areas in locations just south of Swan Hill which continue to suffer terribly from the floods.

If I may pause for a moment, I just want to confirm also an issue about which the committee may already be aware. I am pleased to say that we have resolved issues surrounding the availability to Victoria of the \$500 million which will be provided to our state by the federal government as a part of the arrangements which were announced by the Prime Minister on, I think, 14 February. Minister Crean and I have been negotiating that issue over a period of some weeks, and I am pleased to say that we have been able to achieve an outcome beneficial to our state. We have been able to do that in a way where we have an agreement which is different from that that applied in Queensland and which is pertinent, rather, to the circumstances that apply in Victoria. I take the opportunity to thank Minister Crean and the Prime Minister for the assistance which will be afforded to us. That of course will be a great help to us, and we are delighted to see that issue concluded.

**Mr PAKULA** — When the minister said the words ‘five hundred’ I thought he might have been about to tell us about the 500 Club.

**The CHAIR** — Would you like to join?

**Mr PAKULA** — Not now that I know where the money goes, Chair.

Minister, on page 264 of budget paper 3 there are performance measures under the general heading of ‘Metropolitan and regional planning and development’. Taking that in conjunction with the fact that, as I understand it, the CEO of RDV is no longer a direct report to the minister, does that mean that RDV is no longer a stand-alone agency within your department?

**Mr RYAN** — Given the administrative nature of what it is you are inquiring about, I will ask the secretary to deal with that issue.

**Mr PAKULA** — Thank you.

**Mr BLACHER** — Just to be very clear, the CEO of RDV is a direct report to the minister. The way the department is structured is that the deputy secretaries responsible for each of the various core program areas are direct reports to their respective ministers, just as the deputy secretary responsible for sport and recreation is a direct report and planning is a direct report. There is no doubt that those arrangements which continued previously will also continue now.

**Mr PAKULA** — I am pleased for you to make that point to the committee, secretary —

**Mr RYAN** — I bet you are!

**Mr PAKULA** — but I understood that the legislation that was recently passed actually said something contrary to that.

**Mr BLACHER** — No, the legislation related to the responsibility of the secretary in relation to the overall financial management of all the funding in the department. The funds are essentially appropriated through the various ministers. The secretary then puts in place a whole range of arrangements with the responsible deputy secretaries in terms of their accountabilities.

**Mr PAKULA** — So is it still a stand-alone agency?

**Mr BLACHER** — It is still a statutory agency, and the CEO of RDV will be a Governor in Council appointment, as it was previously.

**Mr RYAN** — That must be a great relief to you, Mr Pakula!

**Mr PAKULA** — Would you like me to respond? For the smooth running of the committee I could or could not; I will leave it to you.

**The CHAIR** — No, for my good health I think we will move on, and I will ask a question myself. I refer the minister to BP3, page 128, under the heading ‘Output initiatives’, which include 1.4 million in funding for the bushfire response planning unit, and I ask the minister: how is the government, through the bushfire response planning unit, providing ongoing support to Victorian communities affected by the 2009 bushfires?

**Mr RYAN** — The government’s response to this is of course focused around this all-important point of not only paying due regard to the 173 people who so tragically lost their lives during the Gippsland and Black Saturday fires but also making sure we do what we possibly can to maintain the assistance that is necessary for those people who continue to suffer.

A number of things are occurring. In terms of the unit itself, the unit will operate as of 1 July, and it will operate through Regional Development Victoria. It will operate on that basis because what we are very keen to do is to move to a position where the initiatives that are going to frame the future of places like Marysville and the triangle of Kinglake and that other vast number of towns — I think from memory, about 79 of them — that were impacted by the fires will mean that we are able to have infrastructure development particularly focused around the work that is done by Regional Development Victoria. The bushfire recovery unit will have the all-important task of being the first port of call for people who need help.

We have undertaken already the continuity of various programs, particularly to do with those who have ongoing health requirements that need to be met as well as the issues around regional development in all its various forms. Those initiatives are going to continue to take many forms. One of the great things I think we have seen out of all of this is not only the extraordinary outpouring of support for people in the form of the work that was done through the bushfire relief fund, with that enormous amount of money donated from across the world as well as from within Australia — that of itself was an amazing outcome — but in addition to that, in terms of specifics that go to the point you have raised, we started the process and indeed are well advanced in being able to get a lot of these communities back on their feet again.

Credit where it is due: the former government initiated a number of programs, and some of those have taken effect. As I said, credit where due. Credit certainly where due to the extraordinary people who have contributed so much working with VBRRA in the way that they have committed themselves, together with a variety of volunteer groups, to enable all of this to happen.

In terms of tangibles, you would not want to look past some of the things we are going to do in Marysville. A group of people have come together from disparate backgrounds for the redevelopment of the Marysville golf club. Coincidentally, just last evening I had the opportunity to have discussion with some of them. People such as Russell Crowe, Luc Longley, Greg Norman and others have contributed not only their joint effort but money, working with the government and working with the bushfire relief fund to bring together a package which is going to see what will be about a \$6 million to \$7 million investment in the Marysville golf club. It will be fabulous.

Later this year we will be going to tender for the new conference centre. We are going to put up to \$19 million on the table for that initiative. We believe it will ultimately be about a \$60 million investment. It will see the construction of a 120-room facility with the prospect of about 200 staff being employed. It will be a great initiative for Marysville.

Of course at Lake Mountain — and again, credit where due — the former government initiated the project for \$9 million being spent, with \$3 million coming from government, which has seen the reconstruction of what is just a glorious facility there. I urge members of the committee to have a look at it when the chance arises.

**Ms HENNESSY** — I have been there.

**Mr RYAN** — I hear Ms Hennessy say she has been there. It is a magnificent facility.

**Mr SCOTT** — I have been there.

**Mr PAKULA** — I have been there.

**Mr SCOTT** — We have all been there.

**Mr RYAN** — You have all been there? Everybody has been there; that is good. Anybody else who has not been there, go there. I think when you see initiatives of this nature and when you combine with that the return of the natural beauty of these areas which were so tragically laid waste, when we look back on this in three or four years we will see we have had great outcomes. That will never — never! — overcome the fact that we so tragically lost all those lives, but by hell it will be great for those communities in their various forms right across the state that have been impacted upon by those fires. That essentially is what the funding about which the Chairman has inquired is about.

**The CHAIR** — Thank you, Minister. That brings to a conclusion the consideration of the budget estimates for the portfolios of police and emergency services, bushfire response and regional and rural development. I thank the minister and the departmental officers for their attendance today. It has been a very useful session. Where questions were taken on notice and where there are unasked questions, the committee will follow up with you in writing at a later date. The committee requests that written responses to those matters be provided within 21 days.

**Witnesses withdrew.**