

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2018–19

Melbourne — 1 June 2018

Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

Witnesses

Mr Philip Dalidakis, Minister for Innovation and the Digital Economy,

Mr Richard Bolt, Secretary,

Mr Justin Hanney, Head, Employment, Investment and Trade,

Mr Tim Ada, Deputy Secretary, Industry Development and Innovation, and

Ms Lill Healy, Deputy Secretary, Policy, Programs, Small Business and Employment, 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 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Innovation and the Digital Economy, the Honourable Philip Dalidakis, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Justin Hanney, Head, Employment, Investment and Trade; Mr Tim Ada, Deputy Secretary, Industry Development and Innovation; and Ms Lill Healy, Deputy Secretary, Policy, Programs, Small Business and Employment.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege.

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the public gallery cannot participate in the committee's proceedings in any way. Members of the media must remain focused only on the person 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.

Mr DALIDAKIS — Thank you, Chair. As I did in the trade and investment presentation, if can I ask the secretariat to play the video I have prepared in relation to innovation and the digital economy.

Video shown.

Mr DALIDAKIS — In the remaining time that I have got available to me, Chair, can I just say that one of the things that I love about the mix of portfolios that I have got is the way that they intersect with each other. I mean, we spent some time in the trade and investment piece talking about innovation companies that we have been able to attract through our IAAP funding. Here we are talking about bio and medtech investment and the impact that that is having, and of course in the next portfolio of small business, how we are helping small businesses to be able to access start-ups and be able to access export programs. I just think that I have got the best portfolio mix which allows me to do some really amazing and creative things for them, and at the end of the day that is why we do what we do.

Mr D. O'BRIEN — Chair, on a point of order, can I just ask for the committee's benefit: we have not had a video presentation before; how is that going to be represented in the Hansard transcript? Is it going to be a transcript?

The CHAIR — I would imagine it would be treated in the same way that a PowerPoint is treated.

Mr D. O'BRIEN — The PowerPoint is simply that the minister speaks to the PowerPoint.

The CHAIR — Sure. My understanding, and I am happy to seek some guidance around this, is that the video will be uploaded to the PAEC website in the same way that a PowerPoint presentation would be uploaded, along with the Hansard transcript as proof of the hearings.

Mr D. O'BRIEN — So Hansard will record the video?

The CHAIR — I think Hansard would record what the minister has indicated — well, the minister's comments — and the testimony and the questions in the hearing itself.

Ms SHING — It is an interesting example of the way in which people grapple with new technology in the incorporation of what are relatively straightforward methods of communication into existing institutional frameworks. On that point, Minister, I would like to take you to budget paper 3, page 10, and in particular mobile black spots and the way in which they have been a particular challenge for the regional economy and a particular challenge for infrastructure and economic development throughout the state, given that we have had overlapping jurisdictions between the state and the commonwealth around who has done what and who feels obligated to do what, and in the meantime people in regional communities and regional businesses and industries are often struggling with a fundamental lack of coverage and a desire to see the problem fixed.

In relation to the concerns that have been raised and that have prompted the eradication of the mobile black spots, by reference to that budget paper, what is the state slice of funding referred to on that page intended to do around creating better reliability and better connectivity for regional communities, and what are the practical applications of that around productivity efficiency and better reliability of service?

Mr DALIDAKIS — Ms Shing, I thank you for that question. There are a couple of different parts to that answer. The first one, of course, is the natural benefit to rural and regional communities by having a greater level of connectivity, which is of paramount importance from a health and safety perspective, which is from the Victorian government position the number one guiding principal for us. Two, of course, is the economic opportunity for businesses to be able — in fact the point that Ms Patten made or asked me a question about in the previous hearings, about that economic opportunity for businesses — to be connected and to be able to trade globally with their ecommerce opportunities. And of course there is just the opportunity for people to then engage in connectivity, regardless of whether that is a phone call or the use of a data pack that is associated with one of their devices.

So we have provided a significant amount of funding with the commonwealth, and I want to stress this because I do not want this to be seen as a partisan position. In rounds 1 and 2 of the federal government program we very happily worked with the commonwealth on the black spot eradication program — no problems, no concerns whatsoever.

Ms SHING — What period was that, Minister, for 1 and 2?

Mr DALIDAKIS — That was over the 2014–15 and the 2016–2017 periods. The area of concern that I had was on the previous budget period that we had allocated for 2017–18. There had been a number of promises made by the now federal government in the lead-up to the previous federal election where communities and black spots were identified as political election issues or commitments, so I felt that there was a lack of transparency about how those communities were being selected by the commonwealth. It appeared to me that they had been using a political context. That was with the previous federal communications minister. I also note that we have allocated \$11 million to essentially a round 4 of the federal program, but in the previous budget that the commonwealth handed down last month they had not allocated money to a round 4. I look forward to having discussions with my federal counterpart, Minister McKenzie, with whom I enjoy a warm relationship, and I hope that the federal government comes back to the table with co-funding for round 4 and that the transparency which we lacked in round 3 is returned.

Ms SHING — Just on that point then, round 4, when did the consultation process for that begin and when are you expecting to be able to announce outcomes for round 4?

Mr DALIDAKIS — I might pass that to Deputy Secretary Ada in just a moment. My understanding is that we are very close to the finalisation of that process, but I might pass to Deputy Secretary Ada to shed some more light.

Mr ADA — Thanks, Minister. Thanks for the question, Ms Shing. In round 3, which the minister referred to, there was an invitation to participate from the telecommunications industry earlier this year. We are now in a final review tender assessment process, as the minister said. We expect the government to be in a position to

announce the outcomes of that very soon. Round 4 that you referred to, in the 18–19 budget that will obviously be kicking off a process not dissimilar to round 3 in the coming months.

Mr DALIDAKIS — Can I also just stress on that that we have had Commissioner Lapsley oversee that round 3 process so that the community can have confidence that the sites initially selected do have that health and safety aspect to them — as I said, our guiding principle around site location.

Ms SHING — One of the things, and I do want to pick this up now, that has been particularly prevalent — Mr O'Brien will know this as well — in regional areas and in rural communities is the capacity for mass communication to take place in real time around natural disaster emergencies and managing the public safety response during those periods of critical urgency. Yes, Mr Lapsley is involved, but how are we working with the commonwealth on actually a collaborative process, if at all, to make sure that we have got all people and all agencies and stakeholders working together to get the best possible outcome, given the changes that you have described around previous rounds of funding?

Mr DALIDAKIS — Round 3 is a round, as I have indicated, that we have gone alone on, not in consultation with the commonwealth. We have attempted to, I guess, spread a net far and wide to ensure that that is the primary objective — dealing with local communities, whether they are shires or local councils, and regional assemblies as well. And of course the consultation with regional communities did help to inform the work that assisted the department and Commissioner Lapsley in reviewing those site locations. Can I say that Mr O'Brien and I were present with the former federal infrastructure minister for the launch of one of these previously co-funded towers. I hope and look forward to doing that with the commonwealth again in the future.

Ms SHING — Excellent. Thank you. If I could also just ask you to take on notice, given the limited time that we have, the impact on businesses as well for the regions of the better connectivity that will flow, not just from what has happened in earlier rounds but also what is anticipated to be able to be delivered through rounds 3 and 4, on that point around the better flow of information and better access to real-time processes.

Mr DALIDAKIS — Happily.

Ms SHING — Thank you very much.

Mr MORRIS — Minister, in response to a question from Mr Smith in his opening of the trade session you indicated that the video for that session was produced with existing resources, I think was the term. Minister, those resources are provided to pay for services and infrastructure for Victorians, not to pay for puff pieces for ministers. So I do ask you again: what was the value of the existing resources that were diverted to prepare this latest piece of publicly funded self-promotion?

Mr DALIDAKIS — I thank you, Mr Morris, for your very carefully worded question, and I note that you actually were not here for the first video.

Mr MORRIS — No, I was not, because I do have other responsibilities, and I have sat through probably close to 400 ministerial presentations in my time on PAEC. So I have had more than enough time. I am asking you not about where I was; I am asking you how much this one cost.

Mr DALIDAKIS — In effect, Mr Morris, using internal existing resources in the department —

Mr MORRIS — Yes, which have been diverted from their intended and funded use to provide a puff piece for you. So I am asking: what did it cost?

Mr DALIDAKIS — Mr Morris, it is a bit like you not turning up to PAEC. You are still paid by the Victorian taxpayer whether you are here or not.

Mr MORRIS — Yes, and I am doing all sorts of other things. I am not paid to turn up to PAEC, I can assure you.

Mr DALIDAKIS — Well, I am surprised that you are a member of PAEC with that attitude.

Mr MORRIS — You have not answered the question.

Mr DALIDAKIS — The cost, as I indicated to the Chair in Mr Smith's first question, for which you also were not here —

Mr MORRIS — Through the misuse of existing resources.

Mr DALIDAKIS — Well, in the first question, for which you also were not here or present for, from Mr Smith, he asked me how much it cost.

Mr MORRIS — Minister, I heard all of them, and you did not answer then and you are apparently not answering now. Let us note: it is a misuse of funds that are provided to pay for services and infrastructure, not to self-promote ministers.

Members interjecting.

The CHAIR — Order!

Mr DALIDAKIS — Can I indicate, Chair, that I take great —

Mr MORRIS — Chair, can I move on, and seeing the minister is not going to answer any questions, can I direct a question to Mr Bolt, please?

Mr DALIDAKIS — I am responding. I have the right to respond, and I take great offence at Mr Morris's insinuation. I believe that PAEC is here for me to acquit and account for myself in relation to my duties as a minister.

Mr MORRIS — You have not done so yet.

Mr DALIDAKIS — I used ministerial resources in order to prepare the presentation — no different than if it was PowerPoint; I just chose to use a different medium to do so. The allegation that Mr Morris has made, I would welcome him to make it outside of parliamentary privilege, because it is an inappropriate allegation to make. It is an inappropriate use of privilege to insinuate that there has been some kind of perverse use of ministerial resources to do something which I am here at the committee to do.

Members interjecting.

The CHAIR — Order!

Mr MORRIS — We will happily review the frequent FOI reports that we receive on all ministerial offices to see whether in fact it was done at ministerial expense or whether it was, as you said in your initial response to Mr Smith, a diversion of existing resources. Chair, can I direct a question to —

Mr DALIDAKIS — Chair, there was no diverting of ministerial resources. I used existing resources to prepare the presentation —

Mr MORRIS — You said existing resources; you did not say whose they were.

Mr DALIDAKIS — which Mr Morris was not here for. I am sorry that he was not. I look forward to his feedback about the presentation for the trade and investment piece.

Mr MORRIS — You will not be getting any, that is for sure — a totally inappropriate use of public money.

Mr DALIDAKIS — Can I suggest to you, Chair, that the claim that the member has made is inappropriate for this hearing, and certainly far off the mark. I welcome him making that claim outside of the parliamentary privilege system.

Mr MORRIS — Whatever you do, do not answer the question. I have a question —

Mr DALIDAKIS — I have answered the question, Mr Morris. I have indicated to you that zero resources were used. You choose not to accept my answer. Despite zero being the answer, Mr Morris, you choose to speak over me when I am attempting to respond to your assertion — a somewhat grubby assertion as well, may I add.

Mr MORRIS — for Mr Bolt, and it relates to the Premier’s Jobs and Investment Fund. Mr Bolt, in 2015–16 the budget allocated a total of \$508 million to your department. That was over four years. In 16–17 a further \$50 million was allocated again to DEDJTR. In 2017–18 there were no allocations, but there were other initiatives offset by the rephrasing of expenditure from that fund; the amount was not identified in the budget. Then in 2018–19 there was \$10 million allocated to the same fund, but this time to the Department of Premier and Cabinet rather than to DEDJTR.

With regard to LaunchVic, which is a subset of — and I would love to ask you about a range of things out of the Premier’s Jobs and Investment Fund, but it is a fund that is spread over many portfolios, as we know. With regard to LaunchVic, are you able to provide for the committee an accounting of the funds that were expended by LaunchVic in 2015–16 and 2016–17, and of the anticipated expenditure in 2017–18 and the anticipated expenditure in 2018–19? On notice I am happy to take that.

The CHAIR — Order! Mr Morris, as I have indicated previously these are the estimates hearings, so I am very happy for the question to stand as it relates to the current financial year, year to date, those figures being provided, and if there are any estimates —

Mr MORRIS — You will find, Chair, that 16–17 is also reported in the budget papers. You might want to chop me off on 15–16, although I do say that I think you are setting a very dangerous precedent, because I doubt there is any political point to be made out of providing that information to the committee.

The CHAIR — I am merely trying to trying to be consistent in my rulings, Mr Morris.

Mr MORRIS — There is a significant concern for the effectiveness of the committee, saying that you cannot ask about expenditure that occurred in this term of government that was part of the allocation that was made over four years in the current budget period. So I do express my concern. But certainly 16–17, 17–18 and 18–19 are in scope, and I ask for those figures on notice.

The CHAIR — If it is in the budget papers, then I am happy for that information to be provided, if the department is able to do so, Mr Bolt?

Mr BOLT — Deputy Chair, we will respond on notice, as you requested.

Mr MORRIS — Thank you, Mr Bolt.

Mr D. O’BRIEN — Minister, the LaunchVic website lists staff. One of the staff members that is listed there is the chief happiness hero, Alvin the Pomeranian. Could you tell me if Alvin is a paid staff member?

Mr DALIDAKIS — I think you well know the answer to that, Mr O’Brien.

Mr D. O’BRIEN — He is listed under ‘Staff’. I want to know whether he is paid or not.

Mr DALIDAKIS — Mr O’Brien, I am very happy to take any serious questions you have in relation to my portfolio and budget estimates, but I think you are seeking to cheapen an opportunity for people to engage in a range of different areas and be able to understand how different sectors, how different industries, how different ecosystems actually operate. I hope that one day you are happy too.

Mr D. O’BRIEN — So what exactly does the chief happiness hero do?

Mr DALIDAKIS — I will tell you what. What I will attempt to do for you, Mr O’Brien, is see whether we can have the happiness that is brought into other people’s lives shared with you, and if you are happy to look after the Pomeranian for a week —

Mr D. O’BRIEN — You are not answering my question.

Mr DALIDAKIS — I am happy to bring happiness and light to you in your dreary and dull day.

Mr D. O’BRIEN — Minister, I am having a great day. Alvin the Pomeranian has an Instagram account, a Facebook account and a website. What is the cost to the taxpayer of Alvin being an employee of LaunchVic?

Mr DALIDAKIS — I am sure that Alvin enjoys a great deal of opportunities to express himself, but I am not sure that he would be operating his Instagram account.

Mr D. O'BRIEN — There is a website. Websites cost. The other things are free.

Mr DALIDAKIS — It would be a very talented dog, may I say.

Mr D. O'BRIEN — Minister, can you answer the question. What is the cost of Alvin the Chipmunk being — Alvin the Pomeranian being the chief happiness hero? Seriously, Minister, what is the cost of Alvin the Pomeranian?

Mr DALIDAKIS — I would suggest that you have cheapened Alvin the Chipmunk.

The CHAIR — Order! Ms Patten until 11.40 a.m.

Ms PATTEN — We all feel a bit happier in here now, don't we? I want to follow on with some questions about LaunchVic. As I see it in budget paper 3, page 141, the measure for LaunchVic's output in terms of 'Companies or new entrants supported' has a target of 120 for each year of estimates. Can you quantify in dollar terms the benefit to the economy derived from those businesses that have been assisted by LaunchVic and any projected benefits? I am also interested in the percentage of women CEOs that have been assisted by LaunchVic.

Mr DALIDAKIS — In relation to your last question first, obviously the diversity piece is a very important one. The tech sector sadly has a history of struggling with its diversity metrics — in fact within the tech sector there is between 13 and 27 per cent gender diversity across the board. So this is an area that we are working strongly with. I will take on notice specifically about the number of female-led businesses in the start-up ecosystem that have been assisted by LaunchVic.

Ms PATTEN — Great.

Mr DALIDAKIS — But in relation to your first question, you certainly asked me about the economic contribution. The Melbourne start-up ecosystem is growing at a rapid rate, and given its size we believe it has the potential to add between \$2.5 billion to \$4 billion to the economy. This is not through LaunchVic alone I might add, but this is the total sum that we can see —

Ms PATTEN — Are there any figures specifically around LaunchVic?

Mr DALIDAKIS — Again as I indicated in the presentation, LaunchVic has managed 4600 programs, which has supported 800 founders with 50 — I think it is — start-up programs and 13 new accelerators. We are looking to be able to do that the breadth and depth of Victoria. One of the things that I have been quite happy with is the amount of work done in regional Victoria. One of our leading programs has been led by La Trobe in conjunction with Federation Uni and Deakin University, where they have run programs at each and every one of their rural and regional sites. That led to me last month going and celebrating their second cohort of successful entrepreneurs.

Ms PATTEN — That is wonderful. Has the department done any projections or any estimations on the actual value of the investment in LaunchVic?

Mr DALIDAKIS — Again, I think I was asked a similar question last year, Ms Patten.

Ms PATTEN — Yes.

Mr DALIDAKIS — One of the things that is difficult to quantify is that when we assist a company through founding or funding to an accelerator program per se, that company gets the benefit of that support and then will potentially grow at their own rate thereafter. What we have tried to do with the fund through LaunchVic is to expand that opportunity and increase that accessibility. For example, as you know in your own patch in Northcote, that Free to Feed food tech accelerator. The reason I come back to that is that that is not necessarily something that has a significant economic cost but a huge societal benefit.

Ms PATTEN — Thank you, Minister. I totally concur with you there. Just given the short period I have got, I was approached by Females in Food the other day, which is a great new industry association. They were asking me, again looking at the lack of women in LaunchVic and also in the Future Industries Fund, whether there was any consideration for female-only incubators, and in particular food incubators.

Mr DALIDAKIS — Again that Free to Feed program that I spoke of is one that helps with refugee and first-generation migrant communities. Can I say from the outset that LaunchVic does not fund any conferences or participate in any conferences that do not agree to a 50-50 diversity.

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Innovation and the Digital Economy, the Honourable Philip Dalidakis, MLC; Mr Bolt, Mr Hanney, Mr Ada and Ms Healy. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request.

Witnesses withdrew.