

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 10 May 2013

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Mr N. Angus

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Witnesses

Dr D. Napthine, Minister for Regional Cities;

Mr A. Tongue, PSM, Secretary, Department of Premier and Cabinet;

Mr L. Bruce, Chief Executive Officer, Regional Development Victoria, Department of State Development, Business and Innovation;

Mr G. Forck, Chief Finance Officer, Department of Transport, Planning and Local Infrastructure; and

Ms L. Healy, Executive Director, Policy and Planning, Department of State Development, Business and Innovation.

The CHAIR — I call on the Premier to give a brief presentation, and knowing his enthusiasm for regional cities, I emphasise, of no more than 5 minutes, on the more complex financial and performance information that relates to the budget estimates for the Regional Cities portfolio.

Dr NAPTHINE — Thank you, Mr Chair, and as you say, I am enthusiastic about regional and rural Victoria and my role as Minister for Regional Cities.

Overheads shown.

Dr NAPTHINE — As you can see from the map there, the regional cities are an integral part of this state, and we as a government have a clear policy to grow jobs and opportunities and the economy in our regional cities. We see that having growth in our regional cities and in regional and rural Victoria is good for Victoria and that the outcomes are positive for all Victorians.

I just want to highlight a few of the things that are being done in some of the regional cities, and I will try to keep it brief to maximise the opportunity for questions. For example, in Geelong, in addition to the \$1 billion Regional Growth Fund, we have specific funding in a \$15 million fund to support economic diversification and jobs growth. There is the \$4 million Greater Geelong Industry Fund to target industries that need assistance in transition — as we know the Geelong economy is undergoing significant change, and we are standing ready with this fund to assist industries that are creating new jobs, particularly in new areas of economic activity. And there is an \$11 million Geelong Advancement Fund, that will also provide assistance for Geelong and the Greater Geelong community to invest in key infrastructure or key changes that will make a real difference to the quality of life and opportunities in that great city of Geelong.

With respect to Ballarat I want to draw attention to the Ballarat West employment zone. This is part of a total story that we have got for Ballarat, with the University of Ballarat, the technical park at Ballarat and changes made by Minister Guy to expand opportunities on that side of Ballarat. In the west of Ballarat we have got the Ballarat West employment zone. This is a unique opportunity with 623 hectares of land near the airport, near the freeway — the Western Highway — and this area has been identified as an area for jobs growth and employment, which will deliver over 9000 jobs and \$5 billion of economic activity over time. It is a project that is now under the management, with the agreement of the City of Ballarat, of the Minister for Major Projects. We are investing \$835 000 in the employment zone and \$38 million in the link road, and just to the south of the employment zone Minister Guy has rezoned land at Alfredton West for 4000 new home sites.

In Bendigo, the Bendigo Hospital development is more than just a hospital development. It is producing the best regional hospital anywhere in Australia, but it is also about redeveloping a whole city precinct with new retail areas, child care and conference facilities, and of course the jobs that will be created there will drive the economy of Bendigo quite significantly, and some of the work we are doing there is to maximise local job opportunities and local skill development through that process.

In Wodonga there is a unique opportunity with the removal of the rail yards from the centre of the city. Those who have been to Wodonga know the rail yards were a blight on the development of the heart of Wodonga and removing them provides a unique opportunity for a significant investment, the creation of new jobs and the delivery a new heart and soul to Wodonga. Also, with the Regional Cities Victoria group, we have provided \$300 000 to help grow their opportunities.

Clearly in 2013–14 we have ongoing programs, using the Regional Growth Fund and these programs, to build on the partnership that has been developed between Regional Development Victoria and myself as Minister for Regional Cities to grow jobs and opportunities by using strategic investment to lever jobs and to deliver key infrastructure that will make a real difference in growing opportunities in regional and rural Victoria, particularly in our great regional cities.

I will happily take questions.

The CHAIR — Thank you, Premier. If I could take you back to your comments about the Geelong Advancement Fund and the Greater Geelong Industry Fund, can you indicate to the committee what are the objectives for those funds?

Dr NAPHTHINE — There is no doubt that Geelong has an economy that has undergone change and has been undergoing change for the past two or three decades. It is to the great credit of Geelong and its community and various governments over the years that they have facilitated that change. I can recall that when I was a young man Eastern Beach in Geelong, for example, was a fairly desolate and unsavoury area. Some of the leadership shown by then Premier Jeff Kennett and the Geelong community to revitalise that area has been absolutely outstanding. The movement of Deakin University onto the waterfront has assisted in that process, and there has been significant development of Geelong. We have seen some of the traditional areas of employment, like International Harvester, disappear and other areas of traditional employment in manufacturing under challenge.

What we are seeking to do with Geelong is help Geelong continue this evolution of Geelong as a great place to live, a great place to do business and an area that is about the service sector, about a range of more advanced manufacturing, highly skilled manufacturing and is a great education centre, with Deakin University and Gordon TAFE. The Geelong Development Fund is about using money in the Geelong Advancement Fund and the Greater Geelong Industry Fund to target some of these changes. The Greater Geelong Industry Fund provides grants of up to \$250 000. The industry must pay \$2 for every \$1 that is contributed by government to target funding by industry that creates new jobs and creates new job opportunities.

Recently I was at IXL Metal Castings, where we announced \$180 000 government funding towards a \$561 000 project that will assist IXL Metal Castings to sell steel and white iron castings to the water, mining and general engineering markets, particularly the growing mining markets to our north and also the aluminium smelting industry locally and around the world. This will create 12 additional jobs, strengthen the economy and help diversify the work already done by IXL Metal, which is well known for the IXL Tastic, one of the great products out of Geelong. They have also been involved recently in producing frames for the solar industry in Western Australia. They are an innovative company and are prepared to change. They are the sorts of companies we want to invest in a coinvestment status with to create jobs and opportunities in Geelong.

Mr PAKULA — Premier, in budget paper 3, page 227, there are some performance measures for skilled migration Victoria — client satisfaction and the proportion of skilled migrants working in a nominated field. You would be aware that the Regional Cities Victoria group has as a top priority the reinstatement of the regional skilled migration program. Can you indicate to the committee whether the funding for that program is going to be reinstated?

Dr NAPHTHINE — Can I say that employment in these areas is a very important part of our work program, and that is what we seek to do: we seek to grow employment in regional cities and in regional and rural Victoria. That is what we are doing through the \$1 billion Regional Growth Fund, where we are targeting particular industries and leveraging jobs and opportunities. For example, at Hazeldene's chickens in Bendigo, one of our great regional cities, we have coinvested with Hazeldene's chickens to expand their operation and grow jobs. We have also invested in Wodonga Abattoir. In Warrnambool, for example, in my own electorate and home area, we have invested in new industrial land to create industrial opportunities and investment in the Horne Road industrial area.

We are about growing those jobs and opportunities, and we are about working with industry to provide the sorts of people that they need, through our vocational education programs and through support for appropriately recruited and placed 457 visa workers in many of our regional cities and industries. This program, as you are aware, Mr Pakula, is run by the commonwealth government. The commonwealth government approves 457 visas. The commonwealth government is the one that is responsible for making sure that program is run correctly and appropriately, that people coming out here on 457 visas are treated appropriately in terms of pay and conditions and that they are out here to do real jobs where people are not able to recruit local employees into them.

That is the responsibility of the commonwealth, and it will continue to have that responsibility, but we are keen to work with the commonwealth in many areas of our regional cities where there are key strategic employment gaps. For example, at Midfield Meat in Warrnambool that employment of key strategic 457 workers means that dozens, if not multiples of dozens, of other local workers are able to get jobs and create employment opportunities. We support strategic use of 457 workers in the appropriate, supervised way.

Mr PAKULA — I was hoping that if I asked a very direct question without too much preamble I would get a very direct answer, but what I asked you about was the regional skilled migration program, which had funding

cut by your government, and I was asking whether you were going to reinstate that funding. All that other information was valuable, but I am wondering about the specific funding that I have talked about that is within the state government's responsibility and whether or not that will be reinstated.

Dr NAPTHINE — We continually review programs and make sure that our programs are targeted and effective. One of the best and most effective programs that we have implemented is the \$1 billion Regional Growth Fund, and that has been highly effective — —

Mr PAKULA — I am talking about this one.

Dr NAPTHINE — I am talking about effective programs to create jobs and opportunities in regional Victoria. They create jobs in regional Victoria and we are delivering on that. The campaign is backed up by the 2013 Regional Victoria Living Expo, which I hope you attended recently in Melbourne. Last year we had many thousands of people attend, and this year we had an even greater crowd of people attend the Regional Victoria Living Expo who were looking at jobs and opportunities in regional Victoria. It is backed up by the Good Move campaign. The Regional Living Expo, the Good Move campaign and the Regional Growth Fund mean we are creating jobs and opportunities in regional Victoria. We are attracting skilled workers to regional Victoria and we will continue to attract skilled workers to regional and rural Victoria whether they be from Melbourne, from interstate or overseas.

Mr PAKULA — Is there any possibility that the Premier might answer the question I asked about the regional skilled migration program?

Mr ANGUS — Fair go; he was very comprehensive.

Mr PAKULA — Except it avoided the bit I asked about.

Mr ANGUS — Premier, in your presentation a few minutes ago, you touched on the Bendigo hospital. Can you outline for the committee what the benefits of the Bendigo hospital development are to the local economy and how the government is assisting with maximising these economic benefits?

Dr NAPTHINE — That is a very good question, because this is one of those projects that not only will deliver an outstanding, magnificent hospital for Bendigo and the Bendigo region, and additional benefits with regard to child-care facilities, conference facilities and retail facilities, but it will also have a significant effect on the shape of the city of Greater Bendigo with this new campus on Barnard Street, which fundamentally will completely reshape that part of the city which adjoins the Bendigo CBD. That will have significant long-term impacts on how the city operates and the economic opportunities in that city.

But also, as Mr Angus would understand, when you are undertaking a \$630-million project this is in itself is going to generate an enormous number of jobs — over 770 jobs. There is significant other employment, growth of employment and building and construction going on not only in Bendigo but also in the north-west — for example, the building of a hospital at Echuca worth over \$60 million — at about the same time. There is work at Numurkah hospital and at Charlton and a whole range of other major projects going on in that area. There is a real challenge for the city of Greater Bendigo and the community to manage this project.

As the Minister for Regional Cities, what I want to do with Regional Development Victoria is maximise the short, medium and long-term benefits to the city of Greater Bendigo and the region as a whole from this project. We want to work with the consortium that has been selected for this project to try to use as many local subcontractors as possible, and we will be working with them to do that. We want to work with them to see if we can maximise the employment of trainees and apprentices so that we will use young people in the local area and develop their skills. Many of the young people in the area who might already be qualified tradespeople or qualified people in the building construction industry may not have had the opportunity to work on such a large project before. The benefits from working on such a large project include opportunities for those people not only locally but across Victoria and across Australia and bring long-term benefits to Bendigo.

Our task at Regional Development Victoria is to work with the City of Greater Bendigo and the broader Bendigo community to maximise the benefits to the region from such a significant game-changing project. That is one of the things we will be doing with this project as it gets constructed.

Mr SCOTT — I will follow on from the question from the Deputy Chair relating to the regional skilled migration program, which I hope you would be aware is not a temporary program like 457 visas, but relates to permanent skilled migration. There is a separate regional sponsored migration subclass that exists under the federal government's migration program, and there have been and still are in other states migration state programs related to that which require state sponsorship from the local state government to access that visa category. Therefore since it was not answered in the previous question, I seek further information on that and a clear understanding of whether there will be a reinstatement of the regional skilled migration program funding that was previously cut.

Dr NAPTHINE — As I outlined before in answer to Mr Pakula, we are very determined to grow jobs and opportunities within regional and rural Victoria. That is why we have a \$1 billion program, and that includes creating jobs for people who wish to come to regional and rural Victoria from Melbourne, from interstate or from overseas. We want to create those opportunities, and we are creating those opportunities. We are delivering those opportunities. Particularly in the highly skilled area, that is where we do often have to attract people from interstate and overseas, and we will continue to work through Regional Development Victoria with local chambers of commerce, local councils, local communities and local businesses to target and attract those people. We will look to work also with the federal government to make sure that, when people are seeking to migrate on a permanent basis to Portland, Horsham, Mildura, Warracknabeal, Bendigo or Ballarat for permanent employment, the federal government will assist and help in that matter. We are very positive about attracting jobs and opportunities, particularly filling those skilled jobs that are needed in our area, and we will work with the federal government on those issues.

Mr SCOTT — We are short of time, so I will — —

Mr PAKULA — He is not going to answer it.

The CHAIR — Mr O'Brien.

Mr O'BRIEN — I would like you to answer more about jobs and opportunities in western Victoria. You touched on the Ballarat west employment zone in your presentation, so I ask you, Premier, whether you can provide the committee with a further outline of the Ballarat west employment zone and indeed its benefits to the region.

Dr NAPTHINE — This is one of the most exciting projects in Victoria. Ballarat, as we are aware, was built on the back of the gold rush of the 1850s. Indeed I was there recently for the opening of the Eureka museum for democracy, and I think it is a great initiative. Some \$5 million of funding from the Victorian government went into that, with \$5 million from the federal government. It is a great outcome. I think there is opportunity for a resurgence of growth, activity and investment in Ballarat like what we have not seen since that gold rush.

The University of Ballarat on one side of town is driving that, particularly with the technology centre and the technology park. The jobs and opportunities there are terrific. Indeed Minister Guy has just rezoned more land there to cater for growth. On the other side of Ballarat near the airport is this unique piece of land of 623 hectares, and part of that is 440 hectares of Crown land, which we are unlocking for industry development to create employment opportunities. As I said, we have already provided \$835 000 through the Regional Growth Fund, and the City of Ballarat has matched that funding, to provide \$1.67 million to develop this as a site for investment, a site for employment growth and a site for industry. One of the things in many of our regional communities is to have sufficient serviced industrial land available, particularly if the big industries want to come along and use that land. This site is ideally situated right next door to the Western Highway and next door to the airport. It is very suitable land, and Major Projects Victoria has been engaged by the City of Ballarat to develop the delivery strategy for that project. At the same time we have Minister Guy zoning land in Alfredton to the west and south of this land that is rezoned for nearly 4000 houses, and the Minister for Roads is funding the Ballarat link road through this area.

This is a government that is genuinely working with the local community of Ballarat and the City of Ballarat about a really big initiative that is going to make a difference not just in the short term but over decades to come in terms of investment, jobs and growth in Ballarat. We are doing it in a logical and sensible way with the planning provisions for housing, the planning provisions for the industrial land development, the road

infrastructure and the associated infrastructure and planning. This is a proper process, this is planning for growth and this is exactly what this government is on about.

Mr PAKULA — Premier, in regard to the Department of State Development, Business and Innovation, which I think supports both the regional cities portfolio and the regional and rural development portfolio, as part of the recent machinery of government changes has there been any adjustment to the responsibilities of the Minister for Regional and Rural Development vis-a-vis your portfolio, or have they remained unchanged?

Dr NAPTHINE — With respect to the Minister for Regional and Rural Development and my portfolio as Minister for Regional Cities, they have remained the same.

Mr ONDARCHIE — Premier, could you give us some more information about what the government is doing to assist Geelong through measures such as the establishment of the Grovedale station and the hospital at Waurm Ponds?

Dr NAPTHINE — As you are aware, the Minister for Planning recently outlined a blueprint for Geelong to virtually double the population of Geelong — 500 000 people potentially can live in Geelong. Geelong is a terrific city, it is a great place to live and I think there are enormous opportunities for Geelong to grow, develop and transform itself in terms of the economy and the opportunities there. Of course you have the Bellarine Peninsula and the Surf Coast, the Golden Plains shire and Bannockburn and Teesdale, which are just terrific places for people to live, particularly for young families. What we are doing is providing the infrastructure and services to support that growth and development, and they include the Waurm Ponds community hospital at Waurm Ponds and the Grovedale station.

With respect to the Grovedale station, there is a \$9 million land purchase and a total of a \$26 million project that was announced in this budget, and that station will service the people of the growing new suburb of Armstrong Creek as well as provide opportunities for people from the Surf Coast. Initially the station will have 200 car parks, but it has opportunities with the land we have purchased for up to 500 car parks. It is going to be the new start point for the services from the Geelong region to Melbourne. When the station is open there will be 25 return services a day to Melbourne, including 7 morning peak-hour services, which will provide those commuters with great opportunities to come to Melbourne. But also coming the other way, it will be a great station for people who want to come to the Deakin campus at Waurm Ponds; that will be the nearest station and there will be shuttle bus services available. Indeed there will be a bus network servicing the whole region for that station, so there will be a bus interchange plus the station. That is the sort of planning that goes into the growth that we are looking for in Geelong, and Geelong has certainly great opportunities for growth and I believe that if we put those plans in place we can deliver a much better outcome for Geelong.

Finally on Geelong, if the headquarters of the NDIA were placed in Geelong, it would deliver a great outcome for Geelong in terms of jobs — —

Mr SCOTT — It is the NDIS.

Dr NAPTHINE — It is the NDIS, but the NDIA is the National Disability Insurance Agency. It is the agency headquarters that we want in Geelong to deliver the NDIS. We have put \$25 million on the table. This will create a large number of jobs in Geelong but, more importantly, Geelong is the best place for this anywhere in Australia because Geelong has a great history of services for people with a disability. It is right next door to the Avalon and Tullamarine airports, the TAC is there thanks to the previous government — and I recognise that — and the skills, the workforce, is there. This is the best place for it, and the federal government should announce the headquarters for Geelong as soon as possible.

The CHAIR — Thank you, Premier. That concludes the hearings for the portfolio of Regional Cities. I thank all the departmental officers. We will have a quick break before we move to the racing portfolio.

Witnesses withdrew.