

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 17 May 2016

Members

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Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

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Witnesses

Mr Philip Dalidakis, Minister for Small Business, Innovation and Trade,

Mr Richard Bolt, Secretary,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services,

Mr Jay Meek, Deputy Secretary, Economic Development, Employment and Innovation, and

Dr Amanda Caples, Deputy Secretary, Sector Development and Programs, Economic Development,
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.

I would like to welcome the Minister for Small Business, Innovation and Trade, the Honourable Philip Dalidakis, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services; Mr Jay Meek, Deputy Secretary, Economic Development, Employment and Innovation; and Dr Amanda Caples, Deputy Secretary, Sector Development Programs, Economic Development.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act. It 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 times have been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving on to the next group. I will advise witnesses who will be asking questions at each segment.

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, presentations and handouts will be posted on the committee's website as soon as possible.

All written communication to witnesses must be provided by 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 person speaking. Any filming or 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 10 minutes, and this will be followed by questions from the committee.

Visual presentation.

Mr DALIDAKIS — Thank you, Chair. I appreciate the opportunity to present to all of you today and field your questions. If I may, the recent budget handed down by the Treasurer — a successful budget by every measure available — provided a number of opportunities for myself in the portfolio of small business, innovation and trade. Starting with the budget initiatives on the screen before you, there was the Victorian mobile project, referenced in budget paper 3, pages 26, 33 and 134 — also known as the black spots program. This was a joint funding initiative initially begun by the commonwealth government. There was the commonwealth mobile black spot program round 1, and the \$11 million that has been allocated is for the second round. I do wish to note, as I have answered in Parliament, Chair, that the federal government in their most recent federal budget did not provide funding for round 3. We do hope that irrespective of which party is successful at the federal election they look to allocate money for a third round of funding, and the Victorian government would look favourably upon that.

The international VGBO network for a long time, across party, has been a very important stable for our business confidence, outlook and also for trade outcomes. We have allocated \$66 million for our international trade investment office network. Of course at the election we went with a policy of expanding it from the existing 18-office network to 21, and I will speak about that in just a moment. Globally connected businesses are effectively our trade mission program. An allocation of \$24 million, I think by every measure, is a very important one and an appropriate amount to support our businesses as we go through. Of course very important for people on all sides of the chamber, politics aside of course, is the Koori business strategy. We have allocated \$6.6 million in the forward estimates to get through that as well.

Within the small business portfolio, Chair, if I may, the no. 1 policy that I am very proud of was the policy announced by the Treasurer, which the Treasurer of course has responsibility for, and that is on payroll tax. The increase of the threshold from 550 000 to 650 000 will see a significant amount of tax relief — in the order of around \$312 million. I am sure the Treasurer spoke about that when he appeared before you. The impacts of course upon small business are significant, because it allows whatever money saved by the small business

sector to either reinvest in their business or look to hire more staff. I think again, across party, we can agree that that is a good thing.

In budget paper 3, page 6, on table 1.1, we have provided in the budget further funding for the Small Business Festival, including farm debt mediation. I am sure that is of specific interest to Mr O'Brien and Ms Shing, both of them obviously coming from an area in the east of the state. It is a wonderful area of Victoria that has had its share of difficulties of late, especially noting the troubles within the dairy industry most specifically.

As you can see, we have got a range of areas that we are working on, including of course the Small Business Festival, which last year celebrated its 10th anniversary in August. It is a wonderful initiative of the then Bracks government. It continues to grow from strength to strength. It has had its biggest level of funding in its history. We expect to take it further, wider and farther than we have before. It is important to note that last year in fact was the most number of rural and regional locations that the small business festival operated in across Victoria in its 10-year history. We are looking to expand upon that again. We are looking to ensure that there will be 450 events planned this year, up to 180 hosts working with us and eight regional festivals across Victoria.

It is not just those areas we are working on of course. We have announced the Small Business Ministerial Council and the Multicultural Business Ministerial Council. Importantly the multicultural committee is chaired by none other than Rohini Kappadath. Rohini was named late last year the Telstra businesswoman of the year in Victoria. Given her strong support within the Indian community, that council provides us a huge level of support.

The small business buses are another success story within the office of Small Business Victoria. In the last 12 months Small Business Victoria delivered over 250 workshops to over 2700 people. The actual buses themselves, of which there are two, delivered more than 890 mentoring sessions with over 60 grants helping 150 small businesses, and more than 30 per cent of those were delivered across regional Victoria.

If we move into the innovation portfolio, obviously the creation of LaunchVic occurred on 30 November last year. In order to excite the industry, Chair, we announced the creation of a logo competition used by 99designs, which is one of our global leaders within the crowd design space — a local firm that now competes globally with the very best in their area. In January of this year we announced the board led by Ahmed Fahour, the current managing director of Australia Post. It is an amazing board. It is a board that, for the first time as we understand anywhere across Australia, has a majority of directors that are women — 6 out of the 11. It has, more importantly, not just women on it, but women who are deserving of their spot by any criteria — searched, researched or compared and checked against. It also has a wonderfully diverse background, and I think anyone who studies the board will agree with me that we are very lucky in Victoria to have those people contribute their services to that initiative.

Of course the initiative itself will see \$60 million in funds allocated across the incubator, accelerator and co-location or co-working space. I will have more to say about that later on should there be questions. Importantly for LaunchVic the first round of applications closed just over a week and a half ago, and I am happy to report to you, Chair, that we have had nearly 400 applications in that first round of funding alone.

Victoria is experiencing unprecedented growth within the start-up community. In the ecosystem we are seeing our digital stocks grow exponentially. Just in the last year alone we have seen global tech leaders like Slack, Square, Zendesk and GoPro all set up their regional headquarters here in Melbourne. Adding to that of course are the existing headquarters for Stripe, Eventbrite and Etsy, along with our locally grown success stories — Nitro PDF, Sidekicker, 99designs again, Catapult, Redbubble, Culture Amp, Appster, just to name a few — and this has seen Victoria ranked no. 2 as the destination for international headquarters in the Asia-Pacific region, behind Singapore but ahead of Hong Kong and Sydney. I will not rest before you, the Parliament or the people of Victoria until we wrestle that no. 1 spot off Singapore. Once we are the no. 1 destination in the Asia-Pacific, we will take on the rest of the world.

AusBiotech is another very important area within the portfolio that we support. We have brought AusBiotech to Melbourne. It is Australia's largest biotech event and we have undertaken a significant amount of support within the science and the STEM area as well, Chair. We have provided VESKI with certainty of funding through a six-year contract, and we also establish a new inspiring women fellowship as part of our women in science program. I had the pleasure of launching that alongside Her Excellency the Governor late last year with

the CEO of VESKI. It is a wonderful fellowship that is supporting women returning to work after taking time out for maternity leave.

We have also got the regional rail connectivity program. I have spoken a little bit about the mobile black spots in the very introduction, but the regional rail connectivity program again is something that is going to benefit a range of our commuters across five different regional rail corridors — those being Geelong, Ballarat, Bendigo, Seymour and Traralgon. That program is expected to benefit over 14 million passenger trips per annum and create productivity benefits in the order of \$20 million per annum as well. So we are seeing significant investment in a whole range of areas, not just in metropolitan Melbourne, and of course we launched earlier this year the free public wi-fi services. We did that initially in Bendigo and Ballarat, and I can tell you that in the first four months since it began broadcasting in those areas almost 70 000 users have connected to that service.

With regard to the rollout here in Melbourne, that has been delayed slightly as a result of iiNet being taken over by TPG. As a result of TPG having far superior infrastructure across the Melbourne CBD — they allowed us access to their dark fibre effectively across the CBD — it has meant that we did not need to use the existing design, which would have had a lot of poles and wires established over the city. I think again everyone across the table will agree that that improved design will benefit all of us in terms of our visual amenity.

If we move along to the trade portfolio, Victoria's food and fibre exports in 2014–15 were valued at \$11.6 billion. It is a very important part of what we do. It is a very important part of our trade and investment office network. They work entirely for the benefit of our business community, whether they are small, medium or large businesses that take advantage of our services, and I wish to put on the record my thanks to all of those staff around the world that take time out from spending it with their families here to undertake their work on behalf of all Victorians. I also want to put on the record my thanks to all of our locally engaged staff, wherever they may be in their offices, as they work to ensure that Victoria continues to push ahead and lead the country in our trade and export network.

I did touch upon the dairy industry and Murray Goulburn. We have had extensive discussions with my ministerial counterpart federally, Minister Ciobo. I had regular discussions before that of course with Minister Robb, but obviously the dairy issue has come to the fore since Minister Ciobo came to the portfolio. It is fair to say that it is a difficult issue, but it is one that, despite being in caretaker mode, my office and his office continue to tic tac on. Indeed I have also made representations to the Chinese Consul General here in Melbourne on those issues.

If I may, just in the last stage, Chair, in the innovation sector, as I have told you, we have LaunchVic of course, but we have set up an innovation expert panel as well, which is the first time that expert panel has operated within Victoria. It is chaired by our lead scientist, Dr Leonie Walsh. Again, it is a panel that has gender and ethnic diversity on it, people who are experts in their fields, and it is doing a tremendous job. We have the digital economy plan where several initiatives have already been begun to implement and grow clusters of expertise across our state digital hub, including areas of cyber security, advanced tech skills and of course attracting global leaders such as the companies that I have already named. Our Victorian small business commissioner is another election commitment that we have funded within the budget, and I look forward to bringing legislation through the Parliament later this year in order to enact those changes required to see the office changed to a small business commission.

I think it is important to note that Victoria has led the charge within the small business sector. What we have seen since 2003 in the creation of the office of Small Business Victoria is the rest of the country follow what Victoria has done, and I see no difference now with the creation of a small business commission to see the rest of the country and the federal government also take that up. I look forward to working with them as well. With that, Chair, I pass over to you.

The CHAIR — Thank you, Minister. We will have government questions, starting with Ms Ward, until 11.53 a.m.

Ms WARD — Welcome, Minister; welcome, everyone. It is good to see you this morning. Minister, we do want to talk about LaunchVic. It is great to see that Melbourne is the no. 2 destination for investment in the Asia-Pacific. But before we do get to that, I think it is important for us to have a good understanding of our trade output. Can I get you to have a look at budget paper 3, page 139, where we talk about quantity? Has the

government actually met its target for export sales that have been generated as a result of government programs and engagement with them?

Mr DALIDAKIS — Thank you, Ms Ward, for your question. The simple answer is: yes, we are meeting our targets in relation to our trade and investment program. If I may, just on that trade investment program, I think it is important to reflect that as the minister for trade, of course, for me the assistance that we provide to our business community in attempting to both grow their own business, grow employment and grow the ability to export, we must also acknowledge that the Australian dollar has had the depreciation over the last few years and the Australian dollar has also had both a significant impact and support within our export component.

So there has never been a more important time in the state government to support our trade and export program. There has never been a more important time to build the relationships with our international community to ensure that when our dollar obviously appreciates, as surely it will at some stage in the future, those relationships have been built to such a perspective that the dollar change increase will not negate the trade terms that our businesses are experiencing.

To that end, Ms Ward, I have undertaken a number of areas of travel in my period of time as a minister. My most recent trade mission was actually to the UAE in February — to Gulfood. Gulfood is the world's largest agricultural showcase across the world. It is held annually in Dubai in February. This year I had the pleasure of opening it with His Excellency, the Deputy Leader of the United Arab Emirates, the Minister for Finance, which was a great honour bestowed on Victoria — —

Ms WARD — Are these missions being targeted?

Mr DALIDAKIS — Yes, the trade mission is in fact part of the targets. It is directly related to our trade outputs. Those outputs have seen, for example, 2086 Victorian companies participate, connecting with businesses across 59 countries, with the delivery of both inbound and outward-bound trade missions numbering approximately 44. So there are some significant outputs there that we have — —

Ms WARD — So there has been a growth in export sales over the last year?

Mr DALIDAKIS — Yes, we are working hard on that. In terms of the sales, I think it is important to note that what we have done as a government — and very deliberately so, I might add — is that we have changed the way that we account for the trade data. Previously what had happened was that all a company needed to do was provide the Victorian government with estimated sales as a result of those trade initiatives. From my perspective and the Victorian government's perspective, whilst that is always a welcome indicator of a company's belief of what will happen, what is more important for us is to know what does actually happen.

So we have changed the way that we account for that data to ensure that both Victorians, members of Parliament and indeed of course our own department when we are reviewing our programs can have a degree of confidence that what we are delivering is in fact what we are desiring to deliver. From that perspective we have changed the way that we account for that, but it is important to note that we have not lessened the data figures that we are standing by within our portfolio spread.

Ms WARD — How is Victoria focusing on small to medium enterprises and how are they being helped to create new export opportunities?

Mr DALIDAKIS — Approximately 80 per cent of Victorian companies, Ms Ward, were small to medium businesses, of those companies that I talked about in my last answer to you. Those businesses probably had less than 200 employees, and they provided an opportunity to access global markets that they may not have been able to access otherwise. More than 50 per cent of the participating Victorian companies, as I said, were small businesses.

Of course the differential between a small and a medium business is that despite the federal government changing their definition of 'small business' yet again in the most recent federal budget that they delivered, we work off the ABS definition, which is an employer of 0 to 19 employees, 50 per cent of which were small businesses with fewer than 20 employees. Those participating businesses have obviously been assisted with a comprehensive export training program and pre-departure briefings.

I might also add that it is not just about our export-oriented program. A significant part of our program is also inward-bound opportunities. This government has focused quite strongly on undertaking inward-bound trade missions, the most recent of which occurred back in March. I accompanied a group of delegates from China up to Nagambie Lakes, where they went to Tahlilk Winery. It was great for them to do what I phrased ‘from grape to glass’ as distinct from ‘paddock to plate’, and they had a tremendous time — —

Mr DIMOPOULOS — Minister, in the last minute and 20 seconds we have got for this round, I want to get you onto LaunchVic, a good segue to small business. Just quickly with LaunchVic, in relation to the ecosystem — I like the language around ecosystems — research that I have seen indicates that the social support, mentoring and other things that new start-ups have that others take for granted really does predict their success. How will the LaunchVic program address diversity barriers in terms of both ethnic diversity and gender diversity? You can start the answer and then put the rest on notice.

Mr DALIDAKIS — I thank you again for that question, Mr Dimopoulos. For us in the government, gender and ethnic diversity are very important. Myself, of course, I am a first-generation Australian. My mother was a refugee to this country. My father came to this country when my mother convinced him that his future lay here. So that issue of diversity is very important for us, and you only need to look at the board of LaunchVic to see that best exemplified. Noting, Chair — I will put the rest on notice.

The CHAIR — Order! The Deputy Chair, until 12.04 p.m.

Mr MORRIS — Thanks, Chair. Good morning, minister. Could I address my first question to Mr Bolt, please. The budget paper reference is BP3, page 133. Secretary, last year on 30 October the minister announced via a press release that Melbourne had stolen — his words — Australia’s biggest start-up conference from Sydney. He said he had stolen the rebranded StartCon from Sydney, would be moving it to Melbourne in 2016 at a cost of a million dollars and it was a big coup for Victoria. He even tweeted to the New South Wales minister that he would be happy to give him a free ticket to Melbourne in 2016.

Mr DALIDAKIS — I am happy to provide you a free ticket too, Mr Morris.

Mr MORRIS — However, the question is to Mr Bolt. However, Secretary, as you know, that Melbourne event did not take place. The minister in the Legislative Council on 9 March indicated that it was a delay in incorporating LaunchVic and by implication the department was to blame — my implication. I am just wondering in fact what happened.

Mr DIMOPOULOS — Sorry. Through the Chair, Mr Morris, which line item on page 133?

Mr MORRIS — BP3, page 133. That is the budget paper reference. It is not traditional that we provide line items.

Mr DALIDAKIS — Chair, if I may — —

Mr MORRIS — Minister, the question was addressed to your secretary. You have no capacity to intervene at this point.

Mr DALIDAKIS — With great respect, Mr Morris — —

Mr MORRIS — You have no capacity to intervene. They are the agreed rules. You have no capacity to intervene.

Mr DALIDAKIS — Mr Morris, I am not attempting to intervene.

Mr MORRIS — The question was addressed to your secretary.

Mr DALIDAKIS — The question that you put is factually incorrect. That is all.

The CHAIR — Order! Minister — —

Mr MORRIS — That is the press release. I have got the Legislative Council — —

Mr DALIDAKIS — We never put a dollar figure — —

The CHAIR — Order!

Mr MORRIS — Chair, the minister has no right to intervene.

Mr DALIDAKIS — I am not attempting to intervene, Mr Morris. I am attempting to assist you.

The CHAIR — Order! I am trying to provide a sense of order and structure to the way in which this hearing is held.

Mr DALIDAKIS — Your information is incorrect. I am attempting to help you.

The CHAIR — Order, Minister! Order! The question was directed to the secretary. Once the secretary has concluded his response, the minister can seek leave of the member to augment and supplement the secretary's response. If that is not forthcoming, the minister will be afforded the opportunity to further elaborate on that answer in government time. Secretary?

Mr BOLT — Thank you, Chair. Thank you, Mr Morris. The best advice I can give the committee is that it was not possible on the briefing that I have before me to execute agreement with freelancer.com in time to bring StartCon to Melbourne in 2016. It is not an ambition that the Victorian government and the minister, as I understand, have relinquished. LaunchVic is now established, so 2017 still remains a possibility for Victoria to — —

Mr MORRIS — Sorry, Mr Bolt. I am having a bit of trouble hearing you.

Mr BOLT — Shall I start that all again?

Mr MORRIS — Just the last couple of sentences.

Mr BOLT — The second observation I was making, Mr Morris, is that interest in hosting this event in Victoria has not been relinquished by the government or the minister. With LaunchVic now up and running, then we are looking to the future.

Mr MORRIS — So do you think the decision to promote it on the date that it was promoted to be held on was rushed?

Mr BOLT — I really could not offer an opinion on that, Mr Morris. I think that the idea of Victoria becoming a significant start-up location and a stronger start-up location is clearly government policy. It is a ministerial commitment. It is something the department is very keen to assist the government to do, and we are looking to the future. At this point I would not reflect on whether or not certain things should or should not have been said.

Mr MORRIS — Could I approach it from a slightly different point of view. Certainly the minister indicated in the Legislative Council that the establishment of the body did not progress at a pace to allow the event to occur. What would be the normal period of time that would be required to establish a body like this and to settle a contract?

Mr BOLT — I think that in the establishment of every body there is a unique set of circumstances, Mr Morris. It is not possible to talk about a typical time. Out of respect for the minister, I will allow him to explain whatever he wishes to about the timing rather than for me to provide a commentary on that. All I would say is that LaunchVic — the government set about establishing that, and as I think has been previously said, that took somewhat longer than we expected. That sometimes happens; it happened on this occasion. I cannot say more than that. Was it realistic to go with the previous time line? My best understanding is yes, it was realistic, but as it turned it, it was not able to be achieved on that occasion.

Mr MORRIS — Okay. Can I ask you how much did the department spend in promoting Melbourne at the Sydney event — accommodation; flights, both ministerial and departmental; catering; networking; function costs and all those sorts of things? I am happy for that to be provided on notice.

Mr DALIDAKIS — Chair, if I may just ask a question. This is my first time before you, Chair. These questions have already been answered on *Hansard*.

Mr MORRIS — Minister, the question was addressed to the secretary.

Mr DALIDAKIS — I am seeking guidance from you, Mr Morris, being my first occasion before you.

Mr MORRIS — Yes, it is your first PAEC. Clearly you have not had the rules explained to you. I am addressing a question to the secretary. You do not have the opportunity to intervene.

Mr DALIDAKIS — I am not attempting to intervene. I am just indicating that the information has already been provided on *Hansard*.

Mr MORRIS — You have no standing until you are addressed.

The CHAIR — Order!

The CHAIR — You can be shouty if you like, Mr Morris. I am attempting to assist you with your inquiry. This information is already on *Hansard*.

Mr MORRIS — I am not seeking your assistance, Minister. I am seeking the assistance of the secretary.

Mr DALIDAKIS — But the information is already out there.

The CHAIR — Order, Minister! The question was asked of the secretary, and I think Mr Morris indicated that he was happy for the information to be taken on notice. What information that can be furnished, if that could be provided to the Deputy Chair on notice, that would be — —

Mr MORRIS — To the committee.

The CHAIR — To the committee — I am sorry; to the committee — would be acceptable.

Mr DIMOPOULOS — Let us photocopy the *Hansard*.

The CHAIR — Order! Mr Dimopoulos!

Mr BOLT — We will do that. Clearly, as the minister has indicated, we will check what is on the record, and if we can supplement that with any further information to answer your question, Mr Morris, we will do so.

Mr MORRIS — Yes, that would be helpful.

Minister, how many start-ups do you estimate will be directly funded through LaunchVic?

Mr DALIDAKIS — Sorry, in relation to LaunchVic? Are you asking a question in relation to LaunchVic?

Mr MORRIS — In relation to LaunchVic, yes.

Mr DALIDAKIS — So the very direct question about the number of start-up companies or individuals means that there is a distinct lack of understanding about the creation of LaunchVic and what its role is. LaunchVic as an entity is there to support the ecosystem. By ecosystem we talk about incubators and accelerators and co-location or co-working spaces, Mr Morris. LaunchVic, when I announced it, I took great lengths to acknowledge that it is agnostic in relation to industry. Whether that be med tech or fin tech or whether that be bio, whether that be pharma, whether that be what I now euphemistically refer to as tech tech, the fact of the matter is that the fund is there to talk about the ecosystem and its infrastructure, supporting the infrastructure and growing it, because depending upon, for example, a co-location space or a co-working space, depending upon the size of that space, you can have as many companies working there as the size allows, depending upon the rules that the co-location space has.

Western BACE, which I have visited out in Melton, is a fantastic example of both federal government and local councils working together. Melton BACE, or Western BACE as it is known, was funded by, I think, approximately \$14 million by the previous Gillard government. It opened, I think, last year, from my recollection, and what it is is a mixture of a co-location space and also an incubator program. That co-location space — —

Mr MORRIS — Minister, thank you for that fulsome answer, but it was a fairly direct question about how many — —

Mr DALIDAKIS — I believe I am actually getting to it.

Mr MORRIS — If the answer is zero, I am happy to hear that it is zero. I just would like — —

Mr DALIDAKIS — I am still answering your question, Mr Morris.

Mr MORRIS — All I have asked for is a number.

Mr DALIDAKIS — Mr Morris, you have addressed your question to me, and I am answering your question.

Mr MORRIS — No, I have asked you for a number.

Mr DALIDAKIS — You are eating up your own time. If you let me answer, I will get there.

Mr MORRIS — I have asked you for a number and you have now been talking for 1½ minutes and you have not mentioned a number.

Mr DALIDAKIS — Again, Mr Morris, you can be as shouty as you like, but if you would like me to answer the question, I am happy to do so.

Mr MORRIS — I would like an answer.

Mr DALIDAKIS — I think the example of Western BACE is a very good one in this particular example.

Mr MORRIS — I am asking for — —

Mr DALIDAKIS — Because the ability to expand — —

Mr MORRIS — Minister, it is a very simple concept.

Mr DALIDAKIS — The ability to expand Western BACE —

Mr MORRIS — It is a number.

Mr DALIDAKIS — as I have suggested, is a very good — —

Mr MORRIS — How many — 0, 1, 2, 3, 4, 5, 150? What is the number?

Ms Ward interjected.

The CHAIR — Order, Ms Ward! The minister, to continue.

Mr DALIDAKIS — Thank you, Chair. Again, Western BACE has two elements to it, and this is why I think it is a very good example, because — —

Mr MORRIS — The question does not have two elements. What was the number? It is very simple.

Members interjecting.

The CHAIR — Order!

Mr DALIDAKIS — Again, so some companies, Chair, utilise that co-working, co-location space for one day a week. Others will spend a couple of days in there. So the amount of companies that will be able to take advantage of an expansion of, say, the Western BACE infrastructure will depend upon the way that the entity, and that is the City of Melton out there, operates. That is one example. There are other examples too, such as the Melbourne University accelerator program — —

Mr MORRIS — I asked for a number. I asked for a simple number.

Mr DALIDAKIS — The Melbourne accelerator program is globally recognised as one of the top five in the world, Chair. This support of the ecosystem has — —

The CHAIR — Order! Ms Pennicuik until 12.12 p.m.

Ms PENNICUIK — Good morning, Minister, Mr Bolt and everyone else from the department who is here. Thank you for coming along. If I could refer to the Koori business strategy to which the government has allocated \$6.6 million. On budget paper 3, page 7, it says:

A Koori business strategy will be developed to support Aboriginal businesses to be more successful and entrepreneurial, strengthen their business skills and improve their access to markets.

And those initiatives will be jointly delivered by non-government organisations. The commonwealth and most other states have policies that mandate the inclusion of Indigenous workers and Indigenous-owned businesses in government contracts. It seems that Victoria and Tasmania are the exceptions to this, so my questions really are: what will the strategy mean — there is not a lot of detail there as to what it is — and will it include Aboriginal procurement policy for goods and services, similar to the commonwealth level?

Mr DALIDAKIS — Sure. Ms Pennicuik, thank you for the opportunity to talk about what we believe is a very important strategy that the Andrews government not only remains committed to but is committed to seeing improvements in this space. As you have correctly identified, we have allocated \$6.6 million — in fact the figure is \$6.628 million, to be precise — within the budget for this strategy, and I will be leading this strategy with my ministerial counterpart the Honourable Natalie Hutchins, who is obviously the Minister for Aboriginal Affairs. We will be focusing in the strategy on providing more accessible business support, improving the visibility and profile of our Aboriginal businesses and strengthening the entrepreneurial culture and business experience of our Indigenous Victorians.

In terms of the strategy itself, I believe we are not too far away from launching it, so we will be in a position to obviously answer some of your queries once that strategy is made public. I can tell you that from the early stages that I have seen and been part of in the strategy, it focuses very specifically on providing direct assistance to our Indigenous community, in terms of entrepreneurial support, small business support and seeing their businesses get up off the ground and be given the support to see them become successful, because of course we recognise that there can be no better way to help the Indigenous community within the business community than to be able to support their businesses and see them grow.

In relation to your concern about very specifically a government-mandated and targeted approach to the procurement of services, I will have to take that question on notice and speak with my counterpart the Minister for Finance, because the Minister for Finance has responsibility and policy oversight for procurement across the Victorian government.

Ms PENNICUIK — Yes, for example, at the commonwealth level departments and agencies must ensure that at least half a per cent of all contracts are awarded to Aboriginal-owned firms, and there are other measures that apply according to the size of contracts et cetera, such as tenders of value over more than \$7.5 million must ensure that 4 per cent of the contract workforce are Aboriginal. So my question really is: that is the model at the commonwealth level; is the state strategy based on any other model or are you just reinventing it? Are you making a new model or are you basing it on other models?

Mr DALIDAKIS — Again, the strategy will be released in the coming months, so I do wish to be careful not to preface anything about the strategy that is not already out in the public domain. It is not the only thing of course that the Andrews Labor government is attempting to undertake with a positive outcome within the Koori community. Of course in the 15–16 budget, Ms Pennicuik, we committed \$4.5 million to fund key initiatives under the *Victorian Aboriginal Economic Strategy*, and that of course included the establishment of the Victorian Aboriginal Economic Board. That board will strongly support the implementation of the Koori business strategy, and that is why I reference to it. The board will assist in driving partnerships with the private sector, financiers, educational institutions and of course Aboriginal businesses.

To our best estimation there are approximately 902 Aboriginal businesses in Victoria, and the Labor government's Koori business strategy, with the support of the VAEB, will look to support the entire sector as it develops and succeeds. The strategy that we are talking about will take a very targeted approach to supporting Aboriginal start-ups and business entrepreneurship, as I mentioned already. But, again, the issue of very specific

targets in relation to procurement, as I have indicated to you already, is something that I will need to refer to my ministerial counterpart the Honourable Robin Scott.

Ms PENNICUIK — Okay. Thank you, Minister. If I could change tack completely and refer you to budget paper 3, page 132, which has the targets there. One of the targets is the Invest Victoria website, and one of the targets is visits to the website. I just suggest this may be an unsophisticated way of measuring its impact, and some advice provided to me is that videos on the site only average around 350 views, and around 55 per cent of the website views come from within Australia, so not from outside Australia. So my question really is: are you looking at ways to improve the effectiveness of this site and the evaluation of its effectiveness?

Mr DALIDAKIS — Again, I thank you for the question. There are many different measurements that you can look at in terms of the success or otherwise of a website: unique visitors; where those visitors come from; are they, for example, domiciled in Australia but outside the Victorian jurisdiction? The analytics of the hosting of our websites can be quite intricate in terms of the data that they are able to find. I know in a previous life, prior to entering Parliament, I was able to see exactly where the visitors to our work website came from — very specifically to the cities of countries that they originated from. So I would suggest that the analytics of a website at times can be a very good identifier for us; and what it can also assist us to do is that if we are getting a significant number of visitors from one specific location it will allow us to determine whether or not, for example, the department is providing assistance on the ground in that location. Can we do better?

Ms PENNICUIK — Okay. Minister, can you tell me how much the website costs to run?

Mr DALIDAKIS — In terms of the administrative costs of the website — —

Ms PENNICUIK — And production costs for videos et cetera.

Mr DALIDAKIS — I am happy to refer that to the department — —

Ms PENNICUIK — Take it on notice?

The CHAIR — Or maybe take that on notice, given timing.

Mr DALIDAKIS — Yes, Chair.

Ms PENNICUIK — Thank you.

The CHAIR — Mr Dimopoulos until 12.22 p.m.

Mr DIMOPOULOS — Thanks, Minister. I just want to take you to page 2, I think, of the presentation and ‘Major Achievements: Small Business’. I will start with a reference, if I may, from a very reputable source, Mark Stone, from the Victorian Chamber of Commerce and Industry, who said that:

The Andrews government has today delivered a pro-business budget that backs Victorian business by lowering costs, creating jobs, delivering productivity enhancing infrastructure and opening doors to international markets.

Mark Stone went on to say that the increase in the payroll tax threshold from 550 000 to 650 000 was a win for business and jobs. I could not have said it better myself. I am just wondering if I can get a sense from you, as someone who has run a small business — in fact both of us have, I think; you and I separately have run small businesses — in relation to small business in my community, if we take an example of a business paying 750 000 a year currently in payroll tax, what would the effect be on that small business if you use that as an example to talk about the benefits of this proposed change?

Mr DALIDAKIS — Thank you, Mr Dimopoulos, for the question. A business that is paying approximately 150 000 in payroll tax would probably be somewhere between, in my best guesstimate, around \$3.5 million to \$4 million of payroll at the moment. So that would see obviously a decrease over the forward estimates of their payroll. What the Victorian government and the information provided by the Treasurer has been able to demonstrate is that approximately 36 000 Victorian businesses will benefit from that payroll tax threshold relief — I say the reduction, but obviously the pushing out of that threshold over the forward estimates from 550 000 to 650 000. So Victoria, which has largely been very competitive with other jurisdictions across the country, will become more competitive with them. For example, if I can indicate to you that obviously currently payroll tax for a business payroll of approximately 2.5 million — slightly less than the figure that you

mentioned — currently sees business in Victoria paying less than New South Wales, and it will pay even less again as the thresholds kick in. Again, what we are seeing is an opportunity for the Victorian government to work extensively with our business community — not just VECCI, but I saw very positive comments that came from Tim Piper at the Ai Group as well.

Of course many of the rural and regional business chambers have supported a reduction in the amount that their members pay in payroll tax. It is very important to just focus a little bit on rural and regional Victoria because of course, as we all know, small businesses within those communities in particular are often those people that contribute greatly, both in terms of support of local sporting teams, whether they are football or netball teams, and the support of volunteers at the SES and the CFA. So there are a whole range of community benefits that we get from being able to support our small business community, and obviously the reduction in payroll tax is one area that we are assisting our businesses as we stand, Mr Dimopoulos.

Mr DIMOPOULOS — Thank you, Minister. Just in terms of other assistance to small business — it is obviously a more complete package than just a payroll tax reduction in threshold — in your answer to other support for small business can you also address procurement opportunities for Victorian government purchasing for smaller businesses?

Mr DALIDAKIS — Just to clarify, Mr Dimopoulos, are you asking about other programs that we also run that support the small business — —

Mr DIMOPOULOS — That is right.

Mr DALIDAKIS — Thank you. Other programs that we run include programs such as the Small Business Mentoring Service and the mediation service. As I indicated in my opening remarks, we have the mediation service that also deals with, obviously, farm mediation as well, which is critical for us to support all of our sectors in all of our communities. They are two specific programs that are very well subscribed.

We also have two small business buses, and those two small business buses actually operate all across the depth and breadth of Victoria. They are a wonderful access, a wonderful service and a wonderful program that we run. What that does, of course, is it allows people in rural and regional areas in particular — and also, I have got to say, in suburban areas in metropolitan Melbourne — businesses that would otherwise not find the time in a day, to be able to go and maybe come into our city or a regional location, for example. It gives them an opportunity to go for a small, discrete period of time to visit the bus and have an opportunity to talk about issues with them and identify whether they need to do something a little bit different, whether they need further assistance. And of course part of those programs that we operate are across Victoria. So you can access the small business service — the mentoring service, that is — right across Victoria; you do not need to come to metropolitan Melbourne.

Mr DIMOPOULOS — Minister, I had the Small Business Bus in Huntingdale in my electorate two weeks ago. I had a chat to them, and they said that they are more often than not booked ahead of schedule, so when they arrive they are fully booked, essentially, because people know they arriving. Just one more quick one. What about regulation and red tape for small business?

Mr DALIDAKIS — I will come to that in just a moment, if I may, Mr Dimopoulos. There are also other things that we undertake for the small business community as well, including but not limited to the small business workshop program, obviously, as I said, our small business buses and our Grow Your Business grants that help small businesses become internationally competitive in a way that assists them down the track. Of course I mentioned the small business festival to you earlier and the great success that that festival has had over its last 10 years, and this, as I said, will be its 11th year of operation.

In relation to the small business regulation question that you pose, the Victorian government announced a comprehensive review of both legislation and regulation that impacts upon our small businesses back in the 2015–16 budget, and so what we are looking to do is have that review identify any regulatory barriers that are stopping our small businesses from thriving. I can tell you that if we can cut compliance costs and free up small business owners' time by removing what they would consider to be unjustifiable red tape, then we can make it easier for small businesses to again concentrate on what they do best — which is, running their business, generating economic flows both for themselves and their local community — and also concentrate on supporting their own employees as well.

Mr DIMOPOULOS — Thank you, Minister.

Ms SHING — Minister, I have a question for you in relation to the mobile black spot eradication and removal in rural and regional communities. It relates to a matter which, as you aware, I have previously raised, as other members have, in the house in relation to regional Victoria and the way in which regional towns such as Walhalla can access emergency services and mobile coverage in the event of emergencies. Budget paper 3, page 26, at table 1.10 refers to an \$11 million package for the reduction of mobile black spots in regional areas. You also referred to that in your presentation and opening remarks. How is this going to address the communication needs for Victorians living not just in fire and flood prone areas but also in areas where in everyday life mobile coverage is important, by particular reference to the discussions with the commonwealth that you have been having?

Mr DALIDAKIS — Ms Shing, I thank you for your question. Certainly it is an issue that has been raised by both yourself and Mr Bourman in the Legislative Council. The \$11.1 million commitment by us is a very specific commitment to try and assist our regional and rural communities that are potentially most at risk — most at risk from any number of emergency events, whether it be bushfires, such as Black Saturday, or whether it be, for example, flood events or otherwise. So what we are doing is prioritising public safety for regional communities with that fund, particularly, as I said, those at threat from bushfire, floods and of course other natural disasters as well. In round 1 our emergency management commissioner played a key role in overseeing the selection of science for Victorian funding; and, indeed, most recently in relation to round 2, I wrote to every federal member of Parliament across rural and regional Victoria, of all political persuasions, asking them to reply to me and identify areas in their own electorates — —

Ms SHING — Which I think Mr Ricky Muir has done.

Mr DALIDAKIS — Yes. In fact Mr Chester, the federal member for Gippsland, has also responded to me with priority sites in his area. So I am glad to see that we are taking a bipartisan approach in this area, and of course I also have sent out such correspondence to all lower house MPs — —

The CHAIR — Order! The Deputy Chair, until 12.32 p.m.

Mr MORRIS — Thanks, Chair. Just a couple of quick questions to the secretary around process. Secretary, I am just wondering whether there is a consistent assessment selection process for grants funded by LaunchVic?

Mr BOLT — The department regularly assists or directly administers grant programs and looks to apply consistent quality relevant to the particular objective of a grant program and will be assisting LaunchVic in the analysis of grant applications it receives, to ensure that our experience and our expertise in that kind of administration is brought to bear on the recommendations they make as to what should be funded.

Mr MORRIS — Just further to that, does the LaunchVic CEO have the discretion to award funds without going through that process?

Mr BOLT — No. There is no such discretion to award funds. This is a body that will provide advice on the proper disbursement of funds under relevant programs and the ultimate decision on what funds to be released will be made with more than simply the involvement of the LaunchVic CEO. It will involve the board, it will involve the department and it will of course involve the minister.

Mr MORRIS — If I could go back to the minister. Minister, at the November 2015 announcement of LaunchVic, Mr Stuart Stoyan, the CEO of MoneyPlace, said:

Carving out LaunchVic as a separate entity is genius. It ensures funding will go directly to start-ups and not get lost in red tape.

I am just wondering whether his view is correct?

Mr DALIDAKIS — I think you are probably attempting to verbal Mr Stoyan. Of course when you talk about start-ups you do not talk about necessarily just individual businesses but an ecosystem. As I was attempting to explain to you earlier, despite your best intentions to disrupt me, the issue of the ecosystem is actually a very important one, Mr Morris. The issue of supporting incubators and accelerators in co-location spaces is not one whereby you identify a single company or a single entity or a single business or a single entrepreneur, but one where you are attempting to effectively what I would call and use as an analogy grow the

pie. We are not looking to re-create the pie, we are not looking to grow a new pie; we are looking to grow the existing pie and make it much bigger. So when you euphemistically refer to start-ups, you can also refer to the start-up community — —

Mr MORRIS — Minister, they are not my words; they are Mr Stoyan's words.

Mr DALIDAKIS — No, but I am ascribing — —

Mr MORRIS — It is a direct quote. There is no verballing; it is a direct quote.

Mr DALIDAKIS — And I have directly responded to your direct quote, Mr Morris. Whether you choose to accept my response or not, I can certainly provide you with Mr Stoyan's contact details and I am sure you can avail yourself of him and find out whether or not he was ascribing the word start-ups to the community or whether in your own mind he was ascribing it to the Liberal Party of Victoria.

Mr MORRIS — I was actually asking whether his views were correct, in the context of your program — your program, not mine.

Mr DALIDAKIS — I think asked and answered, Mr Morris. If you would like me to expand about the ecosystem, I am happy to do so, but I suspect that you are probably going to interrupt me again.

Mr MORRIS — I think we have heard 5 or 7 minutes on the ecosystem. Chair, I am happy to yield to Mr O'Brien.

Mr D. O'BRIEN — Secretary, in relation to the Back to Work scheme, what role does the department play?

Mr BOLT — In the Back to Work scheme? So the Back to Work scheme is administered essentially by the State Revenue Office in terms of the disbursement of funds.

Mr DALIDAKIS — It has nothing to do with me.

Mr D. O'BRIEN — I did not actually invite the minister but I perhaps now will. It has nothing to do with you, Minister?

Mr DALIDAKIS — No, and I have answered this question on numerous occasions in question time in Parliament. Let me say that the Legislative Council, Mr O'Brien, is poorer for your having moved chambers.

Mr D. O'BRIEN — Thank you.

Ms WARD — You can have him back.

Mr D. O'BRIEN — Damned by faint praise, I am sure.

The CHAIR — Order!

Mr DALIDAKIS — Well, we may get him back, if Mr Drum gets his way successfully at the federal election.

The scheme itself is run through and, as the secretary said, administered by the State Revenue Office and it reports back to the Treasurer. I have been very clear in question time in the Legislative Council that as a result of my having no direct oversight over the program that program is the domain and the responsibility of the Treasurer and questions about that program are best directed to him.

Mr D. O'BRIEN — Can I ask, though, with your hat as small business minister on, how much of the funding directed in this budget is to go directly towards assisting employees of small business?

Mr DALIDAKIS — Again, it is a very specific question about the application of the program funding. That question is best directed towards the Treasurer.

Mr D. O'BRIEN — Okay. Well, can I put it another way, then. What action have you taken to go in to bat for small business, when discussing these matters with the rest of the government?

Mr DALIDAKIS — Well, I think the fact that there has been payroll tax relief provided by the government — —

Mr D. O'BRIEN — I am speaking about Back to Work specifically.

Mr DALIDAKIS — I understand that, but you also asked in your question about the support that I have provided in relation to small businesses, within government.

Mr D. O'BRIEN — Are you in charge of payroll tax relief, Minister?

Mr DALIDAKIS — No, I am not, but as I have indicated to you from the outset — —

Mr D. O'BRIEN — So you can answer on that one, but you cannot answer about the Back to Work scheme?

Mr DALIDAKIS — No, hang on. I am happy for Hansard to read back to you my very specific answer. At each and every time that I spoke about payroll tax I have acknowledged that it is the domain of the Treasurer and obviously small businesses have benefited.

Mr D. O'BRIEN — Okay. Well, as far as the Back to Work scheme, I am now asking you what you have done for small business on the Back to Work scheme.

Mr DALIDAKIS — By no means have I ascribed a value to the number of small businesses that have benefited from payroll tax, nor would I choose to do so under the Back to Work scheme because it is the domain of those individual businesses that choose to take up that offer.

Mr D. O'BRIEN — What would you expect the return on investment from the Back to Work scheme to be for the small business sector, in terms of jobs or in terms of the actual money?

Mr DALIDAKIS — Again, Mr O'Brien, you are inviting me to undertake a hypothetical.

Mr D. O'BRIEN — Minister, you have just said how you have promoted your role in the payroll tax relief. I am asking you what your role is in Back to Work. You cannot have it your way for one issue and not for the other.

Mr DALIDAKIS — No. I think you are attempting to verbal me, Mr O'Brien.

Mr DIMOPOULOS — Point of order. One is completely relevant to small business because of the threshold limit and the other is relevant to the entire economy. It is completely different.

Ms WARD — Including the employment minister.

The CHAIR — Order!

Mr D. O'BRIEN — It is exactly the same issue.

Ms WARD — No, it is not the same issue.

The CHAIR — Order! It is opposition time. The minister is answering the question. The minister, to continue.

Mr DALIDAKIS — Again, Mr O'Brien, despite your best intentions to verbal me, the uptake of the Back to Work scheme will depend upon the individual businesses choosing to undertake that program. That is very different from payroll tax relief that ascribes relief to those businesses that obviously meet that threshold. One happens in the ordinary course of business and one happens at the discretion of the individual business owner. So am I able to ascribe a value as to who may or may not take up that program? I cannot.

What I can do is continue to have discussions with my ministerial colleagues about a whole raft and range of policies that may support the small business community and the sector going from strength to strength.

Mr D. O'BRIEN — Minister, one aspect of the title of the department you are a minister of — Economic Development, Jobs, Transport and Resources — is jobs, and yet you are saying that the Back To Work scheme, which is the centrepiece of the government's jobs agenda, you had nothing to do with.

Ms WARD — That is not what he said.

The CHAIR — Order, Ms Ward!

Mr DALIDAKIS — Again, with great respect, I no further agree to your characterisation or your reference to the roles and responsibilities and the ministerial duties that I undertake. The fact remains that we have a Minister for Employment, the Honourable Jacinta Allan, and I understand that the minister has been before you. The minister very specifically has policy responsibility and purview over her ministerial portfolios, and so when you refer to the departmental title, there are a whole range of areas from policy perspectives that I do not necessarily have responsibility for.

Again, as I have indicated to you, the issue of the Back to Work scheme is an issue that absolutely lies within the heart of the Treasurer and is administered by the State Revenue Office. Neither the Treasurer nor the SRO are areas that I have either oversight or direct influence over. As much as I would like to have direct influence over the Treasurer, especially at budget time, to increase the allocation of funds to my portfolio areas, the Treasurer in my experience is a very firm but fair adjudicator of programs that he should be funding, and the Back to Work scheme is one such program. In fact, as you have seen yourself, Mr O'Brien, changes to that scheme have been administered by in fact the Treasurer, and the Treasurer — —

The CHAIR — Order! Minister, I am conscious of time.

Mr DALIDAKIS — I am answering the question, Chair. The Treasurer has policy oversight for that area.

Mr D. O'BRIEN — No, we are finished. Can we move on. I will try with the secretary. Secretary, can you advise how many briefs the minister has requested on the Back to Work scheme? I am happy if you take that on notice.

The CHAIR — Order! Dr Carling-Jenkins until 12.40 p.m.

Mr D. O'BRIEN — Can you just say yes for the record?

Dr CARLING-JENKINS — That is fine, Minister, if you want to answer that quickly.

Mr DALIDAKIS — I am not sure — —

Mr D. O'BRIEN — It was to the secretary.

Mr DALIDAKIS — I am not sure how that relates to the budget estimates program before us.

Mr D. O'BRIEN — I am not actually asking you, Minister.

Mr DALIDAKIS — You are asking about briefs that concern me, Mr O'Brien.

The CHAIR — Order! I am conscious of time. There is still time for more opposition questions shortly.

Dr CARLING-JENKINS — Welcome, Minister, to your first PAEC.

Mr DALIDAKIS — Thank you.

Dr CARLING-JENKINS — The Attorney-General this morning was saying it was his 10th PAEC, so we look forward to many more to come for you.

Mr DALIDAKIS — From your lips, Dr Carling-Jenkins, to the political gods' ears within the labour movement.

Dr CARLING-JENKINS — I am not going to make any comment on that one.

I would like to follow up on a couple of comments that have already been made, and this is in regard to budget paper 2, page 5. I also had questions around the payroll tax relief. Mr Dimopoulos has already covered most of what I wanted to ask, but I just wanted to clarify something. I note that in my understanding this payroll tax relief is still 100 000 lower than the New South Wales businesses. Many of our small businesses are obviously competing with them, but I thought that you mentioned in your answer earlier that this will help businesses become more competitive, and you mentioned New South Wales. I am just wondering if I could get some clarity around that point.

Mr DALIDAKIS — Thank you, Dr Carling-Jenkins. What I can tell you is that depending on the jurisdiction you are in across the country, you have different payroll tax conditions. For example, if I may, the current payroll tax rate in Victoria is 4.85 per cent. The threshold, as you have correctly identified, is 550 000, and, as I have referenced, the Treasurer is increasing that threshold over the forward estimates to 650 000, but in New South Wales, whilst the threshold only kicks in at \$750 000, the percentage rate for their payroll tax is indeed 5.45 per cent.

So if we have a look at the existing figures, for example, the \$750 000 threshold, at the moment you have it kicking in at New South Wales at that point. Victorian businesses will obviously benefit from the push-out of that threshold to 650 000 as we close that margin. But, for example, for a business, and I use the figure of \$2.5 million from Mr Dimopoulos's earlier question, right now, because of that payroll tax differential with New South Wales, Victorian businesses are actually already better off to the tune of \$2000. That benefit will only grow as our threshold increases over those forward estimates.

Again, if I compare Victoria to other jurisdictions: in Queensland the rate is similar to ours at 4.75 per cent; WA at 5.5 per cent; South Australia, 4.95 per cent; Tasmania at 6.1 per cent; the Northern Territory at 5.5 per cent; and the ACT at 6.85 per cent. So you can see that our rate percentage is actually the lowest margin within the country. I think, again, on all political sides we can ascribe that as being a positive outcome for Victorian businesses and Victorian businesses that actually pay payroll tax.

At the same time the Treasurer, in the announcement or the delivery of his budget, Dr Carling-Jenkins, made the point that this is the first type of payroll tax relief in Victoria since 2002. So we can ascribe certainly the current Andrews Labor government's desire to assist small businesses. For example, we can contrast that with the most recent government Victorian history, which was the previous Naphine-Baillieu-Shaw government, and you can see that the Andrews government is attempting to assist our small business community as best we can, and by doing that we are increasing that threshold accordingly.

Dr CARLING-JENKINS — Thank you, Minister. Thank you for clarifying and supplying those figures. That certainly helps, because a lot of businesses talk about their ability to compete interstate. I appreciate that, and I certainly did ask questions of the Treasurer on this as well.

Could I now move to the same page in the budget paper around supporting small business, and the point around the red tape commissioner. I understand that you briefly spoke to the intent of this program earlier today in the session, but I just wonder if I could get some more detail around the red tape commissioner, the terms of reference, the time frame, and, I guess, an idea around some of these unnecessary regulations that small businesses might have, over the past few months that you have been minister, been raising with you.

Mr DALIDAKIS — As I indicated earlier, Dr Carling-Jenkins, our regulatory review into small business has begun with preliminary work and will grow at pace going forward. Now that review will look to work with the red tape regulatory reductions that we have talked about and you have referenced in your question. However, the very specifics of Victorian government's small business regulation review is different in essence to that red tape. If I may clarify with you, would you like me to focus on the small business regulatory review that we are undertaking and the work that they will do to assist the red tape reduction, because the red tape is not a policy area that I have responsibility or oversight for?

Dr CARLING-JENKINS — Sure. Thank you for clarifying that. So I would prefer for you to obviously focus on what is in your portfolio. We do not have a lot of time left, but let us see how you go in a minute and 10 seconds.

Mr DALIDAKIS — I will do my best.

Dr CARLING-JENKINS — But I am happy for you to take the rest on notice.

Mr DALIDAKIS — Thank you, Dr Carling-Jenkins. I will do my best to satisfy you in that remaining minute. The review will look at the regulation that impacts upon small businesses in three or four sectors of the economy over a period of two years. So this is not a period or a body of work that we will have an ability to report back to this committee or indeed the Parliament or the public in a short period of time. I will endeavour to acquit my ministerial responsibilities and provide updates over the course of that two-year period to all three bodies, but we will continue to work with all sectors of Parliament and the community as well.

Sectors will be selected based on a number of criteria. That includes a significant number and proportion of small businesses that operate within it. The Victorian government would have a reasonable degree of control over regulation in that sector, and there is significant potential for achieving impactful regulation in terms of unlocking those economic activities being restricted by regulation and also then the creation of new jobs. So given that I am conscious that we are about to run out of time, I will endeavour to take the rest of that question on notice and provide you a fulsome response about the regulatory review's responsibilities over that two-year period.

Dr CARLING-JENKINS — Thank you, Minister.

The CHAIR — Ms Shing, until 12.50 p.m.

Ms SHING — Minister, I would like to continue with a discussion in relation to mobile blackspots — this time, on regional train lines. It is an area which is again a significant concern for those of us who live in regional Victoria. I note that on budget paper 3, page 123, at table 2.2, there is an output summary in relation to an \$18 million investment to eliminate mobile blackspots on the five busiest regional rail corridors. Can you please provide information and further detail on why it was necessary to upgrade and improve that mobile blackspots issue along those corridors, what the projected economic productivity advantage will be as part of rolling out this investment, and how many regional commuters will benefit from that particular upgrade to coverage, disaggregated by those lines; if you could possibly provide that now or on notice?

Mr DALIDAKIS — Ms Shing, thank you very much for that question. Again, I think that in essence providing support for our rural and regional communities is something that I obviously feel quite passionate about, as I know you do. In my previous life I had a role where obviously I was chief executive of the timber industry across Victoria, and we had communities that were in some of the most remote locations in Victoria. Mr O'Brien would have probably visited Bendoc, which would have to be one of the most remote locations —

Mr D. O'BRIEN — I have, several times.

Ms SHING — Yes.

Mr DALIDAKIS — and to which one of my previous members was located. So the ability to provide access through blackspots is an important one, but also the ability to talk about what we are doing in relation to our commuter area is equally important. Now, there was a policy put forward by the previous government that, whilst it may have had positive intentions, unfortunately lacked the policy substance or the rigour to provide the outcomes that were intended.

Ms SHING — What do you mean by that, Minister?

Mr DALIDAKIS — So one of the things that they ascribed to that policy was an attempt to provide free wi-fi on the trains.

Ms SHING — On V/Line?

Mr DALIDAKIS — Yes, correct. And to provide wi-fi on the actual train itself, whilst technically can be done, is a tremendously difficult and very complex outcome to achieve. You need to have a range of different, I guess, technical solutions that can be met by it. One could be provided by satellite, but it would have to be in a very advanced capability, because obviously the train is moving at a relatively quick pace and the way that most satellites operate is, for example, point to point. So you would need to have a very advanced satellite system that can deal with that technical change.

So one of the things that I undertook as minister in consultation and advice from my department was see how we can best ensure that people have access to both their telephony and also data through their handsets and devices. The devices, of course, I refer to are not just iPads or Android or Samsung tablets, but, for example, USB wi-fi devices that are connected to laptops. And so one of the things that we have looked to do to maximise the output is ensure that through our program we want to work with our telephony carriers. The reason I reference them as telephony carriers is that everyone knows that when they purchase a handset these days — whether it be, again, an Android or an iPhone handset — that handset and that telephony plan often come with their own data allowance. I know for members of Parliament, of course, that if we take phones up through the parliamentary office that that comes with data allowance — —

Ms SHING — Minister, just to bring you back with the time that we have available, wi-fi is actually already widely deployed, as I understand it, on networks in other jurisdictions, so in other states and also internationally. To take you back to your earlier answer, why are we not doing the same thing in relation to this particular announcement?

Mr DALIDAKIS — Yes, absolutely. One of the problems that we have got though — and I was sort of just about to touch upon that, Ms Shing — is that in those areas there is no telephony access. Whether it be Telstra or Vodafone or Optus, as our three major carriers, there are significant stretches along our regional train lines where phones will drop out because there is no coverage.

Ms SHING — As distinct from other jurisdictions.

Mr DALIDAKIS — As distinct from other jurisdictions; correct. So one of the things we wanted to do was leverage off two things: one, the ability for people like yourself, when you catch your train into Melbourne — and I know that you do that often — you are able to take phone calls from both your friends and your loved ones, rather than wondering what they were thinking almost by osmosis because you are not able to connect to them over your phone. Of course as I was implying, most phones, computers and/or tablets have data plans available to them. So if you already have devices, to provide a wi-fi program when you already have access to significant data packs would seem to me to be the antithesis of good public policy and also a good public policy outcome which, as I said, allows you to use multi device handsets.

Ms SHING — So in relation to the number of commuters that will benefit from this initiative, how many have we got across the rail corridors that are intended to be upgraded, and to what extent has consultation occurred with user groups such as the Gippsland V/Line Users Group and others?

Mr DALIDAKIS — I want to be a little bit careful about my response to you, Ms Shing, because the RFPs are still underway with our telephony carriers for this project, so I just want to note that what we are doing is to try and assist, very much so, those user groups in the experience that they will benefit from. The point, of course, is that we expect that across those five rail corridors — again: Geelong, Ballarat, Bendigo, Seymour and Traralgon — we expect it to benefit approximately 14 million passenger trips per annum once that program is at its completion. Again, I spoke earlier about the economic benefits that we ascribe to that program as well, but in terms of the user groups that the department has very specifically contacted or met with, I will take that question on notice; but in terms of the overall benefit, I think a person being able to have their phone handset or their device, and being able to access their existing bundled data is by far and away a preferable outcome when it allows telephony and data to be used, not just one or the other.

Ms SHING — Thank you, minister, I think that is probably all we have got time for in relation to regional rail connectivity and the way in which mobile black spots are desired to be improved. I would like to pick up on some of the comments you made earlier in relation to small business, export opportunities and assistance, particularly by reference to Murray Goulburn and the changes to milk and milk solids pricing which is having a very significant and deleterious effect on people in regional Victoria. Can you talk us through the further conversations that are happening in relation to those issues and what is proposed to be done across a number of portfolios that will form part of those discussions you are having?

Mr Morris interjected.

Ms SHING — It was referred to in the presentation and in opening comments. It has also been something, Mr Morris, which has been referred to by other ministers. Given the close proximity of the timing to the hearings, I would hope that we could actually get that further information to allay concerns, and serious

concerns at that, that have been raised by the community and also ventilated in conversations that other members of the opposition have had with ministerial witnesses.

Mr Morris interjected.

Ms SHING — It is already a precedent that you have set, Mr Morris, in relation to a very significant emergency funding issue for farmers all the way around regional Victoria.

The CHAIR — I think the specific circumstances of the dairy industry at the moment would warrant — —

Mr Morris interjected.

Ms SHING — Do you want to talk about farmers pouring their milk away because it is cheaper than to actually sell, and to use that for cheap political point-scoring exercises on setting precedent? Minister, I would actually just welcome an opportunity for you to talk further to this issue which is causing enormous damage around regional Victoria, despite the fact that it is being used as a point-scoring exercise by those opposite.

Mr DALIDAKIS — Thank you, Ms Shing. There is no doubt that the dairy farming industry is the heart and soul of Victorian agriculture, but it is also hugely important to our export program. Eighty per cent of all dairy exports across the country come from Victoria. I referenced it in my earlier remarks, or in fact my opening remarks, Chair, because I very specifically had discussions with my ministerial counterpart, Mr Ciobo. When the most recent issue came to light about the changes, for example in relation to Chinese tariffs across e-commerce sites, Minister Ciobo was in China at that very point in time. My office endeavoured to contact his office in Canberra, noting that he was travelling. We were not able to have dialogue at that point in time — —

Ms SHING — But the work is continuing in earnest, minister?

Mr DALIDAKIS — Absolutely. We, across the portfolio — —

The CHAIR — Order! Mr O'Brien, for 10 minutes. Mr Smith?

Mr T. SMITH — Thank you, Chair. If I could just return to the last question that Mr O'Brien was asking the secretary, how many briefs has the minister requested or sought on the Back to Work system? And I am happy for you to take this on notice.

The CHAIR — Order! Mr Smith, this is an estimates hearing. This is about prospective expenditure across the forward estimates. That question probably would have been more appropriate to have been asked in the accounts hearing earlier this year. I am happy, though, if you wish to ask a question in relation to what support the department will provide the minister in relation to the Back to Work system across the forward estimates.

Mr T. SMITH — I have put my question, Chair.

Mr D. O'BRIEN — Chair, we have had numerous — every minister just about has talked about the past in one way, shape or form. I do not know why, including the previous government — —

Ms WARD — You are enjoying picking and choosing when the past comes up, aren't you, Mr O'Brien?

The CHAIR — I think when you ask a specific question in relation to what actions occurred in the past, that is more for the accounts aspect of the work that this committee performs, not in relation to prospective expenditure under the estimates component.

Mr T. SMITH — Chair, it is, self-evidently for your government, an important program. We want to know how interested this minister is in it — —

The CHAIR — And, Mr Smith, that would have been an appropriate question to have asked the secretary in the accounts hearing in February of this year. In relation to prospective support the department might provide the minister across the forward estimates, I am very happy for the question to stand.

Mr MORRIS — Chair, Every output in budget paper number 3 includes reference to 2014–15 actual.

The CHAIR — Yes.

Mr MORRIS — 2015–16 target.

The CHAIR — Yes.

Mr MORRIS — 2015–16 expected outcome. It is all there, it is all relevant.

The CHAIR — We are here for estimates, we are not here for — —

Mr MORRIS — No, no. We are here to discuss the budget, and matters that relate to things that are already in the budget papers have always been considered fair game. Is your ruling that we can only refer to some selected elements of the budget papers?

The CHAIR — No. I am suggesting to you, Deputy Chair, that this is estimates. This is about looking at and scrutinising what the government is proposing to do in terms of its expenditure across the forward estimates commencing on the first of July next year. I am very happy for a question to be asked in relation to what support the — —

Mr MORRIS — Chair, the opportunity has always existed for members to provide a budget paper reference and ask a question on that basis. A budget paper reference has been provided. It is not open to you, I would suggest, to determine which parts of the budget paper we can ask questions on.

The CHAIR — I do not think, Mr Morris, that in terms of how many briefs the department have provided the minister in terms of the 15–16 year is relevant to the estimates process.

Mr MORRIS — Without prolonging the agony now, because obviously we are eating away at time, I think this is a matter the committee needs to address, and it needs to address it urgently.

The CHAIR — Sure.

Mr T. SMITH — Thanks, Chair. Moving on, BP3, page 118: Minister I note with great interest the statement within the ‘Savings and efficiencies’ section of budget paper 3 that states, and I quote:

The Department of Economic Development, Jobs, Transport and Resources will reduce its operating expenditure, including through tighter control of grants expenditure.

Could the minister advise the committee why tighter control of grants expenditure is needed?

Mr DALIDAKIS — Thank you, Mr Smith, for your question. Of course, we live in a world where the budgets are constrained. We have a finite amount of money in the Victorian government with which we can run programs and run services across government. The areas of ministerial portfolio responsibilities that I oversee are no different, and so wherever we can gain efficiencies through the public administration of those portfolio responsibilities means that there is the potential to redirect saved funds to other areas of those portfolios — for example, potentially down the track the purchase of a third small business bus if we can do so.

What it actually indicates is not necessarily a reduction in services to a range of, I guess, recipients, whether they be individuals or small businesses across my portfolio, but certainly a desire to do things as efficiently as we can.

Mr T. SMITH — Okay, so if I could ask the secretary: has this phrase in the budget been inserted because there was a misappropriation of funds, or have the grant recipients been misusing the money, or are there fraudulent claims on the grant funding? Why is that there, and is there any need for tighter control?

Mr BOLT — Mr Smith, I think it is more in the nature of ensuring that we extract maximum value from a number of grant programs and that we take an integrated approach across various programs to how they are administered and to which particular initiative they are applied rather than being a response to misappropriation or any question of fraud. I would never suggest that we are 100 per cent immune at all times from such problems, because life is not that kind, but that is not the motivation. It is simply to get maximum value and stay within our budget limits.

Mr T. SMITH — Thanks very much, Secretary. If I could return to the minister, if you are serious about supporting business growth in Victoria, why then are you reducing the total investment in trade compared to when you came to office — that is, 21.8 million in 16–17 versus 38.5 million in 2014–15?

Ms WARD — Is there a budget paper reference for that, Mr Smith?

Mr T. SMITH — BP3, 139.

Mr DALIDAKIS — Mr Smith, I thank you for your question. May I also just indulge, just to end the secretary's answer to you, Mr Smith, very quickly — —

Mr T. SMITH — Mr Dalidakis, we are very tight on time, if you do not mind.

Mr DALIDAKIS — I understand. I will be very quick, I promise you. The issue of fraudulent activity of course is one that we can never, ever stamp out, as the Liberal Party of Victoria has experienced, but — —

Mr T. SMITH — Mr Dalidakis!

The CHAIR — Order! Minister — —

Mr T. SMITH — Chair, please. I have asked the question.

The CHAIR — Minister, if you are going to augment the secretary's answer, I would encourage you to do so briefly.

Mr DALIDAKIS — Thank you, Chair. I was just simply saying that as an organisation what we need to do is minimise the ability of fraud to be undertaken. As I was suggesting, the state branch of the Liberal Party experienced — —

Mr T. SMITH — Mr Dalidakis!

The CHAIR — Order! Minister — —

Mr T. SMITH — Chair, get him to answer the question.

The CHAIR — Mr Smith, I am growing tired of your yelling and screaming.

Mr T. SMITH — I am getting tired — —

Members interjecting.

Mr MORRIS — I am getting very tired of the attitude of this — —

The CHAIR — I am bringing the minister back to answering the question.

Members interjecting.

The CHAIR — Yes, agreed, but I would encourage the minister now to answer Mr Smith's question.

Mr DALIDAKIS — Thank you. So all controls are important in the expenditure of public funds. Very deliberately in relation to Mr Smith's question may I say that the money that we have delivered across the trade and investment network, including our trade investment offices, is an extensive amount of money. What we are seeing is an expansion of our trade and investment offices from 18 offices eventually to 21. I wish to point out to the members of the committee before me that our election commitment was — —

Mr T. SMITH — No, Mr Dalidakis, my question is about why you have reduced the amount we are spending on trade.

Ms WARD — It might have been hard to hear the question Mr Smith because of all of your yelling.

The CHAIR — Order! Ms Ward. The minister, to answer Mr Smith's question.

Mr DALIDAKIS — As I was saying, the trade portfolio has a number of components to it, Mr Smith, and the international office component provides a very important ability for companies to be able to access trade opportunities, including our outward bound missions and our inward bound missions, and our commitment was to expand them from 18 to 21 — —

Mr T. SMITH — Minister, with respect, can you please answer my question — —

Members interjecting.

Mr DALIDAKIS — I always love it when people use ‘with respect’, because it means they are doing everything other. I am attempting to answer your question, Mr Smith, but you keep interrupting me.

Mr T. SMITH — For which you are a past master, Minister, so how about you answer my question?

The CHAIR — Order!

Mr DALIDAKIS — Well, it is now my turn because, with great respect, I think I would have finished my answer already if you had not interrupted me. So if you do not interrupt me, I will endeavour to answer it as quickly as I can. In relation to the expansion from 18 to 21 offices, the Singapore office will be opened within the next number of months — —

Mr T. SMITH — No, no, I am not asking about offices, Minister. Thirty eight million to 21 million; why? What is the cut? Why?

Mr DALIDAKIS — I think you are extrapolating a very specific figure, and the fact of the matter remains that we have not had a budget where we have spent more money in trade and investment. So the trade and investment budget has actually expanded not decreased.

Mr T. SMITH — Okay. I am not getting an answer, Minister. I will move on to another question. Next question. The performance measure for this output talks about ‘significant interactions’. Minister, could you advise the committee how you measure ‘significant’? For example, does a 20-minute meeting constitute a significant interaction?

Mr DALIDAKIS — Thank you for your question in relation to my definitional, I guess, view of the word. I am not sure that, just like the federal government choosing to use a variety of definitions of ‘small business’, assists us here at this table. The definition of ‘significant’ is one that remains very important, and from my perspective as minister with portfolio oversight of the trade program — —

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Small Business, Innovation and Trade, the Honourable Philip Dalidakis, MLC; Mr Bolt; Ms Eddy; Mr Meek; and Dr Caples. The secretariat 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.