

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 14 May 2013

#### Members

Mr N. Angus  
Ms J. Hennessy  
Mr D. Morris  
Mr D. O'Brien

Mr C. Ondarchie  
Mr M. Pakula  
Mr R. Scott

Chair: Mr D. Morris  
Deputy Chair: Mr M. Pakula

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Mr D. Hodgett, Minister for Major Projects;

Mr H. Ronaldson, Secretary,

Mr P. Noble, Acting Deputy Secretary, Investment and Major Projects, and

Mr T. Bamford, Executive Director, Major Projects Victoria, Department of State Development, Business and Innovation.

**The CHAIR** — For the major projects portfolio I now welcome from the Department of State Development, Business and Innovation, Mr Howard Ronaldson, Secretary; Mr Peter Noble, Acting Deputy Secretary, Investment and Major Projects; and Mr Tim Bamford, Executive Director of Major Projects Victoria. I ask the minister to give a brief presentation of no more than 5 minutes on the more complex aspects of the portfolio.

**Mr HODGETT** — Thank you, Chair. This is a detailed presentation, so with the committee's indulgence I will whip through it as quickly as I can and perhaps come back to slides on request or as asked by you, Chair. There is a fair bit to get through so I will try to contain that to 5 minutes.

**Overheads shown.**

**Mr HODGETT** — It is a great pleasure to be here to talk about the major projects portfolio. This year Treasurer Michael O'Brien has handed down a budget that builds growth for all Victorians through responsible economic management and investment in state-shaping infrastructure. A couple of highlights of the 2013–14 state budget are an operating surplus of \$225 million and the allocation of \$6.1 billion for major projects. We know that one of those projects is the east–west link, and I have just spoken about the port of Hastings redevelopment, but today I would like to tell you about our 2013–14 budget announcements and talk about the highlights of the previous year, and perhaps skip across progress reports on a number of significant projects in the portfolio.

This year's budget allocates \$2.1 million to continuing planning for the development of the 23-hectare E-Gate site on the west of the Melbourne rail yards, just 2 kilometres from the CBD. There is lots to tell you about E-Gate, but I will not go into detail here in the interests of getting through all the slides. The next slide is just an artist's impression of E-Gate, which shows what that 23-hectare site might contain and could possibly look like.

There have been a number of highlights during the last year. Three projects have been completed and are now operating with great success. Last month I was pleased to attend the opening of the \$288 million biosciences research centre, now known as AgriBio. The next couple of slides just highlight that biosciences research centre. The centre and its research is critical to the coalition government's plan to double Victoria's food production by 2030.

The next slide shows another highlight of the year, which was the spectacular re-opening of Hamer Hall after a two-year, \$135.8 million redevelopment. The next couple of slides show the expanded floor space and the connection with St Kilda Road and the Yarra. I will not talk in too much detail about that project.

We then move on to the new National Tennis Centre and Eastern Plaza at Melbourne Park, which were delivered in December 2012, one year early and within budget. It is not often we hear that. Melbourne now has Australia's, and arguably the world's, best purpose-built, elite tennis training facility. The next slide shows the interior. I will not talk about what is contained there; I might get the opportunity to come back to it. I was down there the other week. If you get an opportunity to get down there, you will see it is a fantastic centre. It also has eight new clay courts outdoors.

As the Minister for Major Projects I am also responsible for the Melbourne Market Relocation project and for Major Projects Victoria. I will discuss the Melbourne Market Relocation project first. The Melbourne Market Relocation project involves the construction of a \$330 million fruit, vegetable and flower market at Epping, and this is part of overall funding of \$600 million, which also incorporates warehousing, land acquisition, industry assistance and the relocation of over 3000 market-related businesses. Good progress has been made on the warehousing to be built around the trading floor site. We are currently in the procurement phase, working with a short list of builder developers who have responded to the EOI. Perhaps I can come back and talk a bit more about that. Current tenants of Footscray Road have until the end of May to sign their leases before we open a tender process for the remaining unleased areas. The uptake of leasing is critical to having the market open by 2014–15, as it will establish the demand for the trading floor, which in turn affects the delivery of the warehousing. I will not continue to talk too much about that.

I will just give a quick overview of Major Projects Victoria. It provides project delivery services to Victorian government departments which may not have those skills in-house. Major Projects Victoria currently has 11 projects with a combined value of approximately \$1.9 billion. Some of those are the Shrine of Remembrance, Melbourne Park redevelopment stage 1, Melbourne Market relocation trading floor, and there are a couple of others, but in the interests of time I will keep going.

I will skip the next slide and go on to the Melbourne Park redevelopment. As I said, it is the redevelopment of a world-class sports and entertainment precinct and the \$366 million first stage is well under way. The next slide gives an overall shot of that. What impresses me when you go down and have a look at that whole sporting precinct is its close proximity to Melbourne. Not many capital cities in the world have such first-class, newish facilities in such easy walking distance from the CBD as Melbourne, but I will not go into detail there.

Again, I spoke about the Melbourne Market relocation trading floor. I am the client minister there. However, Major Projects Victoria is responsible for project management, managing the construction of the trading floor complex, and we expect that to be completed later this year, after which tenants will begin to plan their individual stall fit-out to be carried out in 2014.

Without any disrespect, I will quickly run over the Galleries of Remembrance at the Shrine of Remembrance, and hopefully I will come back to talk a bit more about that.

Then of course there is MFB FOLD — the Future of Organisational Learning and Development — project out at Craigieburn.

I am happy to talk about the Flinders Street Station competition as the committee wishes.

If we skip a couple of slides and move to Federation Square East. Sorry, just before that we touch on the Ballarat West employment zone, and again I am happy to talk to that if the committee wishes for further detail.

Finally, having quickly run over all that, is Federation Square East, which is another city-shaping project. In late April 2013 the Victorian government put out a call to the property development industry for submissions to develop the significant 3.3-hectare site in the heart of Melbourne. The government is seeking feedback on the commercial viability and development of that site, as well as broader feedback on commercial structures, ownership structures, contractual structures, apportionment of risk et cetera. There is another slide of that.

In conclusion, the coalition government is continuing its support for a major projects agenda to help support Victoria's growth. There are some exciting projects there, some great projects. It is a detailed presentation, and I do appreciate the committee's patience. There is a lot going on in this exciting area of major projects, and I would be happy to take questions from members of the committee.

**The CHAIR** — Thank you, Minister, for a very succinct presentation. We have just under 50 minutes and, as we indicated earlier, there will be a short break about halfway through. Minister, in the context of the 2013–14 budget, can you outline to the committee — you have done that to some extent, so perhaps provide more details — examples of capital infrastructure projects in the major projects portfolio which will be either commenced or completed in the next financial year?

**Mr HODGETT** — Thank you for the question, Chair. As Minister for Major Projects, I am responsible for the development and delivery of a number of capital infrastructure projects. As mentioned in my presentation, which I quickly ran over there, this year's budget has committed a further \$2.1 million to continue planning for the development of the 23-hectare E-Gate site in the West Melbourne rail yards, just 2 kilometres from Melbourne's CBD.

We will get up that E-Gate slide again, and you can see an overhead of the parcel of land. What strikes you there, Chair and committee, is again to have the opportunity of a parcel of land that size so close to the CBD. E-Gate has the potential to develop up to \$6 billion in new investment over the next 12 to 18 years and is an important part of our policy to grow the Victorian economy and generate jobs.

If I can go back to the end slides of Federation Square East, which was at the end of the presentation. Again, this is another exciting project in the heart of Melbourne. We are progressing with Federation Square East. I mentioned that in the presentation, but you will see that parcel of land there, 3.3 hectares I think. We have gone out with a RFIS, a request for industry submissions. It opened last month. They will close in July this year, and the responses provided by the market will help the government decide if the project is viable and if there is sufficient appetite from the market to proceed further with that site.

Additionally, there is the Flinders Street station design competition. I quickly ran over that, but there are a number of slides there. The Flinders Street station design competition is a two-stage competition, now in its

final stage. While I skipped over the detail, I will just mention that six architects have been shortlisted and are currently working up their final designs for a revamp of the station site.

Then if I move on to projects in delivery and again we will go to the MFB FOLD slide, which I ran over quickly. A capital project that will be completed in the coming financial year is the Metropolitan Fire Brigade's Future of Organisational Learning and Development, or, as we know it, the FOLD facilities project. The FOLD project comprises development of a purpose-designed and purpose-built training facility to support both current and future training requirements of the MFB. I think we would all agree that the MFB deserves state-of-the-art facilities for training. The project will provide a range of emergency response and management learning environments, including standard theoretical training facilities and a number of unique, purpose-built structures which support fire, marine, safety and other forms of practical emergency management training. There is even a high-rise building on site, which is shown on that slide. Construction works are due for completion in late 2013 and the new facility will be operational in 2014.

I am happy to elaborate further on any details, or even perhaps to see if any department officials wish to add to anything or are happy to elaborate in the course of questioning by committee members.

**Mr PAKULA** — I want to talk about the Epping wholesale market, which you have already referred to in your presentation. You released a statement on 16 April which had some time lines in it in regard to expressions of interest for the Epping flower market ballots. According to your statement it was due to go out on 19 April, and businesses had two weeks to respond. Instead, as I understand it, they only went out on 7 May, and the deadline was one week, being today. Within the seven-day period they had Mother's Day to contend with, which is the busiest time of year for flower growers. I am advised that a number of growers consider that time frame to be impossible for them to deal with, given they have not had enough time to digest the information in the EOI and get the necessary legal and financial advice. They are seeking an extension of time. I understand that has been denied because of constraints on the ministerial timetable. Is that the case, and can you grant the extension that the growers are seeking, given the constricted time frame that has been implemented as distinct from what they were originally told they were going to have?

**Mr ANGUS** — That is two questions.

**Mr PAKULA** — It is one question, Neil. You cannot even count to 1.

**Mr HODGETT** — One. Mr Pakula, can I just say that I met with the flower growers yesterday afternoon. Just to put it into context, what you are saying is not entirely factually correct in that the ballot was due to take place earlier in the year and we shifted it then to enable the tenants to go out and visit the market site, and there were a couple of other things that we needed to resolve between then and now. We agreed to shift it to May.

This process has been talked about for well over 12 months, and what was agreed yesterday with representatives was that we would proceed with the ballot this Friday. There was no benefit in shifting that, albeit I understand the concerns — they have had a busy time with Mother's Day. But I think there is always a busy time during the year. You could argue that there is never a convenient time for this. I have been down to the markets a number of times and met with — —

**Ms HENNESSY** — Peak season.

**Mr HODGETT** — Peak season? So is Valentine's Day. So is — —

### **Members interjecting.**

**Mr O'BRIEN** — This is what we said on page 221:

The fundamental flaw in the business case — —

**The CHAIR** — Mr O'Brien!

**Mr O'BRIEN** — I am just reminding the committee what we said.

**The CHAIR** — Mr O'Brien! The minister has been asked a question. He has the call to answer it without further invitations to engage from members of the committee.

**Mr HODGETT** — Thank you, Chair. I acknowledge, Ms Hennessy, that it is a busy time of year, but this has been talked about for well over 12 months, and I just put it in the context that in some ways there is always going to be a difficult time during the year to conduct this ballot.

I have been down to the market and met with the flower growers. When I go down to the market and talk to people the two things that come up time and again are the certainty of the project and information — or lack of information. I think that proceeding with the ballot on Friday will give another step of certainty about where people will have the allocation of space. I have said all along, as did the previous Minister for Major Projects, that I wanted a ballot because it was the fairest and most open and transparent process that we could go through. I did not want a process where anyone could be accused of favouritism or trading or doing deals here and there. The ballot is the fairest open process. Then traders are free to do a bit of their own trading, if you like, amongst each other prior to signing licenses, and continue to do so thereafter. Those who are happy and want to keep their allocated space can; for those who wish to do a bit of negotiation and trading, there is still the opportunity to do that.

Can I say finally that we have staff in the department who have been spending a great deal of time down on the floor of the markets. They were at the meeting on Monday, and it was resolved that they would go down and spend some time there, I think today and Thursday, to resolve the issues. Of the issues, Ms Hennessy, that have been brought to my attention — legitimate concerns — my belief is that they have been resolved or could be resolved between now and Friday.

Again through you, Chair, to Mr Pakula, I was unconvinced that there were any benefits to be delivered by deferring the ballot. In fact there could be a disadvantage in deferring it because there is still that uncertainty, and then because we deferred it from February, for legitimate reasons that were resolved, there are none that exist now that would prevent that ballot from going on on Friday.

**Mr PAKULA** — Just a very quick supplementary question, Minister. I am keen to understand what actually went on, because your statement was issued on 16 April and it indicated that the EOIs were going to go out three days later, and in fact they went out three weeks later. What happened in that three-day period to stop them going out on 19 April when they were scheduled to?

**Mr ONDARCHIE** — The market was originally due to move in 2008.

**Mr ANGUS** — It was years late because of you blokes.

**Mr O'BRIEN** — The strength of the opposition by the traders was grossly underestimated, and the engagement was opaque and deficient.

### **Members interjecting.**

**Mr HODGETT** — Just by way of completeness and to be accurate I might just call on Mr Noble. He said there was some additional information. I might ask him to give you the details of that.

**Mr NOBLE** — Mr Pakula, through you, Chair, there was additional requested information that came through the coordination committees that went into that EOI, and that is why it was delayed until those issues were resolved with the market tenants. That is why it took three weeks.

**Mr ANGUS** — Minister, I refer you to budget paper 4, page 39, and to some matters you touched on in your presentation and indeed some matters that you touched on also in your answer to the original question from the Chair. I ask you to explain to the committee a little more about what the government is doing to transform some of the underutilised areas of Melbourne's CBD and surrounds?

**Mr HODGETT** — Thank you for the question. In terms of transforming underutilised areas of Melbourne's CBD and surrounds there are two that I will touch on, which I mentioned in my presentation, and I am happy to add some further details in relation to those. The government recognises that there are a number of areas in the CBD, the central business district, and on the CBD fringe that are underutilised and potentially are appropriate for development. As outlined in the budget papers, the government has provided additional funding. I think that one is in budget paper 4. The government has provided additional funding to complete a full business case to assess the development potential of the 23-hectare E-gate precinct site.

You see in the overhead there, Chair and committee, the 23-hectare E-gate precinct site. E-gate is a VicTrack-owned site on the western fringe of Melbourne CBD, and the government believes it is of strategic significance in terms of the development opportunity it provides and in creating a link between Docklands and West Melbourne. I do not know if you know that area at all, Chair or committee, or if you are good with your sense of direction, but if you know where I am talking about there, you will know that once developed that could be a terrific link between the Docklands and Melbourne. This was reinforced with an initial \$2 million that was in last year's budget, in the 2012–13 budget, to begin the E-gate business case, and this has been followed up with a 2.14 million funding commitment in this year's budget to complete the business case. If we move to the next slide, you will see there an artist's impression of what possibly could go on there with that site and linking it.

You asked me to mention others. Of course there is the Federation Square East, which I will touch on briefly. The coalition has moved on asking industry about potential development of Federation Square East. This is another underutilised area on the CBD fringe, and it has been talked about for many, many years. We all know this site. We all can remember the gas and fuel towers there and how they were pulled down and Federation Square was established with the NGV. This vacant parcel of land does sit there. It is underutilised on the fringe of Melbourne, and while talked about for a number of years nothing has been done to improve the area over and around the Jolimont rail yards. So the request for industry submissions process opened in April 2013. There has been considerable interest to date. I think there is a second slide there that might even give you a better vantage point. I believe there has been considerable interest to date.

Suffice to say, if you want to talk about the process, we all know that is an important site. We are treating this as an ideas-generating process where we are seeking suggestions and feedback on what is possible and what level of interest there might be. No outcome is predetermined. It is an idea-seeking process, if you like, Chair, and it will allow for a range of ideas to be fully considered by the government. We have one opportunity to get this site right, so we want to hear from industry.

**Mr SCOTT** — Minister, in your presentation you made reference to Federation Square East. In your request for industry submissions, released on 30 April, I understand developers are allowed to propose developments that breach existing planning guidelines. I might say that throughout this there are some lovely photos and aerial shots of Federation Square East. These guidelines prohibit development that casts a shadow across the Yarra, Federation Square or St Paul's. Minister, can you guarantee that current restrictions preventing the shadowing of the river, the cathedral and Federation Square will be respected?

**Mr HODGETT** — I thank Mr Scott for the question. Can I just say that the request for industry submissions process is, as I said before, an ideas-generating process. We are not ruling anything in or ruling anything out. We are asking industry to come to us with their ideas for that. We do not pretend to have all the ideas. There are some bright minds out there and there are some bright architects that might come to us with some good proposals, so we are seeking feedback. The whole idea of the process is for the government to seek suggestions on the site, to seek feedback on what is possible and what level of interest there might be in the site. As I said, we have no predetermined outcome. It is an ideas-seeking process that will allow a range of ideas to be considered.

If I can add, and I will be careful because the problem with this is that when you start making comments on what may or may not be ideal for the site you start to put limitations around people's thinking. Can I alleviate your fears somewhat by saying that I think I can offer you some degree of confidence that whatever ideas come back to the government, we are going to be mindful of the need to keep public open space, we are going to be mindful of the need to have a civic space, and we are going to be mindful of the need to keep an opening up to the Yarra. When talking about the site before, I mentioned the old gas and fuel towers. We do not want a repeat of that.

This is not an exercise in just putting the most overdevelopment on there. We will consider all ideas. But we will be mindful of those sorts of things. I do not want to limit or encourage any ideas. There have been people that have come with ideas, and I think they came to the previous government with ideas. I invite them to come back with their ideas. But at the end of the day we will assess those and have a look at them. I do not know if that gives you some degree of confidence. It is a difficult site. When you go over railway yards it is expensive and difficult, so you have to get something that is viable, but we are not going to destroy that part of the city.

I will conclude by making just one further comment, if I may, Chair. This is a site that you have an once-in-a-lifetime opportunity to get right, so we would be the last people — as I think you would be the last people if you were in office — to put something on there that will be a blight on the Melbourne city landscape for years and years to come.

**Mr SCOTT** — I will seek some indulgence from you, Chair, in this supplementary. I made reference to the photographs and other images. I would just be grateful if the minister could outline how much money is spent on photographs, artists' impressions, and other aerial shots for his department, because I think it is an extraordinary presentation with a very large portion of it devoted to such materials. If you could provide that information, maybe on notice, to the committee.

**Mr HODGETT** — In relation to the two slides on Federation Square East, Mr Scott might be confused, but they are blank pictures — they are blank sites.

**Mr SCOTT** — It is an aerial shot.

**Mr HODGETT** — It is an aerial shot.

**Mr SCOTT** — I said 'aerial shots, artists' impressions' — the whole preso — and asked for the total for your department for your responsibilities.

**Members interjecting.**

**The CHAIR** — Order!

**Mr HODGETT** — I am more than happy to get some further details for the committee in relation to the information that Mr Scott is requesting. Apologies if I misunderstood the question.

**Mr O'BRIEN** — Following on from that, it is an extraordinary question from a member in relation to the government, given the indictments found —

**The CHAIR** — Move on from the commentary, Mr O'Brien.

**Mr O'BRIEN** — by this committee in the infrastructure report. In preface to my question in relation to budget paper 4, page 39, I would like to ask about the E-gate project, particularly the funding that is set out there, including footnote (a):

TEI includes \$2.140 million additional planning funding to fully develop a business case.

I would like you to explain what is meant by that particular allocation and the reasons for that, because it seems that the Labor members of the committee have not learnt the lessons of the importance of planning projects —

**Ms HENNESSY** — Mr O'Brien, pull yourself together.

**Mr O'BRIEN** — Mr Scott has asked the minister to explain the costs of producing an aerial photograph as a serious question.

**Ms HENNESSY** — He was being asked about expenditure on — —

**Mr O'BRIEN** — I suggest you read — —

**The CHAIR** — Order! Mr O'Brien, if you have a question, and I believe it was about a business case — —

**Ms HENNESSY** — Make it coherent.

**Mr O'BRIEN** — It is very coherent.

**The CHAIR** — Let us hear the answer to that, without any —

**Members interjecting.**

**The CHAIR** — other additional commentary. Minister, do you have a sense of the question from Mr O'Brien?

**Members interjecting.**

**Mr HODGETT** — Yes, I do, but can I just check the page and the budget paper number?

**Mr O'BRIEN** — I will read it again. Budget paper — —

**Mr HODGETT** — No, that is okay.

**Mr O'BRIEN** — Budget paper 4, page 39, footnote (a):

TEI includes \$2.140 million additional planning funding to fully develop a business case.

And I suggest the Labor members read it too.

**Ms HENNESSY** — At least we can read.

**Mr PAKULA** — We are not really needed here.

**Members interjecting.**

**The CHAIR** — Order!

**Mr HODGETT** — Chair, I am not so sure we should have that coffee break. We were doing so well. Thank you for the question. At the risk of provoking Mr O'Brien, can we get the overhead of E-gate up again.

**Members interjecting.**

**Mr HODGETT** — We might as well use the overheads, since we have them. The government proved that it considered the E-gate site at the West Melbourne rail yards to be of strategic significance with \$2 million that was initially funded in last year's budget funding commitments, so we are fair dinkum about this. We put some money into it last year and we think it is a site of strategic significance. As detailed in the budget paper that Mr O'Brien has alluded to, another \$2.140 million has been provided to further progress this project, again the government's commitment to doing something with this site.

The site is located just 2 kilometres from the CBD, and I used the overhead before just to put that in perspective of where it is in the city. Again I make the point: how many cities in the world would have a 23-hectare site so close to the CBD that would provide such an exciting development opportunity?

It has the potential to develop up to \$6 billion in new investment over the next 12 to 18 years. Options for the site include the provision of housing for 10 000 residents and 200 000 square metres of commercial and associated retail space, and strong public transport connections are already in place. Funding will enable Major Projects Victoria to commence business planning, paving the way for the works to begin as early as 2015. So we have committed this money, we will keep working towards business planning, and we are paying for those works to begin in early 2015.

Can we move to the next slide? Can I stress that this is an artist's impression? I am always very reluctant to put these up because then people will say — —

**Mr ONDARCHIE** — 'It's an aerial photo'.

**Mr HODGETT** — No. In all seriousness, I am always reluctant to put these up because people then start to form views that this is what it is going to look like or this is what it is going to have. If I can just relate that back to the previous question, if we put something up on Federation Square East, all of a sudden people think, 'Oh, that's what they want. That's what they want to build there'. The purpose of this is to just give you an indication of some of the possibilities. It could include public facilities, it could include a sports field, it may include a library, it may include possibly even a school — who knows? — all with aim of just creating that vibrant, diverse community on that site. That gives you a bit of an idea from an artist's impression, if you like, of what could go there.

The funding will enable MPV to commence the business planning, paving the way for the works to begin in 2015, and the funding boost is vital to further develop the business case and mitigate any risk to enable this inner city suburb of Melbourne to flourish. I do not know if any of the officials wish to add anything else. Do not comment on the overheads!

**Ms HENNESSY** — Minister, I want to follow up on the Auditor-General's report, by way of reference to budget paper 3, page 224. In the report he made recommendations that there be an independent fraud risk assessment, particularly around contract management and payment systems, and I am wondering whether that independent assessment has been done and whether it is publicly available.

**Mr HODGETT** — Would we be able to have the question again? My apologies.

**Ms HENNESSY** — The A-G recommends in his report that an independent assessment be done. Has an independent assessment been done around fraud risk?

**Mr HODGETT** — I will ask the secretary to comment on that.

**Mr RONALDSON** — That was page 224, was it?

**Ms HENNESSY** — It is by reference to that. It goes to the integrity of major projects. It is basically: effectively what progress has been made against the Auditor-General's recommendation of an independent fraud risk assessment?

**Mr PAKULA** — I can read from the recommendation if it will help the secretary. One of the recommendations in the report is that MPV should:

... undertake an independent fraud risk assessment, particularly around contract management and payment systems, given the weaknesses in controls ...

That is from the Auditor-General's report.

**Mr BAMFORD** — The department has begun a process of procuring an independent fraud risk assessment and is considering a number of quotes at the moment to appoint an external, independent person to do that.

**Ms HENNESSY** — Terrific. I have one supplementary question on another recommendation I want to follow up. The A-G also made a series of recommendations around BP3 budget measure outputs. In fact the Auditor-General recommended developing new budget paper 3 measures that better represent actual performance. Are you able to point to any budget measure outputs that reflect the A-G's recommendation either in substance or in actuality?

**Mr HODGETT** — I can probably add to that further. One of the recommendations of the Auditor-General's report *Managing Major Projects* was that new budget paper 3 measures be developed for Major Projects Victoria that better represent actual performance — a summary of what Ms Hennessy raised in her question. Following a thorough and robust review of external and internal indicators, revised measures have been introduced in 2013–14 that will give a clear indication of project delivery performance.

These new measures are the number of Major Projects Victoria projects complying with contracted scope, the number of Major Projects Victoria projects complying with contracted cost and the number of Major Projects Victoria projects complying with contracted time. These new measures focus on the management of the key contracts between the state and private sector contractors under Major Projects Victoria's arrangements with client departments, and I explained in my presentation the role that is played there. Under MPV's arrangements with client departments, the management of these contracts is the part of the project for which MPV faces primary responsibility.

In 2013–14 six projects are being reported against Major Projects Victoria's standard performance criteria within plus or minus 5 per cent of agreed cost and time parameters and with no material change to scope during the financial year. I can also advise the committee that a new organisational structure has also been established that will support improved data collection at the project level and the reporting of individual projects across the whole organisation.

Finally, in addition, I will say that in recognition of the department's client role on the Melbourne Markets relocation project there is also a new specific BP3 measure for this project, which is that the Melbourne Markets project comply with scope, budget and time. In the interest of accuracy and completeness, I will see if the secretary wishes to add to anything I said, given that he commenced answering the question.

**Mr RONALDSON** — The government is committed to implementing all the recommendations of the Auditor-General's report, and it has set up administrative structures and new measures. I think the report made valid points about more inclusive measures on projects, difficult as they may be, and the department henceforth will do that. It will also seek, as the Auditor-General wanted, quite rightly, more benchmarking material. I might sound a small note here, though, that benchmarking of major projects still presents major problems.

**Ms HENNESSY** — I appreciate that.

**Mr RONALDSON** — It is not an easy thing to do for a couple of reasons. First of all, you have to find someone else who has built something like what you have built. If you have built a synchrotron, really the only way to benchmark that is to go and find someone else who has built a synchrotron. They are very particular buildings. The second problem is that generally the data is not easy to get. If you go out and ask either the public or private sectors for a lot of detail about their time, cost, building standards and the like and how they performed, it is not available in great abundance, which all people have problems with. Notwithstanding that, particularly as the approach of audit these days is to arrive and expect this material on site, we will be spending considerable time and cost benchmarking our performance.

I will conclude by saying that there is some discussion to be had, which we will be having with the Auditor-General, about precisely what we are measuring. That needs to happen, and I am sure it will happen in the future.

**Mr ONDARCHIE** — I want to talk about the Shrine of Remembrance — an icon in Melbourne and one that I encourage everybody to go and visit, as I have done with my children and grandchildren — specifically budget paper 4, page 37. I wonder whether you can update the committee on the status of the Shrine of Remembrance project. Can you tell us where we are up to on its progress?

**Mr HODGETT** — I might get that slide up too if I can; I think there was only one. Thank you for the question. As Mr Ondarchie highlighted in the preamble to the question, the Shrine of Remembrance is Victoria's most significant war memorial to the service and sacrifice of Australian men and women in war and in peacekeeping. I was privileged to turn the sod at this site on 16 April, together with the Minister for Veterans' Affairs. We went down to the site on a Tuesday morning of a sitting week, I think it was, and it was a great privilege to be able to turn the sod on this very important project.

The government committed about \$22.5 million in the 2012–13 budget towards the total cost of \$45 million for the redevelopment of the Shrine. As indicated by Mr Ondarchie, through you, Chair, in budget paper 4 at page 37 of this year's budget you can see that there is continuing investment in this project. The focus of the project is the redevelopment of the undercroft space and construction of a southern extension beneath the stairs. I do not know if the committee has been to the Shrine in recent times or is familiar with it, but I went down and had a look. I think it had been quite some number of years since I had been through the Shrine. If you go down there you can sort of picture the works that I am talking about.

The project does very much focus on the redevelopment of the undercroft space and construction of a southern extension beneath the stairs, and I think that is captured on the overhead shot there that you can see. It basically creates a mirror image of the visitor centre, which was the redevelopment part of the Shrine completed in 2003. The development will improve facilities for exhibitions, improve facilities for community research and improve facilities for school and community education programs.

I make the point if I may, with the indulgence of the committee, that I think as members of Parliament we would all have attended Anzac Day services this year, and certainly Remembrance Day services, and I am sure you will all agree it is very important that most of us recognised record numbers at the services this year, particularly the dawn services. I noted, and had a number of MPs on both sides of the house note to me, that there were a number of young kids involved.

This sort of development that improves school and community education will I think continue to get young people involved or engaged, and get them to understand the significance of the Shrine as a war memorial to the service and sacrifice that Australian men and women have made. I will note one service in particular that I attended, which I shared with my colleague the member for Monbulk — the one in Montrose. The service started only a few years ago, I think five years ago, with 10 people, and there were 90 people there this year. The one at Mooroolbark had about 20 or 30 people 10 years ago and there were nearly 1000 people there this year. So they are significant numbers. I will not dwell on that, but I am sure you had the same experience.

The new facilities will enhance the Shrine's capacity for commemorative activities during the centenary of Anzac in 2015 and the World War I commemorative period of 2014 to 2018. In conclusion I note that there will be a display at the Shrine of an original lifeboat from the *SS Devanha* used for the landing at Gallipoli. It is on loan from the National War Memorial. It is incredible down there. They have made up a model — and it is actually quite huge; probably the size of this table or maybe longer — just to see how they are going to manipulate it from one of the corners into a permanent place. It is on loan, but what they see as a long-term loan.

It is critical to complete the project prior to the centenary celebration of Anzac in 2015. We have committed \$22.5 million to a total of \$45 million for the project. We are hoping that the commonwealth will come on board, and I have a degree of confidence that that will occur so we can get the project finished. I might leave it there. I do not know if anyone else wishes to add any comment. Hopefully that answers the question.

**Mr ONDARCHIE** — That is fine. Thank you, Minister.

**Mr PAKULA** — A quick final one. I just want to go back to the markets. I am sure you would be aware of the story in the *Weekly Times*, last Wednesday I think, by Alex Sampson, which quoted a number of facts about the new market in terms of the number of stand-holders being down from 480 to 216; stall size being reduced; some stand-holders having to go from 20 stands to 1; turnover being down potentially from 1.6 billion to 600 million et cetera.

**Mr O'BRIEN** — It sounds like a fundamentally flawed business plan again.

**The CHAIR** — Order! Mr O'Brien, we do not need assistance with the asking of the questions, thank you.

**Mr PAKULA** — Mr Spiteri, the consultant engaged by the growers, has indicated that despite the warehouse trebling in size from 33 000 to 100 000 square metres the trading floor has been cut in half from 14 000 to 7200, and he cites that as the primary reason for those facts I referred to at the outset. Have you done any kind of impact statement on retailers or received any advice about what the impact might be on fruit and vegetable costs as a result of those constraints that Mr Spiteri has outlined in the story from the *Weekly Times* last week?

**Mr HODGETT** — I thank the member for the question. Can I open by saying that the Melbourne Markets relocation project has been under way now since 2004 and our government's priority is to finish the project and get the market open in the latter part of 2014, or possibly early 2015, depending on a number of factors. The tenants of Footscray Road certainly need to make a decision on whether they wish to go to Epping or not so that the state can fill any unoccupied stalls or stands and get the market open. The government has been actively engaged with the market community and consultation has been conducted principally through the Market Advisory Committee, constituted under the Melbourne Market Authority. They are the peak bodies in the market. For example, Fresh State and the Vegetable Growers Association, which you have mentioned, have representatives on that advisory committee. Significant information has been provided, including offers on allocation of stalls, leasing documentation for stalls, discounted rents, draft licences, traffic management, warehouses — a number. I think at the last count we are up to 53 discussion papers or information that has gone out in weekly updates.

To put it in context — and I will be very careful in how I choose my language given the conduct of the hearings today — it is very easy to just go back and have a look at the Auditor-General's report and apportion blame here, but I do not want to do that. I do not want to inflame the committee, but can I say that we do recognise there are issues here. We do not shy away from those issues. They are difficult issues.

There is a problem with the trading floor. These are the facts. The previous Labor government designed the new Melbourne market at Epping, and when we came to government construction was well under way. There is a problem with the trading floor. The current market at Footscray Road has a trading floor area of some 13 994 square metres; the floor design of the Epping market has a trading floor area of 7456 square metres. The total area set aside for stands at the new market was determined by the previous government, and they planned it to be half the size of the current market.

That being said, we now have to deal with that problem. It is a difficult problem, it is a complex problem. We do not shy away from that. We have put out a number of options of how we are going to do that and we are trying to step forward and make our way through a process that will get us to an end result there. Tenants not being forced to sign leases or licences. They are being invited to go out, and there sufficient time has been allowed to do that. Depending on how many take up the offer, it might define the extent of that problem. There is a lot unknowns at the moment.

We have met with tenants. I have been down to the markets a couple of times since being in the job. We will continue to meet with them, we will continue to listen to them, we will continue to try to work through the issues. We have inherited the problem, but we will fix it. I can tell you, it is not helpful when you have a number of key stakeholders putting around misinformation or misleading people at the market about what is going on. That is not helpful. It would be most constructive if some of those key players and key stakeholders worked through the structures that have been set up, or worked through me or through the people that have been appointed to work through these issues.

Having said all that, the couple of times that we have had key milestones in the project, there has been overwhelming support of people wanting to sign up and come to the new market. There are difficult, complex problems to work through. We do not shirk away from them; we want to get them resolved. We are not about putting people out of business. We are the party of small business. The government will continue to work with people to get the best possible outcomes, and I certainly hope to be in a position where we go out and open a brand-new, state-of-the-art Melbourne market out at Epping that is the showcase of a market for Australia.

**Mr PAKULA** — I am just wondering who the stakeholders that are spreading this information are.

**Mr ANGUS** — You should know that.

**Mr PAKULA** — No, I am curious who he is referring to.

**Mr HODGETT** — Through you, Chair, if I may, I do not want to inflame the situation, but clearly I put out a statement post that *Weekly Times* article, and I only have to read some of the material coming out of the areas down there and there is misinformation. There is factually incorrect information in them, and it is not helpful when you are trying to provide information. Some of these issues we have discussed and worked through. We are trying to resolve them; we will do our best to resolve them. We will continue to meet with them and, as I said, nothing will give me greater joy than to be in a position where late next year we are out there with a vibrant, open market with jobs out there. It is a huge site. If we had the time, I would bring it up again on the screen.

**The CHAIR** — We do not have the time.

**Mr HODGETT** — It is a huge site, and I cannot wait for it to be up — and I am hoping when it does open, all the players — flower growers, fruit and vegetable growers and the wholesalers out there — will be delighted with the outcome, albeit there are a number of difficult issues to work through to get to that stage.

**The CHAIR** — Thank you, Minister. That concludes the hearings on the major projects portfolio. I thank Mr Bamford and Mr Noble for their attendance.

**Witnesses withdrew.**