

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget Estimates 2019–20 (Jobs, Innovation and Trade)

Melbourne—Tuesday, 11 June 2019

MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallenge

WITNESSES

Mr Martin Pakula, Minister for Jobs, Innovation and Trade,

Ms Gonul Serbest, CEO, Global Victoria,

Mr Simon Phemister, Secretary, and

Mr David Latina, Deputy Secretary, Jobs, Innovation and Business Engagement, Department of Jobs, Precincts and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration and finance to improve outcomes for the Victorian community. The committee will now begin consideration of the portfolio of Jobs, Innovation and Trade. I once again welcome the minister for the portfolio, the Honourable Martin Pakula, and officers from the various departments. Thank you for appearing before the committee today.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Use it wisely. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. No beating in public squares, though.

Minister, I invite you to make a very brief opening statement or presentation of no more than 10 minutes. This will be followed by amazing questions from all of us.

Mr PAKULA: Thank you, Chair, and thank you for the warning and the guidelines. I thought it would be more appropriate in this portfolio than racing to do the department breakdown, so you can have a look at the department breakdown by output groups: 6 per cent jobs; 7 per cent industry, innovation and small business; 2 per cent trade and global engagement; 1 per cent priority precincts—I understand you had Minister Jennings here earlier today; 13 per cent on regional development; 3 per cent on creative industries access; 17 per cent on creative industries portfolio agencies; 5 per cent for cultural infrastructure and facilities; 16 per cent for sport, rec and racing; 5 per cent tourism and major events; 20 per cent on ag; and 5 per cent on resources.

This year's budget has initiatives to keep the economy growing and create jobs. We have announced, as no doubt the Treasurer would have indicated, the \$150 million Victorian Jobs and Investment Fund, which is about driving initiatives of state significance. That includes \$10 million for LaunchVic to continue its work supporting local start-ups, helping entrepreneurs to commercialise their ideas and create new businesses and jobs.

There is also \$8.84 million for employment initiatives that will build on the success of Jobs Victoria. There is \$6.34 million for the work of the JVENs, which is providing tailored support to help people find work and, importantly, to stay in work, because that is the way the incentives are set, but also \$2.5 million for the establishment of a new organisation that will work to increase employment opportunities for people who face barriers to work.

The budget also includes ongoing support for our trade missions. Our trade strategy is a very important part of our overall economy. Exports grew by 9.1 per cent in 2018 to reach a record high of \$55.1 billion. So there is \$5 million in the budget to fund inbound trade missions, bringing key buyers here to see the very best of Victoria, and undoubtedly, Chair, you would be aware that there is a very important initiative later in the year, being Global Table, where there will be a large number of people coming into Victoria, but it will also fund our participation in the World Expo in Dubai in 2020.

We produce some of the world's best wine, and the budget will boost wine exports through the \$5 million Wine to the World initiative to promote our unique wines to international markets. And there is another million dollars for export-focused marketing activities to promote our food and fibre sector internationally.

In terms of investment and key achievements, we saw outstanding results in 2018–19 through investment facilitation and assistance. There were 6400 jobs created, well beyond the target of 5000 jobs. We are seeing some really exciting investments. The Seafarers development by Riverlee on the north bank of the Yarra River, which I announced earlier this year—that is going to have a world-class hotel, apartments, a function centre, retail. That will create over 550 jobs. There is the redevelopment of Gumbuya World, which is driving growth in tourism, and with government support stages 2 and 3 of Gumbuya World's redevelopment are set to create 485 jobs. You can see there also support for Hardwick at Kyneton and the new Visy plant in Truganina, with 85 jobs.

In terms of the Local Jobs First Act, which came into effect in August last year, that brought together and enshrined in legislation the VIPP and the Major Projects Skills Guarantee. Sorry, I used an acronym—the Victorian Industry Participation Policy, VIPP.

Local content and other requirements set for 119 strategic projects, valued at over \$64 billion and supporting almost 35 000 jobs, were part of that. The Major Projects Skills Guarantee applied to 116 projects worth collectively over \$63 billion, and that means a commitment to over 4 million contracted hours for 3700 apprentices, trainees and cadets.

And of course the Industry Capability Network, which many of us have worked with over the years, continues to support the delivery of Local Jobs First, and over the last year ICN has handled over 600 tenders, 3900 expressions of interest and 970 local business registrations on its database.

The economy is still growing quickly. Unemployment is low, but there are still groups that face significant barriers to employment, so through Jobs Victoria we are working to make sure all Victorians can share in the benefits of our growing economy. Almost 9700 Victorians have been supported into work since late 2016 through Jobs Victoria services, and the JVEN network has supported almost 6900 long-term jobseekers into employment. We have also, interestingly, Chair, launched Australia's first social procurement framework to make sure that we are maximising the social benefit from our record infrastructure program, and we are supporting social enterprises so that they can play their role in making Victoria a fairer and more inclusive society.

Innovation, I know, is something that is very dear to your heart, Chair. We know how important fostering a culture of innovation is to developing new businesses, particularly as the economy changes. The Victorian innovation hub at Docklands is a base for start-ups across a range of sectors, including med tech, ag tech, fintech, cybersecurity—companies like SproutX, The Accuator, Startmate and Data61.

Victoria's biotech commercial sector, key research and development infrastructure and advanced manufacturing expertise all make us a very highly sought after destination for global companies. We secured the construction of CSIRO's advanced biotechnology manufacturing platform. That provides a boost for our growing small to medium biotech enterprises. The manufacturing facility will enable process developments as well as the production of clinical grade biologicals like proteins, antibodies and cells at the pilot scale. We have also partnered with Monash to establish the Johnson & Johnson innovation partnering office and the Victorian QuickFire Challenge, and that is supporting med tech developers to reach their full commercial potential. Of course we attracted AIIA in December 2018—the peak representative body for the tech sector—to Victoria for it to be its hub, and that helps to build our position as the tech capital of the country. Chair, again, as you well know, the AIIA hosts the premier awards program for the tech industry, acknowledging start-ups, governments, students and corporates from across the country, and the digital innovation festival, which has grown rapidly since it started in 2016, hosting more than 400 events last year.

I have just got one more slide, Chair, which is about trade. Our trade program really is about helping local businesses connect to global opportunities. We have had 10 000 companies involved in our trade program since 2015, and companies that have used our government's support and services have exported something like \$2.5 billion worth of goods and services in that time. It is also, as I indicated earlier, very important to bring buyers here to see the quality of what Victoria and Victorian companies can offer firsthand, and since July 2015 we have brought 2400 international delegates here to engage with local businesses. All of that is supported by our network of 22 international offices—the biggest of any state or territory, with five offices in China alone.

Of course our largest services export is international education, and through Study Melbourne we are also working hard to ensure that those students that come to Victoria have a wonderful experience when they do so. With those few remarks, Chair, I will conclude and hand back to the committee.

The CHAIR: Thank you very much for that, Minister. You are ahead of schedule and hopefully, given it is PAEC, you are ahead of budget as well. All right, we will move to the first set of questions by Ms Stitt.

Ms STITT: Good afternoon, Minister. I just wanted to ask you a little bit about Jobs Victoria and take you to budget paper 3, page 72, where there is a reference to the government partnering with businesses to help overcome impediments for disadvantaged jobseekers. I am just wondering, can you provide the committee with a little more information about this partnership?

Mr PAKULA: Sure. As a result of the funding delivered in the budget we are going to launch a new initiative to build on the JobsBank program that was launched last year. So there is an initial \$2.5 million in the budget to kickstart that initiative. It is about better connecting long-term unemployed jobseekers who face multiple and complex barriers to employment with some of our biggest employers. As with JobsBank, employers will be supported by dedicated employment brokers to assist them, to connect them to jobseekers that will suit their business and to create a supportive work environment. We also want to address the barriers that are faced by long-term unemployed jobseekers—barriers like training, accommodation, travel costs, work clothing—and that is also available to employers to ensure they have the support needed to successfully engage and retain jobseekers.

I will use an example to illustrate the way it has worked thus far under JobsBank. Samantha had not worked in 13 years when she became a JobsBank client. She had experienced mental health challenges and despite completing training she had not been able to get a job. With support from JobsBank Samantha is now working as an admin assistant with a major health insurer. So the new jobs initiative which will be launching in the next few weeks will build on those JobsBank achievements and that approach, and there will be a stronger focus on engaging with Victorian employers. It is about ensuring that where there are jobs available and where employers are finding it difficult to access the staff they need, we do that matching. That is really, really important because there are workers ready and willing to take on those roles and it is really sometimes just about putting them together.

So the new model is being finalised through consultation with key stakeholders. That includes employer groups, key service providers, the philanthropic sector and others. That is going to be focused on changing employer attitudes on the benefits of hiring long-term jobseekers. It is a benefit to the employer; it is a benefit to the wider community. It will focus on a broader range of long-term or at-risk jobseekers to increase the chance of matching them to a job, providing businesses with more intensive support to turn their pledges into jobs and to support them once they have recruited a long-term jobseeker. So those job commitments to businesses will be connected to the JVEN and other service providers who have access to long-term or at-risk jobseekers to help them become more job ready. We really want to leverage the opportunities that are coming from our significant investment in major infrastructure and the growth in the Victorian economy and to leverage our continued investment in Jobs Victoria so that we can create a pipeline of job-ready jobseekers that can be placed into jobs that are identified through the program.

Ms STITT: So further to that, in reference to disadvantaged jobseekers, talking about finding sustainable employment, can you tell us a bit more about what you are doing in that regard for disadvantaged jobseekers—sustainable ongoing employment?

Mr PAKULA: Sure. So of the \$8.8 million provided in the budget—apart from the \$2.5 million I have just referred to; the other \$6.3 million in the budget—is about ensuring that there is ongoing support for the most vulnerable jobseekers who are finding barriers to employment. We have got unemployment in Victoria at record lows under the Andrews government, and that is the case in regional Victoria as well, but we know that there are still some geographical pockets and cohorts of jobseekers that are missing out. So the record growth in the economy means that there are some employers and industries that are facing challenges in finding workers, so \$6.3 million has been provided in the budget to extend a whole range of JVEN services that are achieving outcomes in high-need locations or among high-need groups, whether they are Aboriginal jobseekers, those from culturally and linguistically diverse backgrounds. So the investments in this budget build on investments

in previous budgets and investments through Jobs Victoria since 2016. They are part of our ongoing commitment to ensuring that all Victorians share the benefit of the state's strong jobs growth. Since October 2016 we have seen something like 9700 jobseekers that have been supported into work.

Ms STITT: That is an amazing figure, isn't it? You mentioned the geographic and demographic groups that you are trying to support through Jobs Victoria. Are you able to give us any more detail about that program?

Mr PAKULA: Well, I can provide you with some examples. For example, work and learning centres have been a great success. They have been delivered in partnership with the Brotherhood of St Laurence. They have offered employment assistance in a range of high-need locations with high concentrations of public housing residents in places like Carlton and Fitzroy, in Ballarat, in Shepparton, in Moe, in Geelong. Those work and learning centres really have been important to provide jobseekers with professional guidance on how to search for a job, on how you have a work and learning pathway plan. There are activities that help them overcome barriers to employment, whether that be a lack of work experience or a lack of relevant training.

We have had services for retrenched workers, for young people, for Victorians of African and Pacific islander heritage—a whole range of programs; and if you look at the JVEN model in particular, the thing that Jobs Victoria Employment Network providers get credit for is keeping people in employment for at least 26 weeks. This is not just about putting someone in a job and then considering that your job is done. That is the difference in terms of the way that we have approached this. It is about finding sustainable, long-term employment that keeps people in a job, not just about getting them a job.

The CHAIR: All right, Minister, thank you for that.

Mr RIORDAN: Minister, I refer to page 233, budget paper 3, and the government's trade and global engagement budget. My question is: what has been the cost of the rebranding exercise from Trade Vic to Global Vic?

Mr PAKULA: I thank the member for his question. I would have to say to you that I think it would be exceptionally minimal; in fact it may well be no cost whatsoever.

Mr RIORDAN: So no excessive creative required?

Mr PAKULA: No, that is right.

Mr RIORDAN: Not a world quest for best logos, nothing?

Mr PAKULA: No.

Mr RIORDAN: No expense?

Mr PAKULA: No, it is really just a change of name, Mr Riordan.

Mr RIORDAN: Moving to the MOU signed with China last year on the Belt and Road initiative, can you please list what initiatives or projects you are aware of as a result of the MOU with China?

Mr PAKULA: Mr Riordan, I know that the signing of the Belt and Road initiative has been a matter of extraordinary consternation from your side of politics, but I can speak to it as someone who was in China in the last couple of weeks. I think it is important to understand that the context is this: the Chinese middle class is growing by more than the population of Australia every year.

Mr RIORDAN: Look, we understand that. We know that China is not—

Mr PAKULA: Sometimes it is not clear to me that you do.

Mr RIORDAN: But the question is quite simple. It is: what initiatives or projects are you aware of as a result? What have we benefited from?

Mr PAKULA: Mr Riordan, you have got to remember that the MOU was only signed in October. It was only signed last October and it is not about binding Victoria to any specific project or initiative.

Mr RIORDAN: So we will take that on notice, then.

Mr PAKULA: No, you do not have to take it as anything, Mr Riordan.

Mr RIORDAN: There is clearly nothing that springs to mind for you.

Mr PAKULA: Mr Riordan, if you will allow me to conclude my answer. As I said, I was there last week or two weeks ago. You would be aware that there has been substantial consternation at a national level, and I think it is fair to say that Victoria's relationships in China, as evidenced by many of the meetings that we had—for example, there was an MOU signed between Global Victoria and the Shanghai sports administration when we were there just a couple of weeks ago.

Mr RIORDAN: I think we need to wrap it up. We have got a timeline and you have not got a list of initiatives.

Mr PAKULA: Well, you asked me if anything had been signed.

Mr RIORDAN: No, I asked you for a list of initiatives and you are going on a long story.

Mr PAKULA: No, I am saying there was an agreement signed just two weeks ago between the Victorian government and the Shanghai sports administration. Now you might say, 'Well, was that related to Belt and Road or was it not?' I would say to you that—

Mr RIORDAN: I have asked for initiatives or projects.

Mr PAKULA: I would say to you that without the positive relationship that the Victorian government has built with China, that may well not have occurred.

Mr RIORDAN: All right. So you have released the details of the memorandum of understanding with China regarding the Belt and Road initiative. Why have you not also published the agreement signed on 24 March 2017 regarding the cooperation on public-private infrastructure partnerships, and would you be able to provide a copy of that to the committee?

Mr PAKULA: Mr Riordan, my advice is that that was an agreement signed by the Premier, not by me. It is not within—

Mr RIORDAN: Right. So you cannot provide it?

Mr PAKULA: Well, I do not have it.

Mr RIORDAN: Okay. Are there any—

Mr D O'BRIEN: Is it not within your portfolio?

Mr PAKULA: I do not have it.

Mr RIORDAN: So it is signed by the Premier. You do not have it.

Mr PAKULA: Well, it is an agreement that was signed by the Premier.

Mr RIORDAN: It is not locked away, Mr Phemister? No? Not in the office?

Mr PHEMISTER: No.

Mr RIORDAN: Are there any other current trade or investment agreements between Victoria and China and can you provide a list of those on notice?

Mr PAKULA: Well, as I indicated just a moment ago, we signed an MOU with the Shanghai sports administration. If you are asking whether there are any other trade and investment agreements apart from Belt and Road, I will take that on notice, and if it is something that I can enlighten the committee with I will do so.

Mr RIORDAN: More topically at the moment with regard to these various relationships, does the supply of steel from China for the West Gate Tunnel Project deliver on aspects of the state's obligations under the MOU on the Belt and Road initiatives?

Mr PAKULA: Sorry, what is the import of the question?

Mr RIORDAN: We have heard last week from your colleagues that there has been a significant increase in the purchase of steel for the West Gate Tunnel Project, and the question is: is this delivering on the state's obligations under the MOU of the Belt and Road initiatives?

Mr PAKULA: No, because it was not a decision made by the state of Victoria, Mr Riordan; it was a decision made by John Holland as part of their arrangements.

Mr RIORDAN: The arrangement John Holland had with you was to buy Australian steel and that has sort of been overlooked and they have gone to China?

Mr PAKULA: If you are asking me whether John Holland's actions are a consequence of an agreement signed by the Victorian government with China, logically that is not the case.

Mr RIORDAN: Right, so it is nothing to do with it. So there are no penalties for John Holland?

Next question: moving on to the government luxury car tax announced in the 2019 budget, as minister for trade were you consulted by the Treasurer on the new luxury car tax before it was announced?

Mr PAKULA: Well, again, you are asking me to reflect on discussions within government in the lead-up to the delivery of the budget, and I am not proposing to do that.

Mr D O'BRIEN: Why not? We are not asking you for cabinet-in-confidence information.

Mr PAKULA: No, but you are asking me to, as I say, indicate what conversations may have happened within government in the framing of the budget. I would make the point that I am not a member of the Expenditure Review Committee of Cabinet.

Mr RIORDAN: Did the government take into account the fact that the commonwealth was presently negotiating a free trade agreement with the European Union when deciding to introduce this tax?

Mr PAKULA: That is probably, given that that is the responsibility of the Treasurer, a question that you would properly have directed to him.

Mr RIORDAN: Have you raised concerns with the Treasurer about the impacts on this trade?

Mr PAKULA: Well, again, I am not going to—

Mr RIORDAN: Well, no, what we are seeking to find out is whether, as the government, you have taken proper consideration—we are not just acting unilaterally in one department that is clearly affecting another.

Mr PAKULA: Well, no, the Treasurer, in the framing of the budget and in the framing of revenue-raising measures, I have absolute confidence takes into account all of the potential impacts on industry and on other departments in doing so.

Ms RICHARDS: Thank you, Minister, and to the officials for your time this afternoon. I am interested in exploring the Local Jobs First policy, and I refer you to budget paper 3, page 235. I am interested in the objective of working with businesses to increase job opportunities. Can you provide an update on the establishment and appointment of the Local Jobs First commissioner, please, Minister?

Mr PAKULA: Yes. Thanks for the question, Ms Richards. That role was created by the Local Jobs First amendment bill, and it is about facilitating and improving connections between businesses and government projects. The commissioner's role is to be an advocate for business, for workers, for apprentices, for trainees, for cadets, to ensure that they can benefit from the very large amount of government procurement that is occurring at the moment, and the commissioner also oversees compliance of local content and workforce commitments. So my predecessor in this role, Ben Carroll, appointed Don Matthews as the inaugural commissioner in October last year. Mr Matthews is a highly regarded senior executive from the manufacturing sector. Immediately prior to his appointment he was the executive director of the Industry Capability Network, and of course in that role he was responsible for facilitating opportunities for local businesses to work on major projects. Before that he had been chief operating officer at Carter Holt Harvey, he had been managing director of the Penola Pulp Group and been a board member of the AIG, the Australian Industry Group. So he is out there advocating for business, for workers, for apprentices, ensuring that they can benefit from government procurement. He has already presented at something like 14 information sessions for suppliers and nine information sessions for procurers. He has been very active making himself known amongst local businesses and making himself known in government circles to increase awareness of the opportunities and obligations that the act provides.

There is a robust compliance and enforcement framework with powers for the commissioner to ensure that local businesses and workers are provided a full and fair opportunity to participate in projects that have been delivered by suppliers in regards to the jobs commitments that they make. And those compliance functions, which now exist under the act, provide a transparent and independent approach through a stepped process to provide opportunities for contractors to engage. So the commissioner has the power to request information or documents from suppliers and agencies through an information notice. He can request agencies conduct an audit in relation to compliance. He can issue a compliance notice requesting that any specific issues be corrected. If he confirms non-compliance, then there may be a recommendation to me that there be an adverse publicity notice issued. And where compliance is not resolved, then a commissioner may recommend that an agency seek other remedies to remedy actual or potential non-compliance. So it is a very substantial role. His compliance powers apply to strategic projects where the minister determined—that being me—minimal local content requirements after 15 August 2018, because that is the date that the amended act came into effect.

Ms RICHARDS: Thank you, Minister. Again, same budget paper reference, so budget paper 3, page 235, and the objective of working with businesses to increase job opportunities—something that is important to all of us on this side. Can you provide an update on the implementation of the Local Jobs First Act 2003 and how that is travelling?

Mr PAKULA: Yes, sure, Ms Richards. And, Chair, what time does this session go to—this part of it?

The CHAIR: Well, if Ms Richards gets her way, until about 6 o'clock tonight, but sadly the time will expire at 4:09.

Mr PAKULA: 4:09. Well, Ms Richards, through the act all Victorian government departments and agencies have to apply Local Jobs First contracts, which are valued at \$1 million or more in regional Victoria or \$3 million or more in metropolitan Melbourne. And through the Major Projects Skills Guarantee, all government construction projects valued at or over \$20 million are required to use apprentices, trainees or cadets for at least 10 per cent of the total estimated labour hours. SMEs and workers now have a much better opportunity to compete for large and small government projects, with Local Jobs First being the strongest legislation we have ever had for driving industry participation. We have been setting out local content requirements under Local Jobs First in the old VIPP for a long time now, since December 2014. But as I indicated earlier, those local content requirements have applied to 119 strategic projects. They have had a combined value of over \$63 billion, they have supported 35 000 local jobs, and through the skills guarantee we have provided opportunities for apprentices, for trainees, for cadets—over 3700 of them. They have spent more than 4 million contracted hours on sites across the state in that time.

Ms RICHARDS: Making such a big difference. Just in the small amount of time I have left, I am interested in these inbound trade missions, and budget paper 3, page 69. I was wondering if you could outline what this funding will be allocated for—the funding allocated to inbound trade missions.

Mr PAKULA: Sure. As I indicated in my presentation, inbound trade missions are very, very important, as is the opportunity for Victorian companies to take part in world Expo 2020 in Dubai. We have had significant momentum on inbound trade missions since 2014. We want key decision-makers to see the best that we have to offer, and no doubt Global Table will play an extraordinarily important role in that. The trade programs make a very important contribution to our engagement with the global economy. Those connections play a really important role in keeping the economy strong. Since the inception of the inbound trade mission program we have had over 50 missions come to Victoria. We have hosted something like 2600 international delegates. We have connected them to 3200 Victorian businesses from Melbourne and from regional Victoria. So we will have up to four inbound trade missions bringing international business leaders from potential high-growth markets or actual high-growth markets to connect with Victorian industry, to see our capabilities and to build the foundation for trade partnerships, and participation in Expo on the other hand will allow our businesses to show the rest of the world our great food and beverage offering and many, many more offerings than that.

Ms RICHARDS: That is fascinating.

The CHAIR: Sadly, your time has expired. Over to you, Mr Hibbins.

Mr HIBBINS: Thank you, Minister and team, for appearing today. The Latrobe Valley Authority, that comes under your portfolio now; it has been transferred from DPC?

Mr PAKULA: It does not. It is with the Minister for Regional Development.

Mr HIBBINS: Right. Okay. Interesting. So jobs and innovation have no role then in the Hazelwood or Latrobe Valley transition package?

Mr PAKULA: Unfortunately, Mr Hibbins, no. It is under the portfolio responsibilities of Minister Symes, as Minister for Regional Development. I am hoping for your sake that you have not had her before the committee yet, but undoubtedly when you do you will be able to put questions to her in regard to it.

Mr HIBBINS: So you cannot answer any questions on the status of the Latrobe transition package and how much has been expended from that?

Mr PAKULA: Again, I would like to be of assistance, Mr Hibbins, but it is a matter for the Minister for Regional Development.

Mr HIBBINS: Are you doing any work in terms of your department's, I guess, now response in terms of the advice on interim emission targets? That advice was made public I think last week. Now, what is your department's role in responding to that advice?

Mr PAKULA: My department's role would be not dissimilar to the role of any other department in that regard, in that the government has indicated that there will be a period of stakeholder consultation—consultation, discussions and assessment. My department is the department for jobs, precincts and regions. You would imagine—and in fact it is the case—that we would have a reasonably important role in terms of consulting with industry but also in regard to, for instance, the responsibilities of Minister Symes, as Minister for Agriculture, in terms of consulting with the agricultural sector. So we would be part of that whole-of-government consultation program that is occurring in the lead-up to the government determining what the final numbers will be within the ranges that have been provided, and as I recall it that determination needs to be made by March 2020.

Mr HIBBINS: So are you undertaking any specific work in terms of what a transition package for workers would look like in various scenarios—for example, the phasing out of coal-fired power?

Mr PAKULA: It is a bit early to say, Mr Hibbins. The process at the moment is about the government forming a view about what numbers should be landed on for both the 2025 and the 2030 targets.

Mr HIBBINS: Six years away, which is not that far away in the grand scheme of things.

Mr PAKULA: No, I am aware of that, and indeed as I have indicated I think the legislation—it is not my legislation, as you would know—requires us to come to a conclusion about that by March next year. So in fact the work that I am talking about needs to take place within the next nine months.

Mr HIBBINS: And obviously the jobs and the transition package would be an important part of determining that final government policy, wouldn't it?

Mr PAKULA: Yes, so that report was only tabled last week.

Mr HIBBINS: You had it for a while before that.

Mr PAKULA: You are making an assertion about how long I have had it. I am telling you the report was tabled last week, and the government will now commence the process of going through the consultation process to determine what targets we land on.

Mr HIBBINS: We had the Treasurer, who is also Minister for Economic Development, and you are the Minister for Jobs, Innovation and Trade. These are very large, whole-of-government departments. In a similar question to the Minister for Economic Development he bumped me off—'Not my main role'. Now you are sort of bumping me off to regional development. I am just a bit unclear about why this is not central to the government's economic development and approach to jobs?

Mr PAKULA: I am not seeking to bump you off, and if you feel that way I am regretful about that. It is not my intention. You asked me a question at the outset about whether I was responsible for the Latrobe Valley Authority and I thought it would probably be prudent for me to tell you the truth, which is that I am not. It is a matter for the Minister for Regional Development. She has portfolio responsibility for it, and in regard to the report of what I will in shorthand terms refer to as the Combet report that was tabled last week, you are asking me to put the cart before the horse in terms of: what do I think will emerge from it? I am not trying to bump you off.

Mr HIBBINS: No, I am not asking that. I am asking what work your department is doing to inform that final policy?

Mr PAKULA: As I think I indicated, the work that we will now commence doing is the work to consult with—from my perspective—particularly industry stakeholders about the ranges that have been provided in that report and to feed the outcomes of that consultation into a whole-of-government approach in terms of how we respond to it by March next year.

Mr HIBBINS: So you will be looking at various scenarios and what assistance could be provided to the Latrobe Valley and what assistance could be provided for workers—things of that nature.

Mr PAKULA: Well, I am not particularly delighted about being verbally, Mr Hibbins.

Mr HIBBINS: I am just trying to get a detailed response.

Mr PAKULA: But you are asking for the outcome of a process that has not occurred yet, and so you asking me to make presumptions about what might or might not happen between now and March 2020. What I am saying to you is that the government's initial obligation in response to that report that has been tabled is to undertake a range of consultation with industry about what the impacts of the various targets within those ranges might be and to feed the outcome of those consultations into a government process in advance of a final determination by March next year.

Mr HIBBINS: No further questions.

Mr PAKULA: Thank you.

The CHAIR: Seeing that we are just moving right ahead, we will move to Mr Maas.

Mr MAAS: Thank you, Mr Hibbins, and thank you, Minister, for your attendance. I would like to take you to export outcomes for the state, and I refer you to budget paper 3, page 239, and the performance measure for

export sales generated. Minister, would you be able to give us an explanation of the 2018–19 expected outcome?

Mr PAKULA: So, budget paper 3?

Mr MAAS: Page 239.

Mr PAKULA: Sorry, I will just find it. Do you want the export sales?

Mr MAAS: Correct.

Mr PAKULA: Right. I am just looking for my notes in regard to that. We see in 2018–19 the expected outcome is \$600 million in exports. That is higher than the target, which was \$550 million, because there are higher-than-anticipated report outcomes from a company that has been supported by the department over the last 12 months. So that is something that I think we can be pleased about.

The programs that we refer to include both inbound and outbound trade missions as well as dedicated business engagement that connects local businesses with our 22 overseas offices. So in 18–19 Global Victoria organised 32 outbound missions—29 of them have been completed, three are to be completed. There were 540 Victorian companies involved in them. There have been three major inbound missions, and those inbound missions supported 265 Victorian companies. Now, if you look at trade missions, the outcomes of them play out over a series of years. So the reported outcomes in 18–19 include outcomes from missions that occurred in previous years, and they totalled \$100 million or a little bit more. One example of how our trade missions have been of benefit is the recent launch of Four'n Twenty meat pies to Japan, which was announced on 20 April. Patties Foods, which, as I know Mr O'Brien would be well aware, are a Gippsland-based producer.

Mr D O'BRIEN: Very big.

Mr PAKULA: They have been eyeing the Japanese market for some time. The Victorian government supported them to push their products into Japan through trade missions and through an exhibition space at Foodex, which is Japan's largest food and beverage industry event. Those activities enabled Patties Foods to identify imported distribution partners in Japan, and that has been the key to their export strategy. So Patties Foods very kindly credited the Victorian government and our support for the ability it had to break into that Japanese market in time for this year's Rugby World Cup and in time for the 2020 Tokyo Olympics. So they are two major sporting events which the Four'n Twenty brand is now well placed to capitalise on. In April I led a delegation to Vietnam for Food & Hotel Vietnam. Already four companies have reported immediate increases in sales from their attendance at the trade show, and an additional company had a product launch on 5 June with the local partner that they secured during the mission.

As I said, last week I led a delegation of 15 companies to China on a sports and sport-tech trade mission, which had as part of it the AFL game between Port Adelaide and St Kilda, which was not a magnificent spectacle of and by itself. But that mission has only just concluded, and a local sports tech company, Sportandi, has already secured a contract to deliver their professional workshops in China. So that has been a great success.

The inbound trade missions provide opportunities for our SMEs, including regional businesses, to develop business relationships with international buyers. Another great example is a Melbourne-based cosmetics export company called Total Beauty Network. They have been selling into China through cross-border e-commerce platforms, but they wanted new channels that would help them expand their sales within the Chinese beauty market, which is a massively growing market. So last year and this year Global Victoria hosted key Chinese fashion and beauty influencers in Melbourne for the Virgin Australia Melbourne Fashion Festival. During their stay in Melbourne the Chinese influencers participated in a whole lot of business-matching activities that were organised by Global Victoria. Those activities connected Total Beauty Network with those new influencers. They have since agreed to sell TBN's products, and that has effectively given that organisation, that company, completely new channels to do business in China. So they are just some examples of some of the outcomes from both our outbound and inbound trade missions and the opportunities they create for Victorian companies.

Mr MAAS: Are you also able to provide an update on export outcomes for the state in that same financial period?

Mr PAKULA: Yes, well, in 2018–19 we have supported Victorian businesses and connected them to export opportunities in a range of ways. We have leveraged our presence, as I said, at our 22 overseas offices. We have got the inbound and outbound trade missions, we have developed export skills and knowledge and capabilities and we have particularly developed and enhanced Victorian businesses' Asia capabilities. Those programs, which are designed to grow the number of Victorian companies exporting but also to support increasing the value of Victorian exports and to diversify the markets into which Victorian companies can export, have seen some of the following results: our total exports grew by 9.1 per cent to reach a record high of \$55.1 billion. In 2018 our goods exports were worth \$30 billion; that was up by 5.4 per cent from the previous year. Our service exports were valued at \$25 billion, up by 14 per cent on the previous year, and international education was our largest services export at \$10.6 billion.

China is our largest goods export destination. It is our largest source of international students. It is our largest source of international tourists. And in 2018 our top export markets in goods were China at \$6.2 billion followed by the USA, New Zealand, Japan and Singapore. But when you look at the totals, China was \$6.2 billion, the USA was \$4 billion, New Zealand was \$2.3 billion, as was Japan, and Singapore was \$1 billion. So there are a range of markets that are important and are growing, but certainly from a goods export point of view, an international tourist point of view and an international education point of view China is the most important market in all of those categories.

Mr MAAS: Thank you, Minister. You—

The CHAIR: Mr Maas, given the limited time you have left, in the spirit of good faith, let us continue to move along.

Mr MAAS: Sure.

Ms VALLENCE: Thank you again, Minister and team, for appearing. First up, Minister, referring you to the industry innovation and small business output, which includes funding for the Local Jobs First commissioner and therefore oversight and enforcement of the Victorian Industry Participation Policy, just recently, on 30 May, it was revealed in the media that the West Gate Tunnel project would not meet the requirement for the 92 per cent local steel requirement. When did you first find out that John Holland might not meet their VIPP requirement?

Mr PAKULA: When it became public.

Ms VALLENCE: That was the first that you knew about it?

Mr PAKULA: That was when I became aware that they were unlikely to.

Ms VALLENCE: Unlikely to. Okay. So given that your government and Minister D'Ambrosio stated that an overwhelming majority of the steel would be from Australian suppliers, is it the government's new policy that these guidelines and requirements for local content are just that—guidelines?

Mr PAKULA: No, but you need to be cognisant of something that I indicated in a previous contribution to this committee. You need to differentiate between projects where the local content requirement was settled before or after August 2018. So the powers that I have referred to in relation to the commissioner apply to projects where the local content requirement was settled after that date, and the one that you are referring to now is one that predates the powers that I have that exist in legislation for the commissioner.

Ms VALLENCE: Okay, so given that those are the requirements now, is the Local Jobs First commissioner going to be issuing any form of compliance notice to John Holland?

Mr PAKULA: I can only repeat the answer that I just gave you, which is that those compliance powers that I have referenced apply to projects where the local content requirement was set after the commencement date of the act. The local content requirements on the project that you are referring to were set before the act came into effect, and as a consequence those compliance powers that you are referring to do not apply to this project.

Ms VALLENCE: Okay. I will move on to a local question, if I may—local to my electorate. I notice in your presentation that you refer to \$1 million for protecting our agricultural industry. The Yarra Valley is a place of pest-free production for Queensland fruit fly. I am wondering, Minister, of the \$1 million fund, is any of that attributable to an ongoing headcount for coordinating that program locally in the Yarra Valley?

Mr PAKULA: I would not imagine so, Ms Vallence. The project that I am referring to—the \$1 million that I am referring to—is because it is within my portfolio responsibilities as minister for trade. It is about trade export marketing for food and fibre manufacturers. I am not as au fait with some of the issues in relation to agriculture and biosecurity that the Minister for Agriculture or indeed, probably, the Minister for Roads and Minister for Road Safety would be, as the Minister for Agriculture for the previous four years, but it sounds to me like what you are talking about is a biosecurity-type measure. That would be a matter that the Minister for Agriculture would have within her portfolio responsibilities.

Ms VALLENCE: Well, biosecurity too, but also for trade. If fruit fly takes a hold in the Yarra Valley, that could completely wipe out our export trade of fruit and vegetables.

Mr PAKULA: Without commenting on whether or not that is right, as I say, I think it is pretty well understood by this committee that matters in relation to fruit fly and biosecurity are within the purview of the Minister for Agriculture, and I will allow her to deal with that when she is before the committee.

Ms VALLENCE: Just back on the matter that we were talking about before and the local content, particularly in relation to the West Gate Tunnel Project and the requirement of 92 per cent steel from local supply, in terms of the John Holland contract were there any penalties within that contract that are applicable in this case? What monitoring is occurring in terms of that supplier and in meeting those expectations?

Mr PAKULA: I feel, without jumping the gun, that you are probably going to suggest, as Mr Hibbins did a moment ago, that I am duckshoving, or something of that nature, but the responsibility for the contract and the construction is the Minister for Transport Infrastructure's. I am not the keeper of that contract, Ms Vallence, as I think you probably know.

Mr D O'BRIEN: Do you have any role in it, though, in enforcing the Premier's commitment?

Mr PAKULA: My role is the setting of the local content requirement both for jobs and for local content.

Ms VALLENCE: So is it not in your interests then to ensure that that is applicable, that that is enforceable, in the interests of taxpayers, who have an expectation that that is going to be met, that that local content will be met.

Mr PAKULA: Your specific question, Ms Vallence, was about what is in the contract, and what I am saying to you is that the contract is not something that resides with me. The contract is something that resides with the portfolio minister responsible for the construction of that project.

Ms VALLENCE: So you are responsible for local jobs and the VIPP—

Mr PAKULA: You would be much more successful in getting an answer out of me if you allowed me to provide it to you. The responsibility of the Minister for Jobs, Innovation and Trade is to set the local content requirements. I am the minister responsible for the Local Jobs First commissioner and that person's compliance powers in regard to projects that fall within his compliance powers. But as I have indicated previously, this was a project where the local content requirements were set prior to the commencement of the act and therefore those compliance powers do not apply.

I would also make the point that we have had probably the largest amount of Australian steel that has been procured ever on our various construction projects in the last couple of years. One hundred per cent—

Mr D O'BRIEN: Minister, you cannot give the good news like that but then shirk the bad news and say, 'I'm not responsible for it'. It is one or the other. You do have some responsibility for local content or you do not. I know you are saying that this one was before your powers came in, but it was a very clear commitment by the Premier of the day that there would be 92 per cent Australian steel content.

Ms VALLENCE: On that project.

Mr PAKULA: As the Premier has indicated, Mr O'Brien—

The CHAIR: On that note, sadly, your time has expired.

Mr RICHARDSON: Thank you, Minister, for your attendance here today before the Public Accounts and Estimates Committee.

Mr PAKULA: There is nowhere I would rather be.

Mr RICHARDSON: I want to kick it down the road, like Carlton did on the weekend, to budget paper 3, page 20, which outlines the establishment of the Victorian Jobs and Investment Fund. Minister, are you able to outline for the committee what the purpose of this new fund is?

Mr PAKULA: Sure, I can, Mr Richardson. We as a government are very focused on providing additional support for industry development and jobs growth through the Victorian Jobs and Investment Fund. It is a fund which is supported with \$150 million over the next two financial years. It is about building on our existing economic strengths and supporting investment and innovation. It is about creating sustainable jobs for Victorians, driving long-term growth.

As the budget papers indicate, the fund is about supporting opportunities of state significance to create jobs and promote economic development, and of course in that sense Minister Pallas, both as Treasurer and as Minister for Economic Development, will have a role as well. It is about continuing our efforts to attract strategic and footloose private sector investment to the state. I think everybody around this table, regardless of whether they are in government or opposition, would be well aware that where there is footloose investment there is a huge degree of competitiveness between states about attracting that investment. We are seeing some of our northern neighbours muscling up in many, many regards in recent times. We want to attract innovation and job projects to enhance our productivity growth. As I indicated during my initial contribution, we want to support the continued operations of LaunchVic, and I have had a conversation with the chief executive of LaunchVic, Kate Cornick, just in the last couple of days about how we will best do that over the next 12 months.

The Jobs and Investment Fund is really about driving major industry-wide projects, leveraging industry participation and building on our economic strengths. We will continue as a part of that fund to invest in industry and to invest in defence, med tech, R&D, advanced manufacturing, international education and other key sectors for the future.

I think it is absolutely vital that when you are a line minister that there is a fund available that you can make application to to seek support for important projects that will grow the economy, grow jobs and support advanced manufacturing and research and development. After the major car manufacturers shut down, there was some great pessimism about the manufacturing sector in this state. The fact is that through the movement to advanced manufacturing we have seen actually the overall number of jobs in manufacturing grow rather than decline, and it is because we have got a lot of really innovative, smart, advanced businesses using new technology and industry 4.0 and adapting really strongly to the new world. We have got a fund that will assist them to do that.

Mr RICHARDSON: Stepping further into budget paper 3, can I draw your attention to page 237 and the objective of supporting growth and innovation opportunities for industry. In addition to the Jobs and Investment Fund, can you tell me and the committee what else the government is doing to achieve this objective?

Mr PAKULA: Yes, thanks, Mr Richardson. Well, we are doing a number of things. I have talked already about our 22 global trade and investment offices. They are incredibly important. Our footprint in China, where we have got five offices, is unparalleled anywhere in the country. I talked before about going to the expo in Vietnam. We were the only state at that expo. When we had the Australia China Business Awards in Hong Kong the other night, we were the only state represented, so the support that we provide to Victorian businesses through our investment offices is enormous. We have sector specialists who consult regularly with the business community and with other levels of government to identify initiatives that best support the development of our high-growth sectors. We do a huge amount in terms of investment attraction, and we have facilitation

specialists which assist prospective investors to invest in Victoria. We have sector specialists that help grow businesses into export markets, and we provide facilitation support to grow the manufacturing footprint of Victorian companies or improve efficiency through access to grants.

We have also got that enormous pipeline of infrastructure investments—\$10.7 billion. I almost reduced it by factor of 10—\$107 billion worth of state capital projects which are either commencing or underway. We are investing more than the commonwealth plans to spend across the entire nation in infrastructure over the next decade, so all of those things support Victorian businesses; they support Victorian jobseekers. Whether they are highly trained or those people that I talked about earlier who are long-term jobseekers for whom we are using our social procurement and Jobs Victoria framework to get them a dividend from that enormous investment that we are making.

Mr RICHARDSON: Minister, if you may, as well, could you provide the committee with some examples that highlight what has been achieved by the government's approach in this area?

Mr PAKULA: One example I would provide you with was a company that I visited just the other day, which is GreyScan, a company based in Port Melbourne. They were born from local R&D. They were developed by Grey Innovation, which is a Melbourne-based company. They launched their product in November 2017 after a six-year development project, and they are now becoming a high-volume manufacturer. They create a portable, easy-to-use device which can be used by law enforcement agencies and ultimately by border security agencies about testing for inorganic material—the sort of explosive testing that you see at airports. That technology is now being exported to 23 countries around the world. But as importantly, if not more importantly, there are 31 Victorian businesses in that company supply chain, one of them in my electorate of Keysborough. So that is just an example of a company that has taken advanced manufacturing to a new level, and within that facility there is everyone from engineers to TAFE graduates putting the machines together. It is wonderful technology, it is incredibly highly calibrated and it is being exported to the world from Port Melbourne to 23 countries with 31 Victorian companies in the supply chain. That is just an example of a company that has been supported through our Global Victoria trade missions to tap into opportunities in Europe in particular—in France and in the UK. They attended the Eurosatory defence trade show in Paris last year. So those sort of high-tech advanced manufacturers that are setting up here—we are really proud to have them. They are the way of the future, and they demonstrate what a diverse, evolved, rapidly changing advanced manufacturing profile looks like in our state.

Mr D O'BRIEN: Minister, LaunchVic you mentioned previously and in your last answer in fact—

Mr PAKULA: I did.

Mr D O'BRIEN: You indicated just \$10 million for LaunchVic in the 19–20 budget, and you will be having further discussions with the CEO over the next 12 months. Ten million dollars this year; it has basically been \$20 million over the last couple of years per year so what is the reason for the cut in half, and what is not going to be funded now?

Mr PAKULA: Well, first of all, can I say LaunchVic does really important work. It has been heavily utilised by our start-up sector, and it has been, I think, a really important contributor to what we have seen in terms of the growth of that ecosystem in Victoria over the last few years.

Mr D O'BRIEN: Yes, Minister, we understand that.

Mr PAKULA: It is all right, Danny. I am coming to the substance of your question. I am coming to it.

Mr D O'BRIEN: Please. I am just helping.

Mr PAKULA: Okay, well, if that is what you considering helping. I do not accept the characterisation of what has been supported in the past. I think you will find over the last four years the funding for LaunchVic was \$60 million over four, so it averaged out at about 15—

Mr D O'BRIEN: Well, it was launched in November 2015 so—

The CHAIR: And launched with great success.

Mr D O'BRIEN: Yes. It was a very good minister in fact. I wish he was back.

Mr PAKULA: Fifteen to 19 is four.

Mr D O'BRIEN: Yes, but we are only just at the start of 19, Minister. Anyway—

Mr PAKULA: We are talking about funding from 1 July onwards. A couple of things that I think are worth mentioning are: it should not be assumed, first of all, that the only funds to support innovation are those funds provided to LaunchVic. For example—

Mr D O'BRIEN: No. But my question, Minister, is specifically about LaunchVic. I think we have agreed, if not on the quantum, that there is a cut, so my question is: what is going to be reduced?

Mr PAKULA: And I will come to the substance of your question, I assure you. The point I want to make is that, for example, one of our most innovative manufacturers in the state is Carbon Revolution and we just provided them with \$20 million that allowed them to then go to market and capitalise another \$75 million. In regards to the jobs and innovation fund that I mentioned previously, which is a \$150 million fund, you should not assume that we will not be able to source additional funds out of that for innovative projects as well.

Mr D O'BRIEN: Okay. But it is not there at the moment.

Mr PAKULA: Now, in relation to LaunchVic itself, yes, it is \$10 million for 19–20. You may characterise that as a reduction. The fact is that, as the Treasurer has indicated, there has been a revenue writedown over four years of something in excess of \$5 billion. That is coupled with—

Mr D O'BRIEN: Okay. We are really getting off topic, Minister.

Mr PAKULA: No, no. Well, you are asking me for the reason.

Mr D O'BRIEN: Well, you told us we cannot ask questions; we had to ask questions of the Treasurer. So I do not want to get you giving us Treasury questions. I want to get answers on this portfolio.

Mr PAKULA: Well, Mr O'Brien, you are asking me for the reason. I am saying that there has been—

Mr D O'BRIEN: No, no. I did not ask for the reason. I asked for what are the implications, what is going to be cut.

Mr PAKULA: Okay. Well, no. I do not accept that anything will be cut. What is probably worth exploring between the government and LaunchVic and what we will be exploring, you will note that in the budget papers the number of start-ups to be supported is not the same number as it has been. One of the reasons for that is that LaunchVic has a view, and I think it is a view that I agree with. It may well be appropriate over the next period of time to focus less on those early scale start-ups and potentially to provide some greater support for the later scale and more mature start-ups, and that is something that I am working through with the CEO of LaunchVic as we speak.

Mr D O'BRIEN: Will LaunchVic continue beyond one year, given that there is no funding for it?

Mr PAKULA: No, no. You would probably appreciate that it is difficult for me to make predictions about what will happen in next year's budget, but it would certainly be my fervent desire and intention that it will. One of the reasons that the government made this a one-year allocation—

Mr D O'BRIEN: Is because there is a revenue right down. You told us that before.

Mr PAKULA: No, no—than a multi-year allocation is because we are going through that very process that I described of discussing with LaunchVic the approach moving forward and whether that changes. Once that is bedded down it will form the basis of a longer term approach.

Mr D O'BRIEN: Going forward as well, we have to go back. In 2016 there were 11 board members, only two of those starting 11 remain and now there are just five on the board. Why is that?

Mr PAKULA: Oh, look, I do not think there is any specific reason for that, Mr O'Brien, but it would be my intention to augment the board with additional members in the very near future.

Mr D O'BRIEN: Okay. I have a question for the secretary, which I will give you on notice, if I could, Secretary. BP3, page 237 has a criterion of companies or new entrants supported through LaunchVic. Could I just ask on notice: what information does LaunchVic report to the department in addition to this measure in the budget? Also, does the department or LaunchVic formally evaluate the outcomes or impact of any of the funding rounds and, if so, in what form? If I can have that on notice, if I could, that would be great. Minister, just one more question. You are responsible, I believe, as the shareholder for the Heyfield mill, ASH, as it is known locally. Does the government expect the mill to return a profit in either of 18–19 or 19–20?

Mr PAKULA: I think, Mr O'Brien, that in regards to—obviously in regards to 2019–20, you are asking me to make predictions about things that might occur in the future—

Mr D O'BRIEN: Like what?

Mr PAKULA: Well, I think that is always a perilous thing for anyone to do.

Mr D O'BRIEN: Well, it is in relation to dividends, which is budget paper 5, page 23.

Mr PAKULA: So I think I will resist the temptation to make a prediction about what might happen next year. In regard to 18–19, I will take that on notice and we will provide some information to the committee in regards to that if we can.

Mr D O'BRIEN: Well, happy for you to do so, Minister, but if it has turned a profit, whether a dividend was returned and then whether any of that dividend was indeed returned to the Heyfield or surrounding communities. Just going forward, obviously the reason you own the mill is around supply of timber to that mill. What assurances do you have with regard to volume supply to that mill going forward?

Mr PAKULA: I have just taken some advice from the secretary. The question about resource supply is a matter for the Minister for Agriculture, but they have current supply contracts through VicForests, I am advised.

The CHAIR: And whilst I hate to stop questions about my one true love, being forestry, alas I need to move on to Mr Richardson.

Mr RIORDAN: An extension of time would be in order, Chair. An extension of time on such an important question.

Mr D O'BRIEN: I think the minister was enjoying the line of questioning.

The CHAIR: Well, ordinarily, it would be, but the questions are not as good as if you had come and spoken to me first. Mr Richardson, over to you until 4.57.

Mr RICHARDSON: The minister is stuck with me again like Essendon and Carlton are stuck out of the finals presently. There was a reference before to Carbon Revolution by Mr O'Brien.

Mr D O'BRIEN: By the minister.

Mr PAKULA: It was actually by me.

Mr RICHARDSON: Or by the minister, but in questioning from Mr O'Brien. I want to refer you to budget paper 3, page 237 again, and the objective of seeking to grow Victorian industries and businesses. We have seen coverage of Carbon Revolution in recent times. Can you tell the committee more about the work the government has done to support this company down in Geelong?

Mr PAKULA: Thank you, Mr Richardson. Those of us who have been in the Parliament for a while would have heard much from many MPs and ministers in regard to Carbon Revolution. In fact—

Mr D O'BRIEN: Every election someone goes there.

Mr PAKULA: I think it was former Premier Napthine's very favourite topic of all.

Mr D O'BRIEN: Mr Ryan's as well, the Deputy Premier.

Mr PAKULA: But it is an advanced manufacturer. It designs and makes carbon fibre wheels. They are light; they reduce noise and vibration. It is the first manufacturer in the world of a commercialised one-piece carbon fibre wheel and it has secured some really important contracts, including with Ferrari and with Ford. They currently have about 200 people working at the Deakin Uni campus in Waurin Ponds. They want to grow that workforce significantly in future years.

Earlier this year the government provided a loan of up to \$20 million to Carbon Revolution to support it through a capital raising process, and happily the company has won key financial backing for its expansion. It is now promising the delivery of hundreds more jobs for the region, so it has worked very closely with Deakin Uni and it announced last week that it has raised almost \$75 million—that is including the \$20 million from the Victorian government. So the government now expects that its loan will convert to equity upon the company being listed on the Australian stock exchange. We are in the process of appointing two members to the company's board, as was part of the terms of that loan. Leading institutional investors participated in the capital raising, as did the commonwealth government's Clean Energy Finance Corporation, as did Deakin University, so that is a great vote of confidence from the market. It is support not just for Carbon Revolution but for Victoria's investment climate. If that company can get the next stage of its expansion right, then the opportunities that exist in terms of advanced manufacturing jobs and really high value R&D are very, very promising.

Mr RICHARDSON: It is good to hear that partnership with Deakin Uni, having been a Waurin Ponds graduate as well. Minister—not the only job outcome partnership with government. Are you able to outline for the committee any other partnerships or successful job outcomes that have been drawn from partnership with government?

Mr PAKULA: Yes, I can. Thanks, Mr Richardson. I think one of the more interesting recent announcements was the announcement by Kaufland, which is that German supermarket giant, that they were going to base their national headquarters, three initial shops, with another three subject to planning approval, and Australia's largest distribution centre all here in Victoria. As I say, both myself and Mr Maas, as former secretary for the National Union of Workers, we would both be very excited by the presence of a big distribution centre here in Victoria. But through prudent investment facilitation the government secured more than 1500 jobs and an injection of almost half a billion dollars into the state's economy. Kaufland is now engaging with Victorian suppliers, and it is my understanding that they will be seeking to source local products to every extent that they possibly can.

The other one I did mention earlier was Gumbuya World, because it is a major drawcard for domestic and international visitors. With Victorian government support, stage 2 and 3 of Gumbuya World's redevelopment are planned to create about 485 local jobs. That is scheduled to be completed in 2021, and that will offer 50 new attractions. It will offer onsite accommodation, cafes—a whole range of other tourism experiences. So by 2022 we would be expecting to see Gumbuya World attract three quarters of a million visitors from around Australia, from around the world. So that will just help ensure that our tourism offering remains very, very strong. It will keep our restaurants full, our hotels full. Maybe I will have more to say about that in the next session.

Mr RICHARDSON: In the time I have got remaining, Minister, we are going to stay on budget paper 3 and page 237 and the reference to assisting industries in transition in the objective description. Can you provide the committee with an update on the results and the outcomes from the automotive supply chain transition program?

Mr PAKULA: Well, I mentioned earlier the fact that there was a degree of pessimism about our manufacturing sector when automotive was effectively chased out of the country by the federal Liberal government, but we have supported manufacturing through the automotive supply chain transition program. That has helped supply chain businesses identify and capture new opportunities in other markets. We have created hundreds of jobs through the Local Industry Fund for Transition. We have had 65 Victorian businesses awarded funding through LIFT. That will create another almost 2000 jobs, 1400 of those roles suitable for former auto workers. Retrenched automotive workers are still being supported through Jobs Victoria programs under which there have been 720 places secured for ex auto workers needing additional support. We had job fairs in September and October 2018 in those communities feeling the effects of the closures: in Geelong, in Melbourne's north, in the west, because there was a Ford component, there was a Toyota component. Two hundred exhibitors participated, 5500 jobs were on offer, over 11 000 people attended those events. We should all celebrate the fact that the end of manufacturing by Ford and Holden and Toyota did not spell the end of the manufacturing sector in this state. The sector remains strong and it will continue to grow because of the support of our government.

Mr RICHARDSON: There are only 20 seconds left, Minister, so this might have to be taken on notice, but if you are able to outline some of the achievements that have arisen from this program.

Mr PAKULA: I will take that on notice and will provide some more information to the committee.

The CHAIR: There is no way the minister was going to be able to answer that in 2 hours, let alone 20 seconds. That draws to a close the jobs, innovation and trade portfolio. Minister, thank you to you and the officials for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

I declare this hearing adjourned.

Witnesses withdrew.