

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 13 May 2016

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Witnesses

Ms Jaala Pulford, Minister for Regional Development,

Ms Sue Eddy, Acting Secretary,

Mr James Flintoft, Chief Executive, Regional Development Victoria, and Deputy Secretary, Economic Development, Employment and Innovation, and

Mr Brad Ostermeyer, Executive Director, Infrastructure, Regional Development Victoria, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 budget estimates. All mobile telephones should now be turned to silent.

Due to unforeseen family circumstances, Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources, is unable to attend today’s hearing. Richard sends his apologies.

I would like to welcome the Minister for Regional Development, the Honourable Jaala Pulford, MLC; Ms Sue Eddy, Acting Secretary of the Department of Economic Development, Jobs, Transport and Resources; James Flintoft, Chief Executive, Regional Development Victoria, and Deputy Secretary, Economic Development, Employment And Innovation; and Brad Ostermeyer, Executive Director, Infrastructure, Regional Development Victoria.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving onto the next group. I will advise witnesses who will be asking questions at each segment.

All evidence given today is being recorded by Hansard, and you will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, presentations and handouts will be placed on the committee’s website as soon as possible.

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee’s proceedings in any way and cannot photograph, audio record or video record any part of these proceedings. Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

Visual presentation.

Ms PULFORD — Thank you, Chair. It is nice to be back with you all again so soon. The regional development portfolio focuses on boosting the economic performance and jobs growth of our regions, which comprise about a quarter of Victoria’s population, jobs and economic output and a third of our exports. We are doing this while continuing to take regional Victoria from strength to strength and to support communities that are great places for people to live, to work and to raise their families. Our approach is to work in close collaboration with regional communities because it is they that are best placed to know what support they need from government. The principal mechanism through which we support these objectives is the \$500 million Regional Jobs and Infrastructure Fund. Through RJIF we are continuing to deliver on many election commitments, including the Ballarat station precinct, the Leopold Community Hub, the Wandong-Heathcote Junction rail trail and the Gippsland Logistics precinct, to name but a few.

Since the fund was established under legislation and commenced on 1 July 2015 there have been numerous other new commitments, including \$10 million for the Shepparton Art Museum, \$10 million for the Latrobe Valley creative precinct, the support of the Timboon CBD revitalisation, Moyston hall and stage 2 of the Swan Hill river walk. At the same time the government has continued to be responsive to the needs of vulnerable communities and supported locally driven recovery activities, including those affected by the Wye River-Jamieson Track bushfire and for jobs and economic recovery measures through the Drought Support Fund, and we touched on that briefly in the earlier hearing. This includes the Great Ocean Road economic and community recovery package, the expansion of a number of drought support initiatives and indeed a fast-tracked consideration of some projects in some of those communities to provide both a boost to confidence and a boost to economic activity. We are strengthening RDV’s role as the gateway to government for regional communities as well.

In November last year the government released a regional statement. The statement does a number of things. It acquits the government's response to the Regional Economic Development and Services Review, which was conducted over the first half of 2015. It goes even further than the review's recommendations on governance reforms and is a true whole-of-government product and highlights the work going on across government to support our regional communities. This portfolio by necessity does require regular engagement with the work of other parts of government.

The statement also highlights some new initiatives and next steps. It talks about regional summits and regional spotlights and outlines the establishment of regional partnerships, and the work there is well underway. They will be up and running by 1 July and replace regional management forums. We have a new chief executive in James Flintoft and five new regional directors, who represent, I think, a shift of emphasis from Melbourne to our regions and are the most senior government leaders in the regions that we have had before. We are planning a summit also for July, a regional futures summit, to talk in great detail with interested members of the Victorian community around the challenges associated with population growth. That is something that we are very much looking forward to.

There are a number of key budget initiatives I would like to highlight for the benefit of committee members. We are establishing a \$101 million Regional Tourism Infrastructure Fund. Central to this is a \$58.2 million upgrade of that much-loved facility at the penguin parade at Phillip Island Nature Park. This project has the potential to increase visitation by more than 20 per cent, which is impressive for a place with such high visitation numbers already, and to create 420 new jobs over the next 25 years — really to take something wonderful and prepare it for the next stage of its life. It is a transformative project that we are very proud to support.

There is the development of a master plan for Budj Bim in south-west Victoria. This includes supporting World Heritage nomination for an incredibly special and important part of Victoria's history and supporting nature-based tourism destinations, but we are also developing a big, long pipeline of great ideas to develop our tourism economies across regional Victoria. We are working closely with RTBs and with local communities to that end.

The Ballarat Innovation Lab and digital space will build on the existing strengths in Ballarat of the technology, ICT and innovation industry. There are currently a thousand tech businesses in Ballarat that employ 2000 people. We want to take that considerable advantage for Ballarat and enhance it significantly. This will be a terrific boost to Ballarat. As you can tell by those numbers, a lot of these are very small businesses with one or two operators. It is an area of economic activity that we want to invest in and grow.

The portfolio also will play an active role in supporting the delivery of other budget initiatives including, for instance, the \$40 million Latrobe Valley transition plan and the jobs initiatives that were outlined by the Premier and other colleagues over the last couple of weeks, most notably on budget day.

The CHAIR — Thank you, Minister.

Ms SHING — Thank you, Minister, for that presentation and the summary in relation to the opportunities and achievements ahead for regional development. I note that budget paper 3, page 2, and indeed various of the other parts of the budget papers, refer to the need to manage not just current populations, as far as the infrastructure and community development goes, but also emerging population growth, as that is foreshadowed to take off in the coming years. There is a reference to the needs of a growing population and supporting economic growth, and I would ask you to provide the committee with an overview of how the regional development portfolio responsibilities that you just referred to in your presentation, and are set out in BP3, will support populations in regional areas, not just from an economic perspective but from a community perspective as well.

Ms PULFORD — Thank you for your question. This is an area where the answer is slightly different depending on what part of regional Victoria you are in.

Ms SHING — Why do we not start with Gippsland, and then we can work our way up.

Ms PULFORD — Start with Gippsland again? Yes, the other regions are going to feel left out.

Ms SHING — No, not at all; we can then move on to the others.

Ms PULFORD — The questioning by yourself and Mr O'Brien! We have in regional Victoria some populations that are experiencing significant growth and the demands and challenges associated with that growth. Our regional cities are growing faster than our smaller communities, and that has been the case for a long time. The government is making significant investment in the growth of our regional cities. Indeed the \$500 million Regional Jobs and Infrastructure Fund includes within it a commitment to \$100 million for regional cities' projects with a particular view to revitalising or enlivening their central city areas. A number of those have been confirmed and funded, and there are a number that are still in development and discussions between the government and the local regional city municipality. I would also indicate that there are parts of regional Victoria, communities in regional Victoria, that have experienced persistent population decline over a long time. This reflects changes in their industries and presents an ongoing challenge to ensure the sustainability of those communities. So the approach that you would take on this to Geelong is very different to the approach that you would take, say, in one of our smaller communities — in the Wimmera, for example.

People do not move to regional Victoria in isolation of things that are the domain of other parts of government. The evidence suggests that the things that force people to contemplate a shift or actually make a move are in the first instance a connection to the place — often a family connection — or an existing knowledge of and relationship with the place. The other thing of course that people look for is a job. Following shortly after those two are things like the state of the local school and will the health service meet my needs if I get sick? So the government has through this budget provided the biggest boost to infrastructure. It is the biggest infrastructure budget for regional Victoria ever. There are considerable investments in rural secondary schools in particular, in health — as mentioned in the earlier presentation — and water infrastructure spending is greater than in any budget since 2009. We know, through the work of the regional review and the development of the regional statement, that there are particular jobs growth opportunities in agriculture and in tourism — the \$101 million regional tourism fund is a recognition of that; and our work to develop our agricultural industries also. If we can grow jobs in regional Victoria, we can grow the population in regional Victoria, but people also need to have confidence that their schools will be great and their hospitals will be great.

Ms SHING — Just on that point, Minister, in terms of attracting and also keeping young families in regions, how does the Stronger Regional Communities Plan within the RJIF actually assist in achieving that? In particular I would take you to budget paper 3, page 123. There is table 2.2 and a specific reference there to the Stronger Regional Communities Plan in the RJIF.

Ms PULFORD — The Stronger Regional Communities Plan is part of the \$500 million Regional Jobs and Infrastructure Fund. The bigger parts of that are the \$250 million infrastructure fund and the \$200 million jobs fund. This is about supporting community projects or initiatives, and really, greatly varied types of projects. This fund can provide support for the hosting of community events and for smaller projects to enhance the wellbeing of communities. It is typically directed at our smaller communities.

Ms SHING — Can you give some examples in terms of smaller communities that that would assist as far as the overall quality of life experience for those young families?

Ms PULFORD — Definitely. The Stronger Regional Communities Plan needs to be seen in the context of the two other parts of the fund. So what it represents are the things that are not predominantly about infrastructure or predominantly about job creation. The stronger regional communities part of the fund is about enhancing pride of place and supporting locally initiated projects. The way the fund operates is not an exercise in government turning up in one of our smaller towns and saying, 'So we think you need one of these'. It could not be further from that. It is projects that are initiated locally, that are championed by local communities and they work closely with us to develop their applications.

A lot of these projects typically would have co-funding and some have an in-kind funding contribution as well, which is important to recognise, particularly for communities that are experiencing significant financial hardship, so that some of the loveliest parts of life in regional Victoria can be supported and enhanced. Pyrenees Unearthed is one example I can give you. This is about the Pyrenees winemakers, and taking in the Avoca races, which is a really big event in Avoca, and building around that series of long weekends that we have just come off the back of, and promotes our Pyrenees winemakers. I certainly saw their brochures in no shortage of locations in my local patch.

Ms SHING — Yes, I have enjoyed a few of their samples. The Regional Futures Summit, at page 123 — going to that same table — is referred to there. How is that going to assist with promoting population attraction?

Ms PULFORD — The Regional Futures Summit is less about promotion and more about providing all of those organisations across the state that have an interest in growing Victoria's population to reflect on and think about the drivers of population attraction. We will be in a position to release the brochure and conference program soon; it is very close to being finalised.

Ms SHING — It is different to the regional expo that used to exist.

Ms PULFORD — Yes, quite different. It will be in regional Victoria for a start. The summit will be at the beautiful Ulumbarra Theatre in Bendigo, which — for anyone who has not been to it — will be great, and which I can highly recommend. But the conference will hear from demographers about population settlement activity and trends. It will consider research, both local and international, about what actually drives population growth. There will be sessions on preparedness for the workforces of the future — for instance, the advent of the national disability insurance scheme means that our disability workforce will double over the coming years, and this is something our regional communities need to be ready for.

Ms SHING — How do those objectives differ from the regional expo?

Ms PULFORD — The regional expo was a promotional event. I think it was not a bad idea when it commenced. I think after four years it had probably run its course.

Mr D. O'BRIEN — Minister, budget paper 5, page 210, refers to the Rural Finance Corporation. Can you outline every rural and regional initiative that has been funded through the sale of Rural Finance?

Ms PULFORD — The Rural Finance Corporation was privatised by the former government in mid-2014.

Mr T. Smith interjected.

The CHAIR — Order! Mr Smith! The minister, to continue.

Ms PULFORD — Sorry, I did not hear the interjection.

The CHAIR — Do not worry. Continue, Minister.

Mr T. SMITH — It was not an interjection.

Mr D. O'BRIEN — Just a comment.

Ms PULFORD — Right. So, as I was saying, the Rural Finance Corporation was privatised by the former government in 2014. It had historically provided a significant service to regional Victorians, rural Victorians, in times of great hardship.

Mr D. O'BRIEN — I am conscious about time, Minister. We know all about the background to Rural Finance and the fact that it was sold.

Ms PULFORD — And that you guys flogged it off?

Mr D. O'BRIEN — Yes. I am wanting to know what happened to the proceeds.

Members interjected.

The CHAIR — Order!

Ms PULFORD — I note that the question was not posed to the Treasurer, but I can certainly assure Mr O'Brien that the infrastructure spend in this budget is the greatest ever in regional and rural Victoria — \$1.3 billion on rail, hundreds of millions of dollars — —

Mr DIMOPOULOS — Sorry, did you say the greatest ever?

Ms PULFORD — Highest ever, yes.

The CHAIR — Order! Mr Dimopoulos! It is the opposition's time.

Mr D. O'BRIEN — That is not anywhere remotely on the question I asked. I am asking about the proceeds of the sale of the Rural Finance Corporation.

Ms PULFORD — The sale of the Rural Finance Corporation is not an area of my portfolio responsibility, but your question went to, I think, an interest in infrastructure spending in regional Victoria. The government is getting on with building the Murray Basin rail, there is a \$200 million rural health fund, there is significant investment in secondary schools across rural Victoria, hundreds of millions of dollars on roads funding, water infrastructure and many, many other projects. But I suggest you probably might want to take the opportunity to ask that question of the Treasurer.

Mr D. O'BRIEN — Well, Minister, this is a regional development portfolio. Last year Jacinta Allan said the government would announce its plans for the money from the sale of Rural Finance. As you know, the previous coalition government committed the entire proceeds from that sale, as well as the asset recycling proceeds, to rural and regional Victoria. It is now 18 months since Minister Allan gave that commitment. Why can I not get it from you?

Ms PULFORD — I present to you the budget papers to answer your question about where the government is investing in regional and rural Victoria, not only in infrastructure but in services. I think you will find that this budget will serve our regional Victorian communities, our rural Victorian communities, exceptionally well. There are investments in all of the areas that matter to them the most, and I can assure you that it well, well exceeds the proceeds from when the national party privatised the Rural Finance Corporation.

Mr D. O'BRIEN — Minister, can you categorically rule out that any of those proceeds will be spent on projects in Melbourne?

Ms PULFORD — I think really you need to ask the Treasurer.

Mr D. O'BRIEN — Well, you are the Minister for Regional Development.

Ms PULFORD — I am the Minister for Regional Development, I am not the minister for when you guys flogged off the Rural Finance Corporation.

Mr D. O'BRIEN — Okay. Have you approached the Treasurer, in cabinet or out of cabinet, to fight for the money from the proceeds of the Rural Finance Corporation sale?

Ms PULFORD — I will resist your invitation to be drawn on cabinet discussions, but I can certainly assure you I have had lots of conversations over the course of the last 18 months, and in fact, really over the course of the 10 years nearly that the Treasurer and I have both served in Victoria Parliament, about the things that matter to regional and rural Victorian communities, and the projects and services that need investment. I have no doubt at all that the Treasurer understands absolutely what regional Victoria needs, and this budget is the best illustration of that that I can find for you.

Mr D. O'BRIEN — Minister, you said in a statement on 19 May last year:

The Andrews Labor government will use the proceeds of the sale of the Rural Finance Corporation to fund the Murray Basin rail project —

half thereof, when we were going to fund the whole lot —

with the remaining funds reinvested into regional and rural projects.

I am asking you: can you categorically back up that statement and say that all of those funds, plus the asset recycling funds, will be directed to rural and regional Victoria?

Mr DIMOPOULOS — Chair, point of order, the minister has answered this three times by saying the investments in this budget far exceed the proceeds of the sale of the Rural Finance Corporation.

Mr D. O'BRIEN — Chair, that is not a point of order. I am quoting from the minister's own statement

Mr DIMOPOULOS — That is actually a point of order.

Members interjecting.

The CHAIR — Order! The minister has just indicated that in terms of the proceeds of the Rural Finance Corporation it is not really within her responsibility. I appreciate the fact that Mr O'Brien is referring to a media release. If the minister can elaborate or further expand on that media release to provide further context, it would be great, but she may be inhibited given the fact that the proceeds actually sit within another portfolio.

Ms PULFORD — The regional development portfolio, being regional development minister, there are of course areas of overlap with other parts of government. Mr O'Brien talked about Murray Basin rail, for example. That is an area of responsibility of the Minister for Public Transport. Murray Basin rail was something that we were prepared to fund in full, and it took more than six months to extract from the federal government a commitment to it. That is a commitment that we welcome — —

Mr D. O'BRIEN — Minister, you are now going way off the topic again. You put out a statement saying that you will fund this — —

Ms PULFORD — I am responding directly to you.

Mr D. O'BRIEN — No, you are not.

Ms PULFORD — I am.

Mr D. O'BRIEN — I am asking you: will all the funds from the proceeds of the Rural Finance Corporation sale be returned to rural and regional Victoria, as you said they would be in May last year?

Ms PULFORD — I was looking for a multiplier. The sale of Rural Finance — the commitments in the budget on V/Line alone are three times greater than the value of the proceeds of the sale of Rural Finance — —

Mr D. O'BRIEN — I do not understand why you cannot give me a simple yes or no.

Ms PULFORD — I do not know how many different ways I can answer this for you.

Mr D. O'BRIEN — You can answer it by answering the question.

Ms PULFORD — This budget is a fantastic investment in regional Victoria.

Mr D. O'BRIEN — Will all the Rural Finance Corporation sale proceeds go to rural and regional Victoria? Yes or no?

Ms PULFORD — Well, the budget greatly exceeds that — —

Members interjecting.

The CHAIR — Order!

Ms PULFORD — It enormously exceeds that.

Mr D. O'BRIEN — It is not what I am asking. The answer is clearly no. Chair, I am happy to move on.

Ms SHING — On a point of order — —

Members interjecting.

The CHAIR — There is a point of order before the Chair from Ms Shing.

Ms SHING — Mr Smith, can you please not scream at the witnesses? It is becoming — —

Mr T. SMITH — Can you not take up our time? We do not interject when you are asking your Dorothy Dixers. Do not interject when we are asking our questions all the time.

Ms SHING — Chair, I ask that you invite Mr Smith to modify the way in which he is speaking, not just to witnesses but to people across the table.

Mr T. SMITH — Now they want me to modify the way I speak — unbelievable.

The CHAIR — As the rules agreed upon, points of order are to be used sparingly and I am conscious that this is using up the opposition's time. I would encourage Mr Smith not to yell and rant as he has been doing over the last few days — —

Mr T. SMITH — Chair, I would encourage you to instruct your members to stop interjecting during our questions. You may not like the questions, you might even not like the tone of the questions, but it is clear you do not like the answers.

Ms PULFORD — This question is fine, really. It is ridiculous, but I am happy to answer — —

Members interjecting.

Mr T. SMITH — She is not giving an answer. That is the point, Chair.

Mr D. O'BRIEN — Can I move on, Chair?

The CHAIR — Yes, you may, Mr O'Brien.

Mr D. O'BRIEN — Thank you. Page 6 of the Treasurer's budget regional statement refers to the \$200 million Agriculture Infrastructure and Jobs Fund created through the proceeds of the port of Melbourne lease, and page 9 of the Treasurer's budget regional statement says:

We will also establish the Victorian Transport Fund, a dedicated investment fund that uses the proceeds from the lease of the port of Melbourne. At least 10 per cent of the proceeds of the lease will be put back into transport infrastructure projects in regional areas.

As I am sure you are aware, a condition that the coalition supported the lease on. So the 10 per cent that is quarantined has become known as the regional transport fund. Can you confirm that the \$200 million Agriculture Infrastructure and Jobs Fund is separate to that of the 10 per cent regional transport fund?

Ms PULFORD — The Agriculture Infrastructure and Jobs Fund was provided in the midyear update as I mentioned earlier — in the budget update. Again, Chair, I do not know what the rules are about questions outside of minister's portfolios — —

Mr D. O'BRIEN — You answer it when it suits you.

Ms PULFORD — But with your latitude what I would indicate to Mr O'Brien is that we are very confident that we will exceed the 10 per cent, and whilst it is not possible to put a specific number on that because the sale has not actually happened yet —

Mr D. O'BRIEN — I appreciate that.

Ms PULFORD — and Mr O'Brien is inviting me to speculate on the value that will be returned to Victorian taxpayer —

Mr D. O'BRIEN — No, I am not. Not at all.

Ms PULFORD — of that lease, but I think this budget absolutely demonstrates our desire to invest very heavily in infrastructure in regional and rural Victoria. Again I point Mr O'Brien to the \$1.3 billion investment in — —

Mr D. O'BRIEN — Minister, we are getting off topic again.

Ms PULFORD — regional rail, the hundreds of millions of dollars in regional road infrastructure.

Mr D. O'BRIEN — This is a fairly simple and a fairly important question. Is the \$200 million Agriculture Infrastructure and Jobs Fund separate to the 10 per cent that is in the regional transport fund, or are you now saying that that 200 million is going to come out of that 10 per cent transport fund?

Ms PULFORD — The Agriculture Infrastructure and Jobs Fund was in the midyear budget update.

Mr D. O'BRIEN — So it will not make up any proportion of the 10 per cent of the proceeds that are to go to regional and rural Victoria?

Ms PULFORD — We are absolutely confident that we will exceed the 10 per cent expenditure, but it is of an amount that you are inviting me to speculate about on a sale that has not occurred.

Mr D. O'BRIEN — No, that is not what I am asking, Minister. It is a very simple equation: 200 million is for the Agriculture Infrastructure and Jobs Fund. Is that separate from the 10 per cent?

Ms SHING — Now you are just wasting your own time, Mr O'Brien.

Mr D. O'BRIEN — Well, I am wasting my own time because the minister is refusing to guarantee it — —

Ms PULFORD — I have answered your question.

Mr D. O'BRIEN — which will be a broken promise as part of the legislation — —

Ms PULFORD — The member is inviting — —

Mr D. O'BRIEN — If you do that, Minister, you are short-changing rural and regional Victoria.

The CHAIR — The minister has answered the question

Ms PULFORD — From the guys that flogged off rural finance, ripped the guts out of biosecurity funding, not to mention what you did to TAFE. You really want to go there?

The CHAIR — Dr Carling-Jenkins until 11.19 a.m.

Mr D. O'BRIEN — The Agriculture and Infrastructure Jobs Fund — —

The CHAIR — Mr O'Brien, your time has expired.

Dr CARLING-JENKINS — Welcome back, Minister.

Ms PULFORD — Thank you.

Dr CARLING-JENKINS — Thank you for your presentation. I particularly pick up on the point that you said about working with regional communities to achieve livability. As a strong believer in decentralisation, I encourage all efforts to improve livability in regional areas and in beautiful areas such as Barwon south-west — just putting another one out there.

Mr D. O'BRIEN — Come on. Gippsland is where it is at.

Ms SHING — It is no Gippsland, but Gippsland is where it is at.

Dr CARLING-JENKINS — That is just my segue into talking about the Regional Tourism Infrastructure Fund on budget paper 2, page 6, as well as in your presentation. This is a fund worth \$101 million which has been described as boosting employment in the regional tourism sector. Now I draw your attention to budget paper 2, page 6, where it says:

The fund will focus on strategically targeting priority regional tourism initiatives ...

I just want to ask about that wording around 'strategically targeting priority regional tourism initiatives' and how this fund will be administered — whether it will be administered, for example, through open grants or government-targeted initiatives. The second part of the question will be around: will there be transparency around how these funds are used or expended?

Ms PULFORD — Yes, absolutely. The fund includes the commitment to the Phillip Island redevelopment, as I indicated. The minister for tourism and I wrote to regional tourism boards and local councils a couple of months ago inviting suggestions on regional tourism projects, and it is worth noting that there are some regional tourism projects that require significant investment and others that create great results with really quite modest investment. When you are talking about literally hundreds and hundreds of great ideas, yes, we are going to

have a job ahead of us in identifying what those are. But our commitment to ensuring best value for the Victorian taxpayer will absolutely be very, very high in our consideration. Of course we will also want a good geographical spread for these projects as well so that a variety of communities in a number of regions will have the opportunity to benefit from the fund.

There are projects that have been suggested to us that are at very earliest idea and planning stage and there are others that are really — you would describe them as shovel ready to go. But what we found during the regional review in the first half of 2015 is that, in round numbers, one in six people in regional Victoria works in tourism. It is an area where there is a lot of untapped potential. If you think about the opportunity to capture greater yield by having more people stay the night at the penguins, that is an enormous boost for Phillip Island. A statistic that I have spoken about often is — it bothers me enormously to think about — the Twelve Apostles. It is the third most visited tourist attraction in the country, the third most visited in the whole country and people stay for 27 minutes and spend 18 cents.

Dr CARLING-JENKINS — Yes, it does not make a lot of sense, does it?

Ms PULFORD — A lot of potential there. A lot of potential.

Dr CARLING-JENKINS — For sure. In the very quick time remaining, I appreciate you have an understanding of the quality around this, I am just wondering if you have any idea about the quantity, about how many more jobs will be created through this fund, if there is any anticipation around that.

Ms PULFORD — Another criteria in the fund will be about the project's capacity to create jobs, but until we know what those projects are, it is probably premature to assess that. There will be some that will be, because perhaps they are an enhancement of already a very, very busy tourist attraction, where that will come more easily. There will be other projects in smaller, more remote communities where the numbers will, by necessity, by definition, be smaller.

Ms WARD — I would also like to talk about jobs, Minister, because I know that in your presentation you referred to a number of portfolio key objectives, which include the 500 million Regional Jobs and Infrastructure Fund as well as working with regional communities to achieve jobs growth, which I think is incredibly important. You alluded to this little bit in today's conversation, but I am very keen to know more about the role of the \$101 million Regional Tourism Infrastructure Fund and how this is going to work in creating jobs and highlighting the importance of tourism within regional development.

Ms PULFORD — Yes, thank you for your question. It is a good follow-up from Dr Carling-Jenkins's question. In the regional statement, and indeed at Milawa on the day, the Premier indicated that the government would provide a dedicated resource to support particular effort around 10 iconic tourist attractions with a view to growing jobs — that is very complementary to the Regional Tourism Infrastructure Fund and the development of that very long list of great ideas and projects, but they are not exactly the same thing. For instance, if I can give you an example from my own electorate, given everybody else has been doing that —

Ms WARD — We have not got started on Eltham yet.

Ms PULFORD — And I am not sure if it is okay for me to have a favourite project, but if I did, the Grampians Peaks Trail is a really, really special project. The government committed before the election a \$19 million contribution from the Regional Jobs and Infrastructure Fund to this project. So this is not a project that requires funding. The commonwealth government has funded it, the former Labor government funded it, the former coalition government funded it. There were some modest investments in 2010 and I think again in 2012. Then to get the thing built, \$19 million from the Victorian government last year and \$10 million from the federal government. So construction is underway and it is going to be absolutely transformative. Aside from the very, very big construction job, the effort that is required now is in supporting industry development in places like Halls Gap and Stawell, and so some of our effort is about more than just providing funding — the development of an entire new industry to support what will be an international tourism icon.

Ms WARD — So how are you providing the support?

Ms PULFORD — So there is a dedicated team with DEDJTR led by Lachlan Bruce, who has considerable experience in regional development — he was James Flintoff's predecessor at RDV — and he will lead a team

to work through some of those things that limit capacity to grow jobs in our tourism industry, much of this in regional Victoria.

I have been working with 300 tourism projects identified in the pipeline, but I am advised that we are now closer to 400. The key criteria will be things like visitation, economic and jobs growth. Of course we would always be keen to see the benefits flowing to a number of communities across the state. Going through those 400 ideas is going to be a really, really nice task. From talking to Rural Councils Victoria yesterday — they were all gathered yesterday — I know there is an enormous amount of interest and enthusiasm about the opportunities to grow the regional tourism economy across the state, and that will look different in different places.

Ms WARD — These jobs go beyond the service sector? It is not just about extra people in cafes or whatever; it is about building things.

Ms PULFORD — Absolutely. Yes. Again the Grampians Peaks Trail example, where there have been these iconic nature-based tourism experiences before; what experience has shown in other parts of Australia and overseas is that businesses will develop to take advantage of an amazing asset. So hiking and touring companies, and others in food service, we are limited, I think, in this only by our imaginations and those of the people who want to be part of it.

Ms WARD — When are you taking us to the Grampians?

Ms PULFORD — I have already had the pleasure of being walked over stage 1, and it fair nearly killed me. But the project is on track to be completed by 2019. It is 240 kilometres from Mount Zero in the north to Dunkeld in the south, so connecting up a whole lot of existing tracks and creating new ones along the way.

Ms WARD — So this includes going along to the Indigenous rock art that is there, then walking through; is that where it would — —

Ms PULFORD — Yes. It runs through the spine of the Grampians. It is going to be pretty special. You will need to take two weeks off to walk from one end to the other.

Ms WARD — That is brilliant. That is great. And there is excellent camping in the Grampians — excellent camping.

Ms PULFORD — One of the things that is part of stage 1 that was recently opened is some new pods. They are really sympathetic to the natural environment, with a most breathtaking outlook.

Ms WARD — It is a beautiful part of the state.

Ms PULFORD — Just to even up the Gippsland love that we have had all morning.

Ms WARD — Yes. Absolutely.

Ms SHING — There is no way you can even that up, Minister. The truth is the truth.

Ms PULFORD — A little bit of Grampians love for the committee.

Mr DIMOPOULOS — Minister, just to follow up specifically in relation to employment, I could not believe the statistic about 27 minutes and 18 cents, earlier. It tallies probably with my experience, to be frank. I just wanted to bring attention to BP3, page 136, and the performance measure in relation to employment in regional Victoria. Just looking at the numbers over the previous years there seems to be a definitional change in how we measure that. Is that the case? Can you unpack that a bit for us?

Ms PULFORD — Yes. This performance measure relates to employment in regional Victoria as a result of government investment facilitation. It is not the whole picture of job creation in the state; it is where there is a direct relationship between an investment that has been made possible by government co-investment and support. That performance measure is 1200. It is worth noting that these results do shift quite dramatically from one year to the next. A handful of investments in some big job-growing projects in one year can create quite a different set of results, but we have been very pleased to lift that target. We have big goals and aspirations, and

our team at Regional Development Victoria work across government, but particularly closely with industry players, to identify opportunities to create jobs. It is a very, very important part of the work that they do.

Mr DIMOPOULOS — Obviously one of the components of the definition is a link to government investment. Where do labour hire companies come into the equation in relation to that performance measure and employment growth?

Ms PULFORD — In this hearing last year I was asked about a grant that had been provided by the former government to Covino Farms. This was in the context of some contemporary media reporting back then about employment practices that I think we would all agree are completely unacceptable. One of the things that I have asked Regional Development Victoria to do is to make clear in the contractual arrangements and indeed in the iterative discussions leading up to the signing off of grants and consideration of applications for grants is that when we talk about creating jobs we are talking about direct employment. This is something that is very important to me. As a government, as a minister, to stand shoulder to shoulder with an employer and say, ‘We’re here together supporting the creation of these jobs’ — in my mind that is permanent employment, direct employment.

Ms SHING — In accordance with workplace standards and minimum entitlements.

Ms PULFORD — Absolutely in accordance — in accordance with all state and federal legislative requirements. Direct employment is important to me.

Mr T. SMITH — Minister, I refer you to budget paper 3, 123, the regional development output. Do you have any intention to draft a regional population strategy, particularly for overseas migrants to encourage them or indeed incentivise them to settle in regional Victoria and take the pressure off Melbourne?

Ms PULFORD — Thanks for your question, and thank you for your interest in this subject. I understand the opposition leader has tasked you with doing some work for the opposition on regional population. I refer to the comments I made in answer to an earlier question about the things that drive regional population growth. These are matters that have been canvassed both through the regional statement and the policy work done as part of the regional review last year. These are things that we are absolutely committed to. Population dispersal throughout regional Victoria, as I said earlier, varies enormously from community to community.

One of the topics that will be providing advice and information and support to those participating at the summit does go to the question of migration settlement and refugee settlement. We are all, I think, in our regional development community inspired by the work of John and Margaret Millington and the Nhill community in providing a wonderful new home, including jobs and settlement, to those at Luv-a-Duck and elsewhere in the community, of members of the Karen community. It is a source of great inspiration and perhaps a standout example of how things can be done exceptionally well. They have won numerous awards for their work in this endeavour.

As you will have seen from the Treasurer’s presentation of the budget on budget day, one of the things that is an important factor in the strength of the Victorian economy is population growth. Absolutely we want this to be distributed as much as possible in regional Victoria, and that is why this budget invests significantly in V/Line and regional roads and schools and hospitals, because the evidence shows very clearly the drivers of population settlement in regional Victoria. The budget reflects our strategies, and we are continuing to work and we are very much looking forward to this conversation with — —

Mr T. SMITH — In terms of a written policy document for population strategy, particularly with regard to incentivising interstate/overseas migration or indeed people that live in Melbourne to the regions, is your department potentially looking at writing such a document?

Ms PULFORD — Are you looking for a chop-out?

Mr T. SMITH — I am looking to see if you are actually going to do some work around this space and encourage people to — —

Members interjecting.

Ms PULFORD — The Regional Development Victoria Act tasks Regional Development Victoria with this work. This work is ongoing. Regional Development Victoria was established by the former Labor government in the period after 1999, after the Kennett government's cuts to regional Victoria drove enormous population decline.

Mr T. SMITH — What is your strategy?

Ms PULFORD — Our strategy is to invest in the things that actually drive population growth. It is very hard for us to influence who knows who, what family members live where. Connection to family and to place is the single biggest driver. That is probably not something government can do a whole lot about — who is cousins with who and who is friends with who — but of course promoting regional Victoria in any number of different ways does, I suppose, provide opportunities for more people to be in regional Victoria experiencing regional Victoria.

The next thing that the evidence suggests is the single biggest driver is the person, the people, their family being able to find a job. If you reflect on the experience of the Horsham community, the Horsham business community, Business Horsham, and the Wimmera Development Association, the local economic development agency, had to take to the streets to get funding for the upgrade to Horsham College around 2012. Why was the business community leading the charge for an improvement to the state of the school? It was because — —

Mr T. SMITH — I am asking about your strategy going forward, not what has happened in the past.

Ms PULFORD — No, no. I am going to explain to you why this is important, because in — —

Mr T. SMITH — Okay. That is a relief!

Ms PULFORD — If you had been listening and if you actually understood the issue, you would know that I have answered your question.

Mr T. SMITH — Thank you, Minister!

Ms PULFORD — The Horsham business community found that their businesses, their members, could not attract new residents, because of the state of the school, so they led that campaign and that funding was provided in 2014, I believe, but it was the business community that led that because of the state of the school.

As I indicated earlier, the things that drive regional population growth are many and varied: connection to place, access to a job, the quality of the schools, the quality of the health service. These are the things. We are really looking forward to having a conversation with regional communities at the summit that we announced back, I think, on 11 March.

Ms SHING — As part of an overall strategy.

Ms PULFORD — Yes. This will continue to inform the existing strategy.

Mr T. SMITH — There is no strategy.

Ms PULFORD — It is patently untrue to say that there is no strategy, so I think Mr Smith is being frightfully cheeky.

Mr D. O'BRIEN — I am pleased you mentioned Luv-a-Duck. I note that that was a business in regional Victoria that received a grant under the old Regional Growth Fund. In fact it was listed in your regional statement.

Ms PULFORD — And RIDF. It received grant funding under RIDF as well.

Mr D. O'BRIEN — Yes. Minister, in budget paper 3, page 37 again, there is the line item 'Delivering the regional statement', which is \$20 million over four years. What specific initiatives will be funded out of that line item?

Ms PULFORD — Thank you, and I welcome your question on this. The regional statement, as you know, charts a path to really re-engineer the way that the Victorian government supports and works with our regional

communities. Regional summit planning is underway. The recruitment of regional partnerships is underway. We are transitioning our RDV offices into regional business centres, and the work of regional partnerships will influence future budgets and it will also influence future policy, so having the resources to deliver this and to continue to enhance this is incredibly important.

Under the stewardship of my predecessor there were some arrangements entered into through two separate sets of machinery of government changes, which caused a decline in the base funding for Regional Development Victoria. This will enable Regional Development Victoria to confidently support the delivery of the regional statement to grow jobs, investment, confidence and population growth in regional Victoria.

Mr D. O'BRIEN — So is the 20 million going to RDV offices in the regions? Is that all it is for, or is it running projects? Is it grants programs?

Ms PULFORD — No, it is not grants programs. It is to deliver the regional statement and in particular to continue our work to rebuild RDV and to continue to strengthen RDV.

Mr D. O'BRIEN — So there are no specific initiatives; it is all just going to RDV, basically, to do the work that the regional statement requires.

Ms PULFORD — It is to support, yes, which will include supporting the regional partnerships to make sure that they are properly resourced — they going to have a very big and important role going forward — and to support the regional summits as well. These are not things that will be able to exist without any funding. These are going to be really significant points in the calendar each year in each of the nine regions for the community to have input into government decision-making around setting priorities. It is not that regional summits will be a point of activity on one particular day — rather, a period of engagement over many, many months and, really, year round.

Mr D. O'BRIEN — The launch luncheon that accompanied the regional statement was held at Brown Brothers at Milawa. Can I get a cost for that function and which regional fund it came from? I am happy for it to be taken on notice.

Ms PULFORD — The cost associated with the launch came out of the general operating budget.

Mr D. O'BRIEN — Of RDV?

Ms PULFORD — Of RDV.

Mr D. O'BRIEN — Can I get that cost actually on notice, please, Minister, if you cannot provide it now?

Ms PULFORD — Sure. It was a great event. It was really well attended — —

Mr D. O'BRIEN — I am sure it was. It is a lovely place, but can I just move to one more as well?

Ms PULFORD — Sure.

Mr D. O'BRIEN — Can I also get the cost of any remuneration paid to former Premier John Brumby for undertaking the regional review and any costs that might have been associated with that?

Ms PULFORD — John — —

The CHAIR — Order! Ms Pennicuik until 11.45 a.m.

Ms PULFORD — Just really quickly, I will just say that John Brumby did the review for love, not for money.

Mr D. O'BRIEN — Okay, thank you.

Ms PENNICUIK — Thank you, Minister. I refer to your presentation and, on the second page, the \$500 million Regional Jobs and Infrastructure Fund, and I wonder: are any funds from this fund or any other part of the budget being allocated to the Australian Paper pulp mill at Maryvale?

Ms PULFORD — The answer is no.

Ms PENNICUIK — So there is no plan in this particular financial year or in the forward estimates for any funding to go from any grant moneys to Australian Paper. You might just want to check that with — —

Ms PULFORD — In answer to your question, ‘Have there been any grants?’ —

Ms PENNICUIK — Will there be.

Ms PULFORD — I know the Greens were horrified about the creation of jobs in Benalla at Ryan and McNulty for IT upgrades and things because they happen to also be in the timber industry.

Mr D. O’BRIEN — Do not tell me they had timber involved, did they?

Ms PULFORD — There is some timber involved.

Ms PENNICUIK — No, I am talking about Australian Paper at Maryvale.

Ms PULFORD — The answer to the question about grants approved is no, and you are asking me to speculate about any future applications.

Ms PENNICUIK — Has there been any application? Is there any current application through this fund or any other fund in the regional development portfolio?

Ms PULFORD — Our team at Regional Development Victoria are constantly talking to businesses in every industry that operates across regional Victoria. The purpose of the Regional Jobs and Infrastructure Fund is to support and grow jobs. There is a real focus on supporting an enhanced trade and investment capability. In our RDV offices we have a considerable business engagement, and indeed under James’s leadership this is something that has increased greatly. It would absolutely be my expectation that our RDV team would be in contact with all significant employers in regional Victoria to enter into dialogue with them about their plans for the future and their aspirations to grow jobs.

Ms PENNICUIK — Thank you, Minister. If I could move to another issue, then, one of the issues that Mr O’Brien was pursuing was with regard to the proceeds of the sale of the Rural Finance Corporation. On page 9 of budget paper 4 it mentions that the proceeds will be invested in new productive economic infrastructure, including the Murray Basin rail project. Earlier in that budget paper — page 2, I think — it mentions \$220 million, and you were mentioning the commonwealth contribution. You would know that the business case stated that there would be some benefit to passenger rail through improved timetable and track improvements, and you would be aware, I am very sure, that the community has been advocating for the reinstatement of passenger rail, in particular between Mildura and Maryborough, so I wonder if you could provide information to the committee as to whether there will be any passenger rail associated with that project.

Ms PULFORD — The Murray Basin rail project is a freight project.

Ms PENNICUIK — I understand that, Minister.

Ms PULFORD — Its delivery is the responsibility of the Minister for Public Transport. I believe she was here yesterday, so you might need to take the opportunity to ask her about that in some detail on another occasion. But my involvement in this project and my knowledge of this project are as it relates to a significant infrastructure project in regional Victoria and as indeed it will provide great benefits to our agricultural industries and our mineral sands industry.

Ms PENNICUIK — Thank you, Minister. Chair, if I could just take up that — —

Ms PULFORD — Sorry, I just also note, though, on Ms Pennicuik’s question about passenger rail in regional Victoria, the government’s \$1.3 billion commitment in the budget.

Ms PENNICUIK — I take it that is a no, then.

Ms PULFORD — Well, you can take that as, ‘I’m not the Minister for Public Transport’, I think.

Ms PENNICUIK — Chair, if I could just use up the remaining minute of my time to raise an issue that may be something for the future budget estimates to look at with certain ministers who have these types of portfolios that cover very broad ranges of areas who then, when questions are asked of them, say it is the responsibility of another minister, and yet — —

Ms PULFORD — Well, I think there is a responsibility on the committee to know — —

Ms PENNICUIK — This is just meant to be an informational thing, and yet in their presentations they mention specific projects that are the responsibilities of other ministers, so it is a little bit confusing for us sometimes to know whether or not a question is going to be in or out of order when it is actually mentioned in the minister's presentation and then the ministers — not just this minister, so this is a general conversation — then say they cannot answer the question. So I think we need a bit more guidance on that issue.

The CHAIR — I think, Ms Pennicuik, maybe the way to address this going forward is to work with the secretariat to ensure that all members are familiar with the order of administrative acts and which acts sit under which portfolios.

Ms PENNICUIK — No, that is not the issue, Chair. I understand that.

The CHAIR — But it is also the context of which projects fit under each minister.

Mr D. O'BRIEN — On a point of order, Chair, I just wanted to clarify: in the last question I just asked to the minister about taking the costs of the luncheon on notice and then John Brumby, which she answered as, 'He did it for nothing', the second part of that question was the costs of completing the review. So a combination — the staff travel around him doing the review — if I could get that on notice as well, please.

Ms PULFORD — We do not need to take that on notice. I can provide that for you, if the Chair is relaxed about you having another go. I think I have answered this for the opposition in questions on notice or in the Parliament, but if the committee is interested in the costs — —

The CHAIR — I am just conscious of time, Minister, so if it is not readily available, perhaps you can take it on notice and provide what information you have available to — —

Ms PULFORD — Yes, I have certainly provided it before. But the cost of undertaking the review was under \$155 000.

Mr D. O'BRIEN — Okay. 'Under' or 'was'?

Ms PULFORD — Under.

Ms PENNICUIK — Further on my point of order, Chair, it is not that no-one can read the general order; it is that ministers do mention things in their presentations that are traditionally in the overarching portfolios, and then when a question comes they decide they are not going to talk about it.

Ms PULFORD — Chair, could I just quickly respond to that?

The CHAIR — Sorry, Minister, I am just really conscious of time. Ms Pennicuik, we can take up that point in a deliberative meeting in due course.

I would like to thank the witnesses for their attendance: the Minister for Regional Development, the Honourable Jaala Pulford, MLC; Ms Eddy; Mr Flintoft; and Mr Ostenmeyer. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

Witnesses withdrew.