

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget estimates 2020-21 (Pakula)

Melbourne—Thursday, 3 December 2020

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallenge

WITNESSES

Mr Martin Pakula, MP, Minister for Business Precincts,

Mr Simon Phemister, Secretary,

Ms Penelope McKay, Associate Secretary,

Mr David Latina, Deputy Secretary, and

Mr Brad Ostermeyer, Executive Director, Precinct Delivery, Department of Jobs, Precincts and Regions.

The CHAIR: Thank you again, Minister Pakula, and your officials, for appearing before this committee. We will now resume with consideration of the portfolio of business precincts, and we invite you to make a 5-minute presentation to be followed by questions from the committee.

Mr PAKULA: Thank you, Chair. This portfolio was established in June 2020, replacing the former priority precincts portfolio which had been established in January 2019. Business precincts play a key role in Victoria's economic recovery by activating growth and catalysing local sustainable jobs. The precincts are at Fishermans Bend, Parkville, Footscray and Docklands. The transport precincts of Arden, Sunshine, Richmond and Flinders Street which were formerly part of the priority precincts portfolio are now part of the transport infrastructure portfolio. If you look at those precincts, Fishermans Bend is our largest urban renewal area and consists of five sub-precincts: the employment precinct, Montague, Wirraway, Lorimer and Sandridge. The employment precinct is identified in *Plan Melbourne* as one of seven national employment and innovation clusters, and it will focus on leveraging aerospace, transport and defence with a target of 40 000 jobs by 2050. You have got urban renewal opportunities at Montague, Lorimer, Sandridge and Wirraway. They can accommodate a huge number of jobs. The General Motors site—it was announced back in December 2017 by us that 7 hectares have been sold to the University of Melbourne. The University plans to establish an engineering campus on site which will see students and researchers working alongside business and industry leaders in aerospace, defence, marine design, engineering, technology and auto design.

If we go to Parkville, that includes the Melbourne biomedical precinct. It is the leading biomedical cluster in the Asia-Pacific. The Melbourne biomedical precinct includes over 45 partner hospitals, research centres, education institutions and biomedical organisations, and it was identified in *Plan Melbourne* as one of seven national employment and innovation clusters. Parkville accounts for almost 50 000 jobs, it attracts approximately one-third of Australia's competitive biomedical research funding and has received around \$2.8 billion of investment capital into research and healthcare facilities over the last decade. Footscray, which is our inner most western hub, covers 557 hectares. It is located 5 kilometres from the CBD in the City of Maribyrnong. It is of strategic importance to the west as a major transport, health and education hub servicing the region. The new Footscray Hospital, which is expected to open in 2025, will be built across the road from VU's Footscray Park campus, and it will replace the ageing hospital on Gordon Street, which was built in the 1950s. So we are partnering with VU, Western Health, the Western Bulldogs and other key stakeholders to align activities and ensure they continue to support the community, the local economy and the delivery of the long-term vision for the precinct.

As for Docklands, it is home to major companies and many of our iconic sport and cultural assets. We are building on those existing assets in Docklands to maintain our city's reputation as one of the world's most livable cities. It is an area with a high level of accessibility. It is adjacent to the CBD and the western region of Melbourne. It is a catalytic waterfront destination and an opportunity for some great public realm infrastructure, so that can act as a stimulus for the local and state economy, and we are leveraging that to provide more jobs to boost investment and to strengthen social connection and activation in the precinct.

I will just speak briefly about Princes Pier. Through the 2020–21 state budget we are investing \$3 million over the next four years to ensure that that historically and culturally significant public asset remains safe and accessible for years to come. The funding will be allocated on works to strengthen the structural piles and will improve public safety and enhance community confidence in visiting the pier, ensure that the intended 50-year design life of the pier can be maintained and ensure that the asset is maintained in accordance with obligations under our heritage legislation.

I will also mention the Australian institute for infectious diseases, which is part of that precinct I spoke about earlier down in Parkville. It is expected to create 300 to 350 jobs and has the potential to support 3000 to 5000 jobs, including 850 at the institute itself. We are also providing funding for our world-leading medical research projects, including for the Melbourne Genomics Health Alliance, the Victorian Comprehensive Cancer Centre in Parkville and the upgrade of the Royal Melbourne Hospital at Parkville, which will all be very welcome for that precinct.

The CHAIR: Thank you, Minister. Ms Pauline Richards, MP.

Ms RICHARDS: Thank you again, Minister. I would like to take you to budget paper 3, page 265, and particularly to the reference to precincts in the delivery phase, including Docklands. Can you provide us with information about work the government is doing to build a vibrant and prosperous precinct in Docklands?

Mr PAKULA: It was one precinct—Richmond to Docklands—and it has now been disaggregated into two precincts. So Richmond to Flinders Street falls under the portfolio responsibilities of the Minister for Transport Infrastructure and Docklands falls under the business precincts portfolio. Development Victoria is still leading the development of the Docklands precinct. It is one of the largest urban renewal projects under construction in the country. It is of great economic significance to the state. And it really is all about reconnecting urban Melbourne with its historic waterfront. We recognise that there is a strong economic and social opportunity that exists down there at Docklands. It is why we have built the new vertical Docklands Primary School, as one example. That will be open I believe for term 1 next year.

We allocated \$225 million to the redevelopment of Marvel Stadium so that it can continue to be a venue for world-class attractions for the next 30 years, and we have contributed \$46 million towards the construction of a new sound stage at Docklands Studios. That will allow the studios to attract and host large-scale blockbuster productions and still provide a world-class facility for smaller TV and film projects. It will be one of the largest sound stages in the Southern Hemisphere. I would be surprised if Minister Pearson did not make some reference to it yesterday. We have also invested more than \$900 million in public infrastructure to date, with more plans.

The purchase of the Channel 7 long-term lease on Harbour Esplanade back in 2018 really presents a great opportunity for government to develop long-term strategies to revitalise the stadium and the Docklands waterfront. The urban renewal of the Docklands precinct has attracted more than \$14.6 billion in private investment to date. That has meant more than 1 million square metres of commercial floor space has been delivered or is under construction and more than 10 000 apartments have been delivered or are under construction, so there is a lot of new housing in the CBD for the fastest growing city in the country. There has been almost 170 000 square metres of retail development that has been delivered and 60 000 square metres of hotel space. So that urban renewal down there is now more than 60 per cent complete. There are around 13 000 residents that call it home, and there are close to 75 000 people that work down there. Over the next five years Docklands is forecasting more than 29 stages of commercial and residential development that will generate approximately \$3.8 billion of additional development value for the state of Victoria.

Ms RICHARDS: Thank you, Minister. You have mentioned Marvel Stadium and the redevelopment, and I understand the designs for the project were recently unveiled. Can you provide the committee with more information about how the project is contributing to the economy, particularly how it is creating jobs obviously and improving livability for Victorians?

Mr PAKULA: Thanks. Back on 20 November the AFL and the government released some renders. They were prepared by the architects Grimshaw and Smartform and showed the vision for the Marvel Stadium redevelopment. I think it is also fair to confirm that a town planning permit application has now been lodged with the City of Melbourne, so plans are reasonably well advanced to make that vision a reality. It is a significant state investment in a major feature and drawcard for the Docklands precinct. We allocated, as I said, \$225 million to fund that redevelopment in 2018 as part of that landmark agreement with the AFL and the MCC to extend the grand final to 2058, as it now is. It also secures top-level football in regional Victoria. As you would be aware, there have been AFL premiership games played in Ballarat.

On completion of that redevelopment, the stadium will be opened up to the city. It will be transformed into a seven-day-a-week community meeting place—so no longer that very closed-off environment you see at the

moment. There will be a new town square, cafes, bars and restaurants around the Marvel Stadium precinct itself, a new town square plaza, which will be able to be accessed by pedestrians via the Bourke Street footbridge and from Southern Cross station. As you know, at the moment that area is very congested between Southern Cross station and the stadium, so we are looking to really open that up. We would do that through a combination of indoor and outdoor spaces. Some of the stadium walls will come down so that there is a visual connection from outside to the field of play, and it will also have the capacity to accommodate—this is that town square plaza—markets and community gatherings. You know, there is some really exciting stuff in those renders, and seeing that come to fruition will be very exciting for this city.

Ms RICHARDS: Yes, that is very optimistic and terrific to think about actually. Another project you mentioned is the construction of the sound stage at Docklands Studios. Can you provide the committee with more information about the development opportunity and its economic benefit to the state?

Mr PAKULA: Docklands Studios Melbourne is a government-owned enterprise that operates that studio site. The studios more broadly are located on the western outskirts of the Docklands precinct near New Quay and Ron Barassi Senior Park. The substantive responsibility for those studios lies with Minister Pearson, but it is the premier studio facility in the state. It has got an inner-city location, it has got great access to freeways, it has got good access to the airport and it has got good access to remote locations, so when Victoria is being considered as a filming location it is a very good asset to have. It has currently got five sound stages, production offices, a workshop and some furnished office space. Last year the government and Dick Cook announced the construction of a new \$46 million sound stage in that precinct. It will cover 3700 square metres. It will be one of the largest in the Southern Hemisphere, as I said. It will enhance the capacity of the site to accommodate larger international productions while still providing world-class facilities for smaller TV and film projects. We recognise the significant contribution of the screen industry to the economy. For every dollar that is invested by the government into the sector it returns \$14 to the economy. So that is yet another project in that precinct which, whilst not specifically falling within my direct responsibilities, I think is a wonderful asset for the precinct and for the Victorian economy more generally.

Ms RICHARDS: That is terrific. I would like to now take you to budget paper 3 and page 252, and the objective of building vibrant and prosperous precincts that drive economic growth and opportunities. Minister, can you outline for the committee work that the government is doing to progress economic growth and opportunities in the Fishermans Bend business precinct?

Mr PAKULA: Well, look, Fishermans Bend is the largest urban renewal project in the country. It is forecast to accommodate 80 000 people and 80 000 jobs by 2050. So our vision for Fishermans Bend is for it to be a thriving place, for it to be a great example for environmental sustainability, for livability, for conductivity, and it is right on the doorstep of the CBD. It has got 480 hectares and five subprecincts, which I referenced in my presentation. So apart from Montague, Lorimer, Sandridge and Wirraway, which are mixed use, there is the Fishermans Bend employment precinct, which does include the old GMH site and is designated as a national employment and innovation cluster. That is an unrivalled opportunity to develop local manufacturing, engineering, design, defence. We are working very closely with a whole number of stakeholders, including the recently reappointed Fishermans Bend Development Board and the Fishermans Bend mayors' forum to deliver on that long-term vision.

We are driving economic growth and opportunity in Fish Bend through a number of initiatives. The *Fishermans Bend Framework*, which was launched by the planning minister back in October 2018, is all about guiding public and private investment in the area over the next 30 years. As I have said, we have purchased the GMH site and attracted Melbourne University to the precinct. They plan to open a new engineering campus in 2024. There is a secondary school under construction and due to open in 2022. We have provided \$2 million for the redevelopment of the North Port Oval in Port Melbourne to bring that up to broadcast standard for AFLW. The planning minister has recently approved almost \$400 million in investment for Fishermans Bend, including three projects providing over 700 dwellings, including 43 affordable homes. And I should reference the Breakthrough Victoria Fund, which was announced in the budget, which I have already referenced but that will focus on some of our key innovation and employment precincts, which include Fishermans Bend.

So that is really a snapshot of some of the employment opportunities. In recognition of the catalytic role of public transport in unlocking private investment in Fishermans Bend, we have also committed funding to plan for potential public transport services between the precinct and the CBD. And I think I heard the bell.

The CHAIR: You did. Thank you, Minister. And I will pass the call to Mr Richard Riordan, MP.

Mr RIORDAN: Thanks, Chair. Thanks, Minister. Minister, I refer to the priority precincts, budget paper 3, and I wanted to touch on a few outstanding issues from the priority precincts portfolio. I note that it has changed to the business precincts in this budget.

Mr PAKULA: Yes.

Mr RIORDAN: The Australian Education City took the government to the Supreme Court. Can you detail the outcome of that case and any legal fees the department paid?

Mr PAKULA: Well, you know the background of that—that in June 2019 the government decided that the proposal for the development of the East Werribee employment precinct would not proceed, and the process for the sale of that land was concluded. In May of this year the Supreme Court ordered the dismissal of proceedings brought against the government by AEC, and as a result of that decision AEC filed a notice of appeal with the court in June this year. And given that there is an appeal which has been filed, I think it would be inappropriate to comment any further on those continuing legal proceedings.

Mr RIORDAN: Can you tell the committee what the legal costs to date are?

Mr PAKULA: I do not believe I would have that information at hand, no.

Mr RIORDAN: You decided not to go ahead with the expressions of interest on the land. Why is that?

Mr PAKULA: Well, that was—

Mr RIORDAN: And I put that in the context that we have just heard that Fishermans Bend is the largest project that you have got in Australia whereas looking at this—this is nearly twice the amount of land, this precinct. So this is obviously not a small decision to not go ahead with it.

Mr PAKULA: No. Well, it was a decision, as I think I indicated, which was taken back in 2019 when I was not the relevant minister, so I cannot comment, Mr Riordan, on the decision-making process at that time. Sorry.

Mr RIORDAN: Okay. This site of course—I mean, I am sure, even though you may not have been the minister, you will be aware—hit the headlines because of its contaminated cow carcasses. Is that the reason you have walked away from it—‘cowgate’?

Mr PAKULA: Well, Mr Riordan—

Mr D O'BRIEN: Radioactive cow-gate.

Mr RIORDAN: Chernobylgate?

Mr PAKULA: Mr Riordan, as I have indicated, I cannot speak in detail about the rationale behind the decision not to proceed with the Australian Education City proposal for the precinct. Certainly I would say no-one has suggested to me that cows were the reason.

Mr RIORDAN: So the cows are not the reason?

Mr PAKULA: No, I said no-one suggested to me that they were.

Mr RIORDAN: The initial expressions of interest were being headed up by Chinese consortiums. There is no souring of relations there?

Mr PAKULA: Well, only to the extent, Mr Riordan, that the proponents have engaged in legal action and that legal action is ongoing. I cannot speak to their state of mind.

Mr RIORDAN: Okay, so that is a Chinese consortium with legal actions against the state?

Mr PAKULA: Australian Education City.

Mr RIORDAN: Yes.

Mr PAKULA: Well, my recollection is that there were Chinese organisations involved in that consortium.

Mr RIORDAN: Right. Taking them to court. Okay. Documents obtained by Fairfax Media estimated the cost of cleaning the radioactive waste could reach \$300 million, with a further \$770 million required to remove thousands more cows. Mr Limbrick was talking earlier about our growing meat industry; this is the consequence, I guess. Can you confirm those costings?

The CHAIR: Mr Riordan, I would just remind you that we are here to scrutinise the budget papers and not the Fairfax media. So could you provide the committee with budget—

Mr RIORDAN: Well, no, I am raising the question that this is a considerable state asset. We have been talking about precincts. This was identified as what would by your own terms be the largest precinct in the state and the nation. Have you got those costings?

Mr PAKULA: I think your direct question was can I confirm those costs, and the answer is no, I cannot.

Mr RIORDAN: Do you have costings of your own?

Mr PAKULA: No, I do not.

Mr RIORDAN: Has there been any work done on the costs of making that land usable?

Mr PAKULA: You are talking about the specific matter of cow carcasses.

Mr RIORDAN: Well, that is why you cannot use the land—because of the contaminated cow carcasses. I am just saying, have we got a costing on it?

Mr PAKULA: Well, that is your assertion, Mr Riordan. I am not conceding that as being the case.

Mr RIORDAN: Okay, right. And finally on that issue—and I guess the Secretary will know, seeing as you are a bit light on on info there, Minister—have there been any studies done into the cleaning up and rehabilitation of that land?

Mr PAKULA: I tell you what, Mr Riordan, what we will do is this: I am happy to take the specific issue of contamination by cow carcasses on notice and provide the committee with whatever information we can.

Mr RIORDAN: Okay, thank you very much. The last question with that is: is this parcel of land, the old state research farm, still on the agenda for further redevelopment?

Mr PAKULA: Look, in regard to the East Werribee precinct, there is an ongoing whole-of-government coordination effort to support the planning and development of the Werribee National Employment and Innovation Cluster, of which that precinct forms a significant proportion of the developable land. I have had a number of representations from colleagues of mine about the need for the future of that land to be resolved at some point. It is, as you say, a very big parcel of land, and given the non-progress of the AEC proposal there is now work being done—coordination and engagement across government with council and local institutional industry stakeholders about proposals and possibilities for the future use of that land.

Mr RIORDAN: A quick last question, Minister. I see in the budget paper on page 267 that you are now responsible for council roadside weeds and pest control. Your ambition there—

Mr PAKULA: Hang on. I am not going to accept that assertion, Mr Riordan.

Mr RIORDAN: The point is you have a grand ambition of only 56 councils submitting a plan; there are 79 councils. For those of us that live in areas where this is one of the most contentious issues, why is the ambition so low?

Mr PAKULA: Mr Riordan, let me formally reject the premise of the question. The page that you are referring to falls within the local government and suburban development portfolio.

Mr RIORDAN: And it says that it is being transferred.

The CHAIR: Sorry, Mr Riordan, your time has—

Mr PAKULA: To this department, under which Minister Leane is a minister.

Mr RIORDAN: Okay.

The CHAIR: Thank you, Mr Riordan. I will pass the call to Mr Sam Hibbins, MP.

Mr HIBBINS: Thanks, Chair. Thanks, Minister and your team, for appearing this morning. I noted one of the achievements listed for Fishermans Bend was \$4.5 million for the preliminary business case for tram and active transport, which I believe was in last year's budget. I presume given that it is listed as an achievement that it has been completed.

Mr PAKULA: The business case—

Mr HIBBINS: No, it says 'preliminary business case'.

Mr PAKULA: The development of that business case is well progressed, but I would not describe it as complete.

Mr HIBBINS: Okay. What is the difference between a preliminary business case and a business case?

Mr PAKULA: Well, you asking me effectively, Mr Hibbins, to define commonly used words in the English language for you, something that—

Mr HIBBINS: To be honest, I am really just making the point that—

Mr PAKULA: I am a bit too.

Mr HIBBINS: this government often announces projects before a business case; often you will do a business case. I cannot say I have ever seen the need for a preliminary business case, particularly given the importance that public transport and active transport play to Fishermans Bend, but that is probably more of a comment. Is E-gate part of the Docklands precinct now or has that been completely scrubbed from the government's priorities?

Mr PAKULA: Well, I am not going to respond to the second part of the question. I will respond to the first part of the question by saying no. It is not part of my responsibilities as part of the Docklands precinct for the business precincts portfolio.

Mr HIBBINS: Is E-gate part of any government responsibility?

Mr PAKULA: It is with the Minister for Transport Infrastructure, because it is an old transport site.

Mr HIBBINS: The Australian Institute for Infectious Disease—my understanding is the state government has made a funding commitment, but is it dependent on a federal government funding commitment?

Mr PAKULA: Let me take some advice, Mr Hibbins.

We have made a commitment, the university has made a commitment and we are seeking commonwealth support for the remainder that would be required.

Mr HIBBINS: And what is the progress of—

Mr PAKULA: Well, I think other ministers are probably having those conversations. I would say, as always, negotiating with the commonwealth to secure funds for projects in Victoria is sometimes arduous, but we would hope that the merits of this project and the advocacy of Melbourne University would be sufficient to secure some support from the commonwealth.

Mr HIBBINS: Great, thank you. In terms of just how things have been changed again—you know, we have split off some precincts into business precincts, some I presume are maintained among priority precincts—is there any actual material change to how you are approaching these precincts given the change of portfolios or is it simply a realignment of responsibilities?

Mr PAKULA: Well, I think the realignment of responsibilities should not be underestimated. I mean the fundamental difference is those which are heavily transport focused, like Arden-Macaulay and Richmond station, properly remain within the purview of the Minister for Transport Infrastructure; those that are much more about business investment and catalysing those investment opportunities are with me. But the level of collaboration that will be required between me and a range of other ministers, whether it is the Minister for Transport Infrastructure, the Minister for Creative Industries or indeed the Minister for Planning, I think is undiminished by the fact that there has been a machinery-of-government change that puts some precincts within the responsibilities of other ministers. What it does enable is a dedicated focus on those precincts where the transport play is not a significant part of the overall precinct development.

Mr HIBBINS: Terrific. Thanks, Minister. Thanks, Chair.

The CHAIR: Thank you, Mr Hibbins. And that concludes our consideration of the business precincts portfolio. We will take a short break again before resuming with the minister for consideration of the tourism, sport and major events portfolio.

Witnesses withdrew.