

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2013–14

Melbourne — 15 May 2013

#### Members

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

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

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

#### Staff

Executive Officer: Ms V. Cheong

#### Witnesses

Ms L. Asher, Minister for Innovation, Services and Small Business,  
Mr H. Ronaldson, Secretary,  
Mr Justin Hanney, Deputy Secretary, Trade and Industry Development,  
Mr G. Mailes, Deputy Secretary, Innovation and Trade, and  
Mr J. Strilakos, Director of Finance, Department of State Development, Business and Innovation.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearing on the 2013–14 budget estimates for the portfolios of innovation, services and small business; employment and trade; and tourism and major events.

Just before I go on, I received this morning some correspondence from Minister Hodgett as a result of yesterday's hearing providing some further information. I will table that item of correspondence and make it available to committee staff to have copied for members at a later time. There is nothing urgent about it.

On behalf of the committee I welcome the Honourable Louise Asher, MP, Minister for Innovation, Services and Small Business; Minister for Employment and Trade; and Minister for Tourism and Major Events, and from the Department of State Development, Business and Innovation, Mr Howard Ronaldson, Secretary; Mr Jim Strilakos, Director of Finance; Mr Justin Hanney, Deputy Secretary, Trade and Industry Development; and Mr Grantly Mailes, Deputy Secretary, Innovation and Trade. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach committee members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as Chair. Written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the media are also requested to observe the guidelines for filming and recording proceedings in the Legislative Council committee room. Any filming or recording must cease at the completion of this hearing.

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 precincts of the hearing are not protected by parliamentary privilege, including any comments made on social media from the hearing itself. This committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons 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. Witnesses will be provided with proof versions of the transcript for fact verification within two working days of this hearing. Unverified transcripts will be placed on the committee's website immediately following receipt to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally, the procedure to be followed will be that relating to questions in the Legislative Assembly. Sessional orders provide a time limit of 4 minutes for answers to questions without notice, and standing orders do not permit supplementary questions. It is my intention to exercise discretion in both matters. However, I request the minister to answer each question as succinctly as is reasonable recognising that many responses may include a degree of complexity.

I ask that all mobile telephones be turned off or turned to silent. I now ask the minister to give a brief presentation of no more than 10 minutes on the more complex matters relating to this portfolio. Welcome, Minister.

**Ms ASHER** — Thank you, Chair and members — and the gallery to which we are not meant to refer. It is absolutely packed: I assume most of them work for me.

**Mr PAKULA** — We assumed that, too.

**Ms ASHER** — I hate PowerPoints; you all know that. I do not think people need 1000 graphs and whatever, so with all due apologies to the people who prepared these for me, I will make a couple of brief preliminary comments in relation to the portfolio.

I will start with innovation. It was the Labor Party that started the concept of an innovation minister and had a range of activities in that portfolio. The coalition government has continued this. I just want to make the general

point that it is absolutely important that businesses innovate. If I could take a second to refer to the *Australian Innovation System Report 2012*, which shows that businesses that innovate are twice as likely to report increased productivity; more than twice as likely to increase employment; 42 per cent more likely to report increased profitability; three times more likely to export; and four times more likely to increase the range of goods and services offered. There is a lot of evidence, not just in this study, that indicates that. Hence, this portfolio with the rather odd name. We have done some things in the budget about which, presumably, I will receive questions.

In terms of services, again members of the committee would be aware that the service sectors are a key driver of our competitiveness, employment and economic growth. Services now account for 71 per cent of Victorian gross state product and around 86 per cent of total employment in the state, and obviously we are expecting to see that growth continue. In terms of financial services, the government has had some investment successes in terms of Chinese banks, the Bank of Melbourne, Marsh and McLennan — which I am sure you have all read about in the news. We are supporting retail services through our retail strategy and the L’Oreal fashion festival. We also have international education, which I am sure will be touched on in the segment on exports. That is our no. 1 export, but a very important service where responsibility for, if you like, a policy for international education resides in this department.

The department has a business engagement model, and I am sure people would be wanting to have a further explanation of that, but what the department does as part of its core business is engage with business. And again, there are KPIs in the budget papers associated with that and we have been ramping up our capacity to engage with businesses, not only to reduce red tape but to actually make sure that this department is in touch with what business wants.

In terms of small business, every minister for small business knows that small business is the engine room of the economy — and it is. They represent 96 per cent of all businesses and supply 47 per cent of private sector jobs. And again, according to the ABS, in June 2011 we had more than half a million actively trading small businesses in the state of Victoria — 522 000-plus. The ABS definition is 20; I know the AIG have a different definition and we are very flexible with how we define things.

The government has reintroduced the Street Life program, which I think has been received favourably. We have continued on with the program of mobile business centre visits which started under the previous government, and we now have them servicing the city as well as the country. We have provided greater funding for the Small Business Mentoring Service — again, the idea behind that is that you have experienced private sector people assisting people in the private sector — and of course we hold our Small Business Festival, as indeed has been held over many, many years with people from both political persuasions.

That is a bit of an overview, and indeed the line items of the budget are there for all to see. Given that I would be anticipating some questions that may flesh that out I am more than happy to cooperate with the committee by being incredibly brief, and I am more than happy to take questions.

**The CHAIR** — Thank you, Minister. We now have until 3.30. I will ask the first question. In the context of the 2013–14 budget, can you outline to the committee examples of capital infrastructure projects in the portfolio of innovation, services and small business which will be either commenced or completed within the next financial year?

**Ms ASHER** — Certainly. The first one I would like to mention is in budget paper 4, which is an existing project but will be concluded in 2013–14 — I am referring to page 39 — and that is the Docklands studios. Again, I am sure members of this committee would be aware of the fact that \$10 million was allocated in the 2011–12 state budget for modifications to sound stage 5, an upgrade of the warehouse and associated works, the idea being to make the studios very, very attractive for TV production. Victoria is the centre of TV production, and this is about constantly keeping the studios relevant and providing the entertainment industry with what it needs.

The modifications were completed in December 2012, and I reopened the refurbished sound stage 5 on 12 February 2013. Members of the committee would see that there is still some expenditure remaining for 2013–14, and that relates to a horizon tank. Indeed the previous Labor minister had asked Docklands studios to look at a horizon tank, believed to provide additional capacity for filming, making Victoria an attractive place to

film in. I have again reiterated to the board, and indeed to the CEO, that I would like them to investigate the possibility of looking at a horizon tank for the future. That is one particular capital project. You would realise that my portfolio, Chair, is not the most capital intensive portfolio.

The second relates to an announcement in this budget, and that was the funding for Federation Square. Funding of \$11.7 million was allocated to, if you like, keep Federation Square up to the standard that we all expect it should be. The square is 10 years old, with 10 million visitors; the initial estimates were 4 million visitors. It has been an enormously successful piece of infrastructure for locals and for visitors alike, and that money is going to be used for a whole lot of things that people will not see, such as upgrades of CCTV cameras. With all the train stations underneath there are vibration controls that get a lot of vibration, and all of that needs to be done. There is an upgrade of building systems, management and so on and so forth. As I said, that facility has been enormously successful over the years, and that capital allocation is to ensure that maintenance is done. A facility like that can become shoddy if maintenance is not applied to it, and it would be dreadful to have something like that not being maintained superbly. Obviously there are art galleries, there are collections, and they need to have their proper level of humidification and so on and so forth. That is what that funding allocation was for, which is directly attributable to this year's budget.

**Mr PAKULA** — Minister, I just want to ask you about education services. You might remember we talked about it last year.

**Ms ASHER** — I do remember you asking me about education services last year.

**Mr PAKULA** — In the performance measures of BP3, page 228, there is the performance measure which is the proportion of all international students studying in Victoria.

**Ms ASHER** — Yes.

**Mr PAKULA** — Stop me if I am wrong; I understand that to mean our proportion of all international students nationwide — what our percentage is.

**Ms ASHER** — Yes.

**Mr PAKULA** — We had a conversation about it last year, and you talked about it being our no. 1 export and said we need to make sure that a lot of work is expended on trying to preserve it as no. 1 and to do whatever we can to ensure that the industry grows. Further on in that conversation where we talked about the 11–12 figure you said, 'my expert people have done the percentage calculation off the raw figures for you; always responsive here — 29.6', and we had a conversation about why the target was 28. This year the expected outcome is 28.8; the target remains at 28. I suppose this is a two-pronged question: can you just take us through what might be behind the fall, but also why, if it is our no. 1 export, we are not more ambitious in terms of the target, at least to get it back to where it was?

**Ms ASHER** — That is a fair question. I do recall our discussion last year on this. I suppose KPIs are meant to be realistic, and like it or not, the no. 1 export has fallen for a range of reasons. We are now down to about, I think, about \$4.3 billion worth for international education, and that is down overall. The dollar is part of the explanation about why that is down. And you, Mr Pakula, would be aware of a series of difficulties, particularly with the Indian market that occurred on your watch, and we are still trying to deal with that. I do not mean that as in it is your fault. There were a number of attacks on Indian students which reverberated in India, and that also had an impact. Again, I am very happy to make the comment that the former minister, Bronwyn Pike, went to India and tried to deal with that at the height of all of that, and I commend her for it, because it has been a very difficult issue to deal with, and I am still trying to deal with it now. We have a disproportionate amount of Indian students here in Victoria. They are some of the reasons why the overall numbers are down. It is important that the KPI is realistic. You can be ambitious about all of this. I personally am ambitious, but I am obviously going to have a KPI that is realistic. In terms of Indian students, they represent 17 per cent of our student enrolments, but in New South Wales they represent 6 per cent, so that explains some of it.

If I could take up where we left off last year in our conversation where you, I think, queried why the figure was not 28.9, and it was 28, or whatever, I have further information for you on this. I have been advised that there has been significant fluctuation in terms of Victoria's percentage share of international students from month to month. I can give you an indication that in 2012, in January, the share was 29.4; in February, the share was

29.5 — I will not read every one; I am conscious of the 4-minute rule — and in December it was 28.9. So there is month-to-month fluctuation. It is very difficult to pick even, if you like, an average for the year that has gone by, let alone trying to pick a realistic KPI for the year that is ahead. As I said, I am personally ambitious for what we want to see with international students, but it is down overall for Australia, and we need to build that up. I believe the KPI is realistic.

**Mr PAKULA** — I have just a brief follow-up, Minister. You talked about the effects of the dollar, which obviously would affect all states by and large in the same way.

**Ms ASHER** — Yes.

**Mr PAKULA** — If student numbers are down overall across the country, that would have an effect on everyone. Are there any particular factors which are causing other states to pick up our share over the last couple of years? I mean, has someone else done something innovative which is causing them to drag in more students?

**Ms ASHER** — Competition is very tough, and obviously I have my education service managers, and again there might be some announcements and questioning of that by others later on. I think one of the big factors was the Indian factor, as I mentioned earlier — the fact that we had such a large number of students from India and that market has been affected; and I think also the fact that Indian students had a large enrolment in VET courses also has meant that those students have not be able to take advantage of the federal government's Knight reforms. Again, you would be aware, Mr Pakula, given that you have asked me the question, that Victoria — all the states — put it to the Knight review that there should be a range of reforms in relation to visa processing and post-study work rights, and the federal government, to its credit, brought in some changes that impacted on the university sector. We, as a state, have tried to push at COAG that there be further reform to these post-study work rights and the like in sectors other than the university sector.

The short answer to Mr Pakula's question is that because we have so many students in the VET sector, particularly Indian students, anything that the federal can claim that it has done to assist this sector will not assist us because that assistance has been for the university sector. I have held a series of round table meetings with TAFEs and the like, and they are pushing for federal reform in that area. We are supportive of it, obviously, as indeed is the New South Wales government.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 42, where it notes the establishment of a new driving business innovation initiative to:

... develop innovative products and services for the public sector market and create new business and export opportunities for high-growth-potential businesses.

Could you tell the committee more about this initiative?

**Ms ASHER** — Okay. When I made my introductory comments in relation to extra employment from firms that can innovate, this is an idea that the previous government introduced. It was called the market validation program then, so this is just a rebranding of that program, and that in turn was based on the small business innovation research fund in the United States. The idea is to pair a Victorian small business with a government department that might need some research done. In other words, a small business is not going to go off and do a whole lot of work on water treatment, by way of example, unless they know there is a probable market for that particular product.

Last year I spoke to this committee about a product that gave truck drivers, if you like, a radio signal that there was an approaching train at a railway level crossing. I do remember mentioning that at the hearings of this committee last year. So we have established \$16 million to continue this program — we are just going to call it driving business innovation. The idea is that — obviously there is substantial potential in health, water and other government departments as well — government departments would indicate an area where they would like some work done, and small businesses with that capacity would do that work, obviously with the support of the Victorian government. An example I have just given you is a water thing. There is another water example: Hawk Measurement, working with Melbourne Water, on developing an innovative fibre optic network for large diameter water pipelines. In fact, if this all came to fruition, governments may save on maintenance costs in water pipelines.

As I said, it was based on the previous government's market validation program. I thought it was a good program, so that will be continued. We had a pilot program involving 16 Victorian government agencies and 28 SMEs and the first round of the program delivered 44 jobs from nine projects. So we are very keen to continue that and that is what that financial allocation is for.

**Mr SCOTT** — Minister, you would be familiar with the performance of services index. The manufacturing equivalent —

**Ms ASHER** — PMI.

**Mr SCOTT** — is often discussed, but there is a performance of services index as well. As of April 2013, the Victorian PSI was lower than the national. Both were below the 50 mark, which indicates, if you are below 50, there is a contraction. In Victoria it is 35, compared to a national figure of 44.1. Given these disappointing PSI figures, I would be interested to know what the government's targets or goals are for production, employment and exports in the service sector over the estimates period — for Victoria as a whole, not just for government activities.

**Ms ASHER** — I know that you guys like to talk about targets all the time, but in general terms the aim is to increase. Again, as I said in my introductory comments, the service sector of the Victorian economy is growing and again it is our desire to increase that particular area. We have done a range of things in services. As I said, we have a retail strategy that we have put forward with the City of Melbourne, which actually tries to increase retail. Again, I think we have fared fairly well on that front. I believe we are the only capital city that actually has a proper retail strategy.

We have attracted a number of businesses in this area: the Industrial and Commercial Bank of China and the China Construction Bank. Again, the former Premier made announcements that those banks have expressed interest in Melbourne, and that was announced as an announcement during the trade mission to China. They are investing \$30 million and creating up to 80 jobs. What I am drawing on in terms of this answer to you is that the state government has an investment facilitation role — always has, since the 1990s — and we will facilitate investment in the services area, as indeed in the goods area, wherever we can.

In terms of financial services — again, I touched on this in my introduction — the Bank of Melbourne established here 800 new jobs; I referred to Marsh and McLennan's expansion into their new Docklands facility, which is 300 new jobs; and again I have touched on the Chinese banks.

You have asked me do we have a target. I do not have a target. I do not know whether a target is useful — and what if you exceed the target? You always want to go beyond a target. Basically, the answer to your question is that given this is such an important component of the Victorian economy, we are always aiming to secure more.

**Mr SCOTT** — As a supplementary, the actual publication of the PSI also lists as one of the factors which is resulting in the PSI — this is for Australia, though, across the board — as being under 50, state government cuts. Has any work been done on modelling the impact of state government cuts on the service sector?

**Ms ASHER** — Well, that is what you have told me, that there is a reference to state government cuts, and I will go and have a look at that document in due course. State government cuts — sorry, state government savings in my department have not impacted on front-line services. The Victorian government business offices had their staffing retained and I do not think that there would be any impact of any of the savings measures that we introduced in the last couple of years on the services sector. Invest Assist still operates, Investment Facilitation still operates, the trade missions have expanded massively and again we have particular investment segments when we conduct trade missions. I do not know what element of the government that particular document refers to. I am responsible for my own department and I can say with significant certainty that any of the savings that we effected in my department would not directly impact on the capacity of business to generate jobs in the state of Victoria.

**Mr O'BRIEN** — Minister, I would like to ask you about the Melbourne International Film Festival and I refer to budget paper 3, page 43 and the item there on 41 as well, under 'Innovation and Technology'. I note that on page 43 the budget paper notes support given to the Melbourne International Film Festival, and I quote:

... to ensure it can maintain its place as the Southern Hemisphere's largest and most prestigious film festival and the leading film event in Australia and New Zealand.

Minister, could you explain more about this initiative and how it will achieve its aims?

**Ms ASHER** — I am delighted to. The first question most people ask me is why is the international film festival in my portfolio and not in Heidi Victoria's portfolio. The reason is that the Melbourne International Film Festival is about jobs and it is also about economic benefit to the state of Victoria. Indeed, the economic value of the Melbourne International Film Festival is estimated to be \$8 million and of course there are cultural spin-offs for this. I do not want to offend my colleague the Minister for the Arts, but this is all about the business of film. As a consequence, we have allocated \$5.3 million over four years. I would add that this is the only film festival in Australia that has an industry program attached to it. We have something called the MIFF 37 Degrees South Market, on which I have spoken I think on the last two occasions and will speak again. It is a co-financing market as part of the festival. In other words, film financiers come out to talk business with film operators, and all of this is part of the festival. I think I saw in some Treasury document that this was put down as a cultural initiative, and I am sure it is a cultural initiative, but it comes from my department and is a business initiative. I am very pleased to have provided this funding.

Technology is changing. We gave MIFF some additional funding last year to enable them to take advantage of new technologies. This is something that is very important to the positioning of Victoria as a business capital and obviously to make sure that the government is providing adequate support for the film sector.

**Ms HENNESSY** — Minister, I want to ask you about the service sector. Page 5 of the budget overview talks about Victoria's economic projections. In an answer to a previous question you spoke of growth in the service sector. I want to make reference to ABS data that shows that in the service sector jobs such as administrative and support services topped the list for the biggest job losses in the 12 months to November 2012, and there were a range of other service sector jobs that were near the top of the list, like electricity, gas, water, waste services, information media and telecommunications. I was wondering whether you could talk the committee through what initiatives are contained in the budget specifically that might help stem the loss of jobs in the service sector and/or grow Victorian jobs in the service sector.

**Ms ASHER** — I would have thought that this was more my employment portfolio, but I am quite happy to take it. The distinction that needs to be made is the growth of services overall, but you are making the point to me that services are where employment has dropped overall. I have read the Labor Party's paper on services. I have looked at your case studies, and I have looked at what the ALP is putting forward as a solution —

**Ms HENNESSY** — I am talking about the ABS data.

**Ms ASHER** — I know. There is also a difference between growth in a sector and economic value of a sector and the number of people who are employed in a sector. You will take employment in this discussion because the employment numbers will suit your argument. I will take the growth of the sector overall because the overall numbers will suit my argument.

**Ms HENNESSY** — That will suit your argument.

**Ms ASHER** — That is the element of it. There are a range of activities that we are doing in terms of assisting not just the services sector but businesses overall. Indeed, as I said, in terms of international education, which is our no. 1 export, we have added some additional funding for that in the budget. I am more than happy to outline what that funding is for, but there is additional funding in the budget for international education. Mr Pakula makes the very valid point that we need to protect the no. 1 export, and we are doing that by budgetary allocation.

We also have been very aggressive in terms of an international engagement strategy, and you would be aware of that given the number of times this has been debated in the Parliament. The service industries feature very highly on these international trade missions. Again, we have taken people from the international education area, we have taken people from the tourism area, we have taken people from business services — we have taken people from a range of service areas on these international missions. Again, there is a small amount of additional money in this budget which will assist in the services area, but it is not specifically in the services

area at the exclusion of all others. These are broad, if you like, budgetary measures that will improve results in all areas.

We also have embarked on, if you like, a fair degree of additional focus on state development, and I am sure you will be asking the Deputy Premier a range of questions in this area when he appears before this committee. In terms of my involvement in this, obviously the facilitation of investment opportunities in the services sector is seized on. Again, I touched on the Marsh and McLennan example, and the Bank of Melbourne example I have already given to you. These are examples of where there has been an engagement between my departmental officers and those service businesses in an attempt to get more service jobs into the state of Victoria.

The government is always vigilant on this, but if you are looking for a line item under one particular policy to assist services, you will not find that. Services will be assisted as part of the other line items right across this portfolio and of course including tourism.

**Mr ONDARCHIE** — Hello, Minister.

**Ms ASHER** — How are you, Mr Ondarchie?

**Mr ONDARCHIE** — I am very well indeed. It is a pleasure to be here. I refer you to budget paper 3, page 43. I am talking, as you are, about jobs. It says that there is going to be funding to:

... deliver support to Victorian screen practitioners in the areas of television production, animation and games industry to help establish Victoria as the preferred location for Australian television production and provide investment funding in new games and animation projects.

Tell us about that, please.

**Ms ASHER** — I would be delighted to. Again, this is an area of my innovation portfolio, and Film Victoria obviously delivers these outcomes for me. I am really pleased that this funding has been granted — \$8.5 million over four years. What is not known very widely is that in Victoria, whilst we do try to attract film productions — and I am trying to get one large film production per annum, (a), to use the studios but, (b), for the economic value that it brings to the state of Victoria — we are the centre of TV production and games production. We have a whole range of small businesses that are seriously into TV production and games. We have also got businesses that support the film industry, but most of them are small and they do not receive a huge amount of publicity. But Melbourne is the centre, as I said, for TV and for games, and I would like to keep it that way.

This funding basically will go straight to businesses. It does not go to Film Victoria to employ bureaucrats; it will go to businesses to assist them. We have a television production, development and attraction fund and we also have a games industry development fund. Again, I have worked very closely with peak associations here, and the final allocation of this will be discussed with the Film Victoria board, because they are all expert in this area and I want to actually discuss how we can get the best bang for our buck out of this. But the general idea is that the funding will be going to businesses to support those two activities which are so important to the Victorian economy and to jobs in the Victorian economy.

**Mr PAKULA** — Minister, we spent a bit of time with Minister Mulder this morning talking about new media and social media, specifically in regards to the PTV app. I just want to ask you about some new media stuff. On page 229 of BP3, under the innovation and technology performance measure, you have got your predicted hits on the vic.gov website. It seems in all respects new media and the use of technology is growing like Topsy. You have got a situation where the number of hits on the site was 518 000 in 11–12 and 507 000 this year as the expected outcome, which is well in excess of the target of 420 000, and you are now dropping the target to 300 000 per month for the 13–14 year. I understand what your footnote says about redesign, but is it the government's intention to make the site more boring, less attractive, less usable? Why would you have such an enormous drop anticipated?

**Ms ASHER** — I am rather offended that you would raise the issue of becoming more boring with me because this actually is not my KPI. Gordon Rich-Phillips has responsibility for this.

**Members interjecting.**



**Ms ASHER** — I have learnt over the years not to answer other ministers' questions. I have learnt over the years not to do that. So I do not know if you want another one; that is the Chair's discretion.

**Mr PAKULA** — No, Minister, I do not think it gets better than that.

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 41 and page 45, where it notes \$17.5 million to establish an international education strategy, and we touched on this before. It goes on to talk about that strategy:

... to build on Victoria's globally competitive position as a quality provider of international education in the Asia-Pacific region and support the sector to take advantage of expanding opportunities in the global market.

Minister, can you tell us more about the content of this strategy and the importance of this sector?

**Ms ASHER** — Thank you very much, Mr Angus. I think everyone is conscious of the value of this sector. It is said that the sector generates 30 000 jobs for the state of Victoria, so it is important to put a lot of focus on this. There are a lot of challenges in this area, and these have been discussed already throughout these questions today, which is why the government has made this allocation. The rationale behind the allocation of funding for this sector is that we need to protect it and we need to make sure that we can get a maximum percentage of international students coming to the state of Victoria.

The money will be allocated for such things as education service managers. I currently have education service managers in Shanghai, Bangalore, Dubai, Kuala Lumpur and Tokyo, and part of the funding will be for an expansion of those managers. They are particularly crucial to us in actually securing students. We need to make sure that we are spreading our influence in a number of markets, so some of that funding will go to an expansion for education service managers.

We also want to, when students are here, ensure there is adequate support for international students. We have a student welcome desk at the airport, largely manned by volunteers. We also have an international student care service. We have a legal service. The Committee for Melbourne developed a culture card. All of these things are quite disparate and have been developed in a disparate sense — I think that is fair enough — with all the good intentions in the world, so we are going to try and look and see if we can have better coordination so international students can access those sorts of support services for them on the ground.

We also wish to establish an internship program for international students. Obviously that will require the students being given some form of residency. But on the trade missions one of the issues that came up time and time again was that students and people who knew students and parents of students thought some form of internship program would be a good idea, so we will trial that with some of this money. We will be looking at a scholarship program as well. They are the broad areas in the international education strategy where the government wishes to try and get, again, maximum bang for the buck in this particular area.

It is an incredibly competitive field. We have very good credentials. Our universities stack up very well on this and I know have received international recognition in terms of their expertise in this area, and our universities of course provide significant offshore capacity as well. But this market, as I said, is incredibly important to us. We have had a significant number of challenges, as has already been touched on, but the funding will be put into that direction I have just outlined.

**Mr SCOTT** — Minister, the National Institute of Economic and Industry Research recently produced a report which indicated that the rate of offshoring — of jobs being taken offshore — is running at about 20 000 per year. That is obviously a big issue in the service sector particularly. I would just be interested to know what measures have been introduced in this budget to ensure that less Victorian jobs are offshored over the estimates period. I am happy to provide you with the report if the committee so wishes.

**Ms ASHER** — No, I am familiar with the report, mainly because I read it in *Victorian Labor's Plan to Secure Local Jobs for Local Workers*, which was put out in April 2013. I know you are very focused on this particular report. My answer is much the same as those I have previously given. I cannot stop a business from going offshore. I cannot stop that, as minister for the portfolios I have. But what the government can do is ensure that there is an adequate discussion, if businesses wish to go offshore, to try to get them to stay in Victoria.

More importantly, the role of the government is to ensure that we have significant investment facilitation and significant support for future jobs as well as current jobs. I indicated a number of elements of funding that would encourage businesses to stay in Victoria. I just outlined some support for TV production. We do not want TV production or the games sector to go offshore, so we are providing a small level of support for them in this particular budget. I have indicated in the budget documents that Driving Business Innovation — again, an item I have already spoken about — is of assistance to businesses that are locating in Victoria. That would help a smaller business expand. Indeed, I gave a figure of increased employment for that on the previous program, so that is helping to create jobs in new businesses.

One of the fundamental issues is that if you want to stop jobs going offshore, we in Australia and in Victoria must do all we can to create a competitive economic environment. Part of creating that competitive economic environment is making sure that governments do their job, which is to run their budgets at a surplus, not a deficit. Part of that is to make sure that the structures around government would make it appealing for businesses to stay and invest in Melbourne. Indeed, the business engagement model which my department has devised — I will give Howard all the credit for that; this is not an Asher idea, it is a Ronaldson idea — is to ensure day-to-day engagement with businesses — —

**Mr PAKULA** — I think it might be about to go wrong, Howard.

**Mr O'BRIEN** — You would know all about that, Mr Pakula.

**Ms ASHER** — It is to ensure that businesses can engage in early discussion with government. If there is some regulatory issue that is making their investment in Victoria uncertain, it can be raised immediately under this model and dealt with through all of the departmental cooperation that we have. I understand pointing to a line item in the budget and I have pointed to some line items in a budget, but fundamentally the role of a state government — and we do not have our hands on the economic levers to the extent that the federal government does — is to make sure — —

**Mr O'BRIEN** — I do not think they have got their hands on the levers.

**Ms ASHER** — I do not think they have got their hands on the levers, you are absolutely right. If we are holding to the standing orders the Legislative Assembly, I must be direct, factual and succinct: I do not think the federal government has its hands on the economic levers. In theory a federal government has its hands on the economic levers, and a state government needs to put in place a number of mechanisms to make sure that we are a competitive destination. One such thing that we have put in place are is putting our own housekeeping in order and running a budget surplus. Another thing we have put in place in terms of the four pillars that the budget talked about a lot is assisting businesses to find new markets. That is what we are doing with the international engagement strategy — we are helping our businesses find new markets. Our markets in Victoria are too small. We have taken a big picture view, and we are trying to assist our businesses with all the power that a state has, ministerially and departmentally, to find new markets. I am probably going to make a few more comments in this regard a little later. These are the strategies that the government is embarking on.

**Mr SCOTT** — In making determinations about policy relating to the service sector, does the government collect information does the government collect information about how many jobs are being offshored from Victoria?

**Ms ASHER** — I do not believe we do, but there are plenty of external documents that would provide that information. As I said, all I have to do is read this. Why would we go get extra information when your claim, the ALP claim, is that there is a report — although I think the figures you gave are different to the policy document. But anyway, now is not the time to query that. We collect figures on jobs coming into Victoria and what we facilitate. That is what we collect figures on. We collect figures on the number of businesses with which we engage. We collect our figures on facilitation, and indeed I am happy to give you those figures because I think they are quite good. I can advise the committee that in 2012–13, as at 13 May 2013, the government has facilitated 113 investment projects with a total value of over \$1.391 million. These projects are going to generate 3700 FTE new jobs in the state.

So you are looking at what is gone; as a government we are looking at what can we bring in, what we facilitate. I suppose that is just a difference in approach. We are trying to get as many new investments as we can into the state of Victoria, and on the other side, as I said, we are trying to help our businesses, particular smaller sector

businesses, find new markets, hence the significant amount of effort that has been put into the trade mission program. For a limited market in the state of Victoria, if we can have our small business sector buy new markets internationally, that will help in terms of the jobs that those businesses will be able to create.

**Mr O'BRIEN** — Further to the questions earlier about Business Victoria Online, I would like to refer you to budget paper 3 at pages 41 and 44, which notes funding of 12.8 million over two years for Business Victoria Online. In doing so I note the comments before — and I am sure that if it is also covered in the portfolio of the Assistant Treasurer, if there is an Assistant Treasurer or Minister for Technology role, you could indicate that. But I note in passing that I am sure that one of the words Mr Wayne Swan would love to be described as today is 'boring'. If he only had 1 per cent of Minister Rich-Phillips's economic credibility, he might have been able to deliver the surplus he promised — —

**The CHAIR** — Order! Does the member have a question?

**Mr O'BRIEN** — Yes, I did — —

**Mr PAKULA** — He would rather tell you how clever he is, Chair.

**The CHAIR** — Let us get to the question.

**Ms ASHER** — I was enjoying this question, Chair; I am sorry.

**Mr O'BRIEN** — Yes, I was, too.

**Mr PAKULA** — He was demonstrating his erudition.

**Mr O'BRIEN** — I am sure my friends are enjoying Wayne Swan's surplus.

**The CHAIR** — Questions as well as answers need to be relevant.

**Mr O'BRIEN** — Minister, can you tell the committee about this important measure and what the government, in particular your parliamentary secretary for small business along with you as minister, are doing for small business?

**Ms ASHER** — Thank you, Mr O'Brien. Business Victoria Online has been around for ages. It has been around since the 90s. Obviously with technology it is meant to get better and better and better. The idea behind this is that it should make compliance easier for businesses. If you are a small business, there are forms you need to fill out, bills you need to pay, et cetera. If it can be done online, it will be easier. That is the basic thrust or rationale behind Business Victoria Online.

It also provides a comprehensive information service on all aspects of starting and running a business. You mentioned my parliamentary secretary for small business and tourism — —

**Mr O'BRIEN** — Mr Northe.

**Ms ASHER** — Mr Northe. He is working on a group at the moment to see where we can improve in terms of all this information. Business Victoria Online has licence forms and activities on government agencies and so on. That is the idea behind it. It plays a role in our red tape reduction program, as indeed I am sure it played a role in the previous government's red tape reduction program. This funding is, as you said, \$12.8 million over two years to make sure that businesses can comply with the regulatory obligations that government imposes on them and that they can access information easily.

**Mr O'BRIEN** — Thank you, Minister.

**Ms HENNESSY** — Minister, my recollection of last year's budget in your departments — and it is difficult to go off the questionnaire because obviously it relates to the entire department — is that there was about \$3 million last year for the management of the transitioning around those who have taken redundancies or retrenchments.

**Ms ASHER** — What page, please? It is on the questionnaire?

**Ms HENNESSY** — That is not germane to my question. At question 32 we have a breakdown of the actual staff numbers in your department and an estimate for where we are going to be at financial year end and where we will be at the financial year end after that. Do any of those reductions of staff relate to your departments within the global department?

**Ms ASHER** — I might have the departmental secretary handle the staffing issue.

**Ms HENNESSY** — Okay.

**Mr RONALDSON** — Thank you, Minister. Was the question: has the old DBI reduced staff in the last 12 months?

**Ms HENNESSY** — Yes, and your projected staff numbers for the next 12 months.

**Mr RONALDSON** — Okay. The answer to the first question is yes, we have reduced staff in net terms over the last 12 months. In terms of projections we are now thinking about the combined department?

**Ms HENNESSY** — Yes.

**Mr RONALDSON** — I think the projections are there, on the very page that you talked about.

**Ms HENNESSY** — Will that involve any further redundancies, whether they be voluntary or not filling the expiration of fixed-term contracts?

**Mr RONALDSON** — I cannot rule out absolutely no action there at all, but the overall numbers are as listed there on the projections. Certainly from my point of view the vast majority of all that sort of action has now been completed.

**Mr ONDARCHIE** — Minister, I want to talk to you about the business engagement model — I know you have touched on that — as opposed to the Gillard government's 'business disengagement model' of last night.

**Mr ANGUS** — The 'business vandalism model'.

**Mr ONDARCHIE** — If only they would listen more. Minister, budget paper 3, page 232 notes the number of businesses engaged with the department in 2013–14 will be 12 000. You know my background on business engagement and the department.

**Ms ASHER** — I do.

**Mr ONDARCHIE** — Could you explain how this occurs?

**Ms ASHER** — I would love to. This is a model that the department devised, which is an expansion, I think, of the previous role that it was undertaking on a day-to-day basis. It is a more formal model that the department has put to its ministers, and is one that we were very willing to embrace. The business engagement model has been operational since 2012. We have a series of business development managers. They are located in the Victorian government business offices across the state. Some of you would be aware that I opened a new VGBO for Eastern Metropolitan Region in Ringwood in February 2013 and we have opened others — a central Melbourne one and a western suburbs one — as well. As at 31 March 2013 the department has engaged with over 9700 businesses and we are on track to achieve this target of 12 000 businesses, I am advised, in 2012–13.

There are examples of regulatory impediments, as I referred to earlier, that the department finds as it has these intensive discussions with business. It is able to use our good offices as the economic development department in the government to try to rectify some of these things. But it is more proactive than just finding out what bugs business; it is also about finding out how my department and the government can help business. These business development managers, for example, might suggest to a business that wants to export that they need to become export ready. They might need to do a bit of a program with the department on that, or they might like to, if they are ready, participate in a trade mission. The business engagement model is that very personal attention. Again, there is an understanding, and some businesses are going to be very happy going to a Victorian government business office. Others would prefer a visit by a business development manager to the particular business.

We have 90 professionally trained business development managers working in 5 metropolitan and 11 regional VGBOs. As I said, I have opened new VGBOs in both Tottenham and Ringwood, and I am very happy with the work that has been done so far. That does not mean to say it cannot be more intensive or better or yield a better result, but obviously the idea is, as I said, part red tape but also to provide ongoing assistance to businesses as well.

**Mr PAKULA** — Minister, I am happy if either yourself or the secretary deals with this question. In regard to the questionnaire, there was a question asked about consultants and contractors, but over the past two years a question has been included in the questionnaire that was not fully included this time, which was about current estimated expenditure, estimated expenditure for the upcoming budget year and an explanation of any plus or minus 10 per cent variation in regard to entertainment expenses, overseas travel, legal expenses and grants to NGOs. Despite that not being in the questionnaire, I actually wrote to the secretary six or so weeks ago indicating that I would ask about that today, and that is what I am doing. I am wondering if the secretary has that information for the committee.

**Ms ASHER** — Are you after entertainment expenses?

**Mr PAKULA** — Overseas, legal —

**Ms ASHER** — Overseas travel.

**Mr PAKULA** — and grants to NGOs.

**Ms ASHER** — All right. I will give you that, and I will give it to you in writing. Entertainment expenses — would you like me to go through it?

**Mr PAKULA** — Yes, please.

**Ms ASHER** — I will get to that in a tick. I have my handwriting all over it; I do not think you need my scrawl.

**Mr PAKULA** — No. I would be happy to take it — —

**Ms ASHER** — You will have it; I will give it to you. Entertainment expenses for 2012–13 — 2.5 million, and 2.5 million is the estimate for 2013–14. Don't forget, and Mr Pakula will know this, that we have level 46 of 55 Collins Street — —

**Mr PAKULA** — Redmond Barry.

**Ms ASHER** — Yes, basically where the government's hospitality takes place. Overseas travel for the department overall has gone from 1.6 million in 2012–13 to 1.7. Legal expenses — 531 000 to 541 000. Obviously the overseas travel has gone up because of the trade missions. Legal expenses have gone up. Again, this is not my portfolio, but the Melbourne Market Epping land acquisitions had some legal expenses attached to them. Contractors and consultants go from 30 to 29 million, and we have some details on agency hires.

Can I just say to you that I know that entertainment expenses and overseas travel are grist for the mill of some opposition members — some. I notice that the former member for Lyndhurst actually did not play that game and actually said that overseas travel, particularly for trade missions, was very useful.

**Mr PAKULA** — I do not think you have ever heard me say otherwise.

**Ms ASHER** — I am happy to provide you with those figures, but I will leave you with the thought that if you would like me to release the overseas travel expenses of previous Labor ministers versus mine, I am more than happy to do that as well, but I will just leave you with that thought. I would be happy to do that because this government's overseas travel stacks up with significant economic outcomes, so I am more than happy to do that, but I will give you that information you have asked for even though the chairman has made it clear that it was not an official PAEC request.

**Mr PAKULA** — As did I.

**Ms ASHER** — But you are able to ask questions. I will give you this whole-of-department entertainment and overseas travel and whatever, but just bear in mind: if you would like me to further elucidate on overseas travel — and I would caution you against it — I would be more than happy to do so.

**Mr O'BRIEN** — It is certainly good to receive the benefits of the trade missions as well.

**Mr PAKULA** — Sorry, I thought it was my supp, David.

**The CHAIR** — It is your supp.

**Mr PAKULA** — I probably was not going to have a supp, Minister, and it is not really a supp, I suppose — well, it is —

**The CHAIR** — I hope it is.

**Mr PAKULA** — It is. In terms of the further elucidation, as you would be aware, Minister, under the previous government we actually published overseas travel expenses for ministers on the DBI website, as it was at the time. Has that practice continued, and where is that information published now if so?

**Ms ASHER** — That information is published on every minister's individual site. Certainly mine has gone up on the DBI website on every occasion. There is a time limit attached to this, and I have adhered to that in every instance.

**Mr O'BRIEN** — I think it would be valuable if the minister were also able to provide estimates of the benefits — —

**The CHAIR** — Order!

**Mr PAKULA** — You will get a go.

**Mr O'BRIEN** — It is important for — —

**The CHAIR** — Order, Mr O'Brien!

**Mr ANGUS** — Minister, I refer you to budget paper 3, page 223. That notes the creation of the new Department of State Development, Business and Innovation. Minister, would you advise the committee of the impact of this decision?

**Ms ASHER** — All right. Thank you for that question. Indeed the Premier on 9 April announced a restructure of the public service, and this department has had a number of changes. I think they are for the better; I do not know what Howard thinks. Obviously we have the state development function, and the Deputy Premier will no doubt be asked lots of questions on that. The energy and resources sector has been brought into the Department of State Development, Business and Innovation. I think that is a much better sit to have that sector of that department with my department because of the economic driving capacity of that particular section.

The red tape commissioner will come over to our department. The idea obviously is we have got all of this business engagement occurring through the Victorian government business offices, and the red tape commissioner was located in Treasury so that all of the information was in my department and the man who was employed to deal with it was in another department. I think that is a rational move, and that will be headed by the Deputy Premier. They are some significant changes.

The Deputy Premier will be looking at issues such as coal and what is termed as healthy exports in the budget papers. Again, the resource sector coming into the department will enable the Deputy Premier to have all the levers available to him to look at that particular aspect of his portfolio.

This restructure will be implemented by 1 July. More importantly, the Premier made it very clear that he wants a strong focus on jobs and investment — a focus, not necessarily targets, but a focus — and this departmental structure, in the government's opinion, will allow this to happen more expeditiously than was previously the case.

**Mr SCOTT** — Minister, I ask you to turn to question 31 from the questionnaire, which relates to staffing matters. I would like you to note that there are reductions in numbers of staff, particularly from 30 June 2012 to 30 June 2013, and then there are some increases. If you analyse from 30 June 2012 to 2013, or in fact to 2014, the proportion of reductions is higher for those non-executive staff than for executive staff. I would like you to explain the rationale for that particular difference.

**The CHAIR** — Mr Ronaldson?

**Mr RONALDSON** — Thanks for the question. I have not done any analysis yet; I have just had a quick look at them. Obviously it reflects the structures of new businesses coming in. They have a higher proportion of executive officer staff to VPS staff. Apart from that, I have not looked closely at the ratios yet.

**Mr O'BRIEN** — Thank you, Minister, I would like to ask you about the Australian synchrotron, which I note in budget paper 4, page 39, is noted as completed as the National Centre for Synchrotron Science. I am wondering, Minister, if you could please update the committee on the Victorian government's current commitment to the Australian synchrotron?

**Ms ASHER** — I am delighted to provide this update. As you say, the 2013-14 budget paper details the National Centre for Synchrotron Science is completed. It is a commonwealth government-funded entity, and all the building works were completed by January 2013. The National Centre for Synchrotron Science is a state-of-the-art, 400-seat auditorium, with seminar rooms, exhibition space and administrative facilities. I think that is a good thing. Again, I am very happy that the commonwealth was able to provide funding for that.

In terms of the update on the synchrotron, as PAEC members would be aware, the Victorian government provided \$26 million total in last year's budget, to the 30 June 2016. A consortium of groups was put together: the Victorian government, the commonwealth government, the New Zealand government, universities, the CSIRO and ANSTO. All basically got together and decided that the best ownership of the synchrotron should be with the commonwealth; it is a national research facility, hence obviously the commonwealth putting in such significant funding to the entity that the question was about.

As an update to the committee, the commonwealth has established the Synchrotron Light Source Australia company, which is a subsidiary of ANSTO, the Australian Nuclear Science and Technology Organisation. The Synchrotron Light Source Australia company commenced operating the synchrotron on 1 January 2013, and the Australian Synchrotron Company has been deregistered. I am delighted that Professor Larkins is the chair of the Australian synchrotron, because obviously he has enormous expertise and obviously a commitment to the university in that, and I think he is as ideal chair to have taken over from Cathy Walter.

What we are now discussing with the commonwealth — and I am more than happy to thank the commonwealth for their cooperation on this issue — is an asset transfer to them in that those discussions are ongoing. I am having a bit of difficulty because the ministers keep changing, but nevertheless we will continue that discussion with the commonwealth about the nature and the timing of the asset transfer. In my opinion, we had obviously a program that had insufficient funding — it was a lapsing program — from the Victorian government. I think this is a very, very good result for science, for Victoria and for Australia. We have received significant cooperation from the commonwealth and significant cooperation obviously from the New Zealand government who were in it from day one, and significant cooperation from the universities. I think this is a very, very good result. Thank you for that question. I am delighted to be able to use your question to give this committee an update on where we are at with the synchrotron.

**Mr O'BRIEN** — Thank you, Minister.

**Ms HENNESSY** — Minister, I refer you to budget paper 3, page 229. I am trying to understand what is happening around the companies linked to business networks, because we have got an expected outcome for this year of 900 companies linked to businesses.

**Ms ASHER** — Manufacturing.

**Ms HENNESSY** — This is in the manufacturing area?

**Ms ASHER** — Yes.

**Ms HENNESSY** — Okay. All right.

**Ms ASHER** — Do you want to give me another question?

**Ms HENNESSY** — Yes, I do.

**Ms ASHER** — Provided the Chair is agreeable.

**Ms HENNESSY** — Chair, can you indulge me?

**The CHAIR** — Yes.

**Ms ASHER** — I have to say with these larger departments and lots of ministers in large departments, it is actually very difficult to trace who is who. I found great difficulty doing this when I was in opposition.

**Mr PAKULA** — The budget papers just do not make it clear.

**Ms ASHER** — I know that.

**Ms HENNESSY** — There is no disaggregation.

**Ms ASHER** — I know that; they did not make it clear previously. I am actually trying to indicate some sympathy. I had 11 years in opposition, and I found it very difficult to work out which minister was responsible for which area. I was actually trying to do the decent thing, Mr Pakula, and warn Ms Hennessy in advance that I was going to say it was manufacturing and provided the Chair was agreeable I was allowing her the opportunity to ask me another question. I do not think I can be fairer than that.

**Ms HENNESSY** — Small business assistance?

**Ms ASHER** — Yes, that is me.

**Ms HENNESSY** — On page 224 of budget paper 3, the output summary — again some of these may relate to areas outside — there is a 6.3 per cent reduction in the budget. The section lists a reduction in funding.

**Ms ASHER** — Yes, but that is innovation and technology — 6.3 per cent.

**Ms HENNESSY** — Innovation and technology.

**Ms ASHER** — If you are looking at small business — —

**Ms HENNESSY** — It is 5.2 for small business, and if we go to the questionnaire we have also got a list of programs and initiatives — what has been kind of lapsing. Can you just identify which ones sit in your portfolio for me first to begin with?

**Ms ASHER** — The questionnaire — at what page?

**Ms HENNESSY** — Page 4.

**Ms ASHER** — The Olivia Newton-John Cancer and Wellness Centre has been completed; the research component of that was in my portfolio. The Textile and Fashion Hub is in manufacturing. Thinking Global — that is me; international education, clearly. Carbon markets, program completed — that is me. The manufacturing strategy is Minister Hodgett. The South Korea expo has now been staged. Skills for Growth — that is mine; that is a small business program. That is in the process of expiring, and the substitute is just like the market validation program; we do a different name — impossible to track. We do it, you do it, everyone does it. SuccessMap would be a pick-up of that as it has been listed there. The green working committee, which is called the Industry Sustainability Working Committee, reports to me. Ross McCann is the chair; he has reported to me. We are just trying to work through some of those recommendations.

**Mr PAKULA** — Qenos's Ross McCann?

**Ms ASHER** — Yes; a good report.



Climate change — program completed. The VBRRRA tourism recovery — that was me, obviously; tourism recovery funding as a consequence of the bushfires. Powerline relocation — that certainly is not me. That has presumably come over with Minister Ryan, and wind energy I assume has come over because of the energy machinery-of-government change.

**Ms HENNESSY** — That is not yours?

**Ms ASHER** — That is not my personal one, no.

**Ms HENNESSY** — Okay.

**Ms ASHER** — The whole section of the department relating to energy and resources has come over into the department. Minister Kotsiras as Minister for Energy and Resources has responsibility for that.

**Ms HENNESSY** — Just to make sure I have got it right: Olivia Newton-John, Textile and Fashion Hub, Thinking Global, carbon markets — —

**Ms ASHER** — Textile and Fashion Hub was manufacturing.

**Ms HENNESSY** — Okay, sorry; not you. Carbon markets?

**Ms ASHER** — Yes.

**Ms HENNESSY** — Expo in South Korea.

**Ms ASHER** — Done.

**Ms HENNESSY** — Skills for Growth.

**Ms ASHER** — That was Minister Dalla-Riva, but that would have been under the trade thing. If there is another one, it would be mine now because I have the change of portfolio.

**Ms HENNESSY** — Can you clarify the SuccessMap for small business?

**Ms ASHER** — That is mine.

**Ms HENNESSY** — That is yours.

**Ms ASHER** — That is a small business initiative. It is basically a program that used to be called Skills for Growth which was a large program of intensive work to assist small businesses in their managerial capacities. It is now called the SuccessMap for small business initiative, which was funded in last year's budget. This is intense work with small businesses by fundamentally, I think, the Small Business Mentoring Service in the main or other experts trying to assist small businesses to increase their skill levels.

**The CHAIR** — Are we right?

**Ms HENNESSY** — Literally I am just extracting information around who sits where and where those cuts are. The green working committee and tourism recovery — those cuts are yours?

**Ms ASHER** — If you want to call it a cut — —

**Ms HENNESSY** — Sorry, I do not mean to be deliberately provocative, Minister. Those adjustments, those reprioritisations, those lapsing programs, they sit in your portfolio.

**Ms ASHER** — The Olivia Newton-John Cancer and Wellness Centre is completed.

**Ms HENNESSY** — I am happy to use another language for the sake of completeness, but you can appreciate that from the perspective of trying to understand which areas of government have been affected by which budgetary changes, it has been nigh impossible because of a weakness in the budget paper to begin with and then we have had a series of machinery-of-government changes as well.

**Ms ASHER** — This is an ongoing issue, and I know the Public Accounts and Estimates Committee has tried to do this, but the situation existed under previous governments that once there is a machinery-of-government change it is very difficult to start tracking once you have these mega-departments with different ministers. I was in opposition for 11 years trying to grapple with what you are grappling with now. There is a difficulty because it is difficult to get hold of what program is what.

I am more than happy to provide briefings for my shadow ministers about departmental structures. That is an ongoing offer; I have never been shy about holding back. I am not going to have a departmental briefing every 5 minutes, but I am happy for a regular, let us say six-monthly, briefing if the shadow minister wants, but I do not think he has asked for a briefing for a very, very long time. I am more than happy to have my departmental officers brief shadow ministers on these sorts of issues so you do not have to go through and waste your valuable time finding out stuff which quite frankly, if the shadow minister had asked for a briefing on, he would have received that briefing and he would have been able to provide you with this information.

**Ms HENNESSY** — And in fairness, yet another ministerial reshuffle at a point in time — —

### **Members interjecting.**

**The CHAIR** — I think we have had more than a fair go on that one.

**Ms HENNESSY** — Thank you.

**Mr ONDARCHIE** — Minister, if it is okay with you, I am not going to ask you to walk us through a questionnaire you have already provided to us. I was delighted you opened today with innovation, and I specifically want to talk to you about the operational infrastructure support scheme, if I may.

**Ms ASHER** — Yes.

**Mr ONDARCHIE** — Budget paper 3, page 230, notes the 2013–14 target of 12 operational infrastructure support grants under management. You and I have spent time talking about this and associated medical research. I wonder if you could advise the committee of the details of these grants and the government’s support for medical research.

**Ms ASHER** — One of the critical things in the innovation portfolio is support for medical research. Indeed one of the fabulous selling points for Victoria as we go on these trade missions is to tell them that medical research is a point of Victorian excellence, whereas that is not necessarily the case in other states. At the moment we have 13 independent medical institutes. You will have picked up the fact that this year the government is talking about 12, and that is because two institutes are going to merge into one. Which two are merging has not been publicly announced yet, so if you will bear with me, I will let them make the announcement rather than me. However, the critical issue is dollars.

The operational infrastructure support program was worth \$26.1 million in 2012–13 and will be worth \$26.1 million in 13–14 as well. This provides funding for the administration of these medical institutes. What the medical institutes say is that people will leave bequests to institutes for research and the federal government will provide money for research, so what the state government has stepped in and done for some time is provide these institutes with their administrative structure, because if they have no administrative structure, they cannot do research. These grants are incredibly important to the research institutes, and obviously I have visited all of them. I am not going to read the names of them all out, but there is the Baker IDI Heart and Diabetes Institute, the Burnet Institute, the Centre for Eye Research Australia, the Florey neuroscience institute, the Murdoch Children’s Research Institute, Prince Henry’s Institute, and Walter and Eliza Hall — all of these ones which are so well known in the Victorian scientific community.

I am pleased to continue that, but I did not want the committee to think — thank you for drawing this to everyone’s attention by way of your question — that we were lessening support for one institute in this budget. It is just that two of them will merge, but I will allow them to make their own announcement on that.

Can I say, given you have raised the OIS program with me, that we are very keen to reduce red tape across the board. I am delighted to have been able to announce in April this year that all of this form filling out that all of the medical research institutes complained about — because it is just constant form filling out for research and

form filling out for us, for administration and so on and so forth — there are two components at a state level for the OIS funding, and I have now cut back the OIS innovation component of this, which had 60 questions to get, quite frankly, a small grant for administration. I have reformed this. It will now be 80 per cent shorter than the previous one.

Again I appreciate that medical research institutes, (a), need support with administration and, (b), do not need to be burdened by an excessive amount of red tape and form filling out. I have talked for years about cutting red tape, and I took it upon myself to try to deliver on this to these medical research institutes, which are, if you like, a product strength, if I can put it in economic terms, for the state of Victoria. It is one I can market overseas, and it is one that is a very strong selling point for the state of Victoria.

**The CHAIR** — Thank you, Minister. That concludes the hearings for innovation, services and small business. I thank Mr Mailes for his attendance this afternoon. We will have a 5-minute break and resume just after 3.30.

**Witnesses withdrew.**