

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2015–16 Financial and Performance Outcomes

Melbourne — 14 February 2017

Members

Mr Danny Pearson — Chair

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Mr Danny O'Brien

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Witnesses

Mr Richard Bolt, Secretary,

Mr Corey Hannett, Coordinator-General, Major Transport Infrastructure Program,

Mr Robert Abboud, Deputy Secretary, Transport Network Development,

Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation,

Mrs Sue Eddy, Lead Deputy Secretary, Corporate Services,

Ms Anthea Harris, Lead Deputy Secretary, Strategy and Planning,

Mr Luke Wilson, Lead Deputy Secretary, Agriculture and Resources, Department of Economic Development, Jobs, Transport and Resources;

Mr Evan Tattersall, CEO, Melbourne Metro Rail Authority;

Mr John Merritt, CEO, VicRoads;

Mr Jeroen Weimar, CEO, Public Transport Victoria;

Mr Matt O'Connor, Deputy Secretary, Industrial Relations Victoria;

Mr James Flintoft, CEO, Regional Development Victoria;

Mr Kevin Devlin, CEO, Level Crossing Removal Authority; and

Mr Andrew Abbott, Deputy Secretary, Creative Victoria.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 financial and performance outcomes. All mobile telephones should now be turned to silent. I would like to welcome Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Corey Hannett, coordinator-general, major transport infrastructure program; Mr Robert Abboud, deputy secretary, transport network development; Mr Justin Hanney, lead deputy secretary, economic development, employment and innovation; and Mrs Sue Eddy, lead deputy secretary, corporate services.

Additional witnesses in the gallery are Mr Luke Wilson, lead deputy secretary, agriculture and resources; Mr Andrew Abbott, deputy secretary, Creative Victoria; Ms Anthea Harris, lead deputy secretary, strategy and planning; Mr Jeroen Weimar, CEO, Public Transport Victoria; Mr John Merritt, CEO, VicRoads; Mr Peter Sammut, CEO, Western Distributor Authority; Mr Evan Tattersall, CEO, Melbourne Metro Rail Authority; Mr Kevin Devlin, CEO, Level Crossing Removal Authority; Mr Matt O'Connor, deputy secretary, Industrial Relations Victoria; Mr James Flintoft, CEO, Regional Development Victoria; and Mr Tim Ada, acting deputy secretary, sector development. I would also like to welcome all witnesses sitting in the gallery. Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested by leave of myself; however, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

I now give the witness the opportunity to make a very brief opening statement of no more than 10 minutes, and this will be followed by questions from the committee.

Mr BOLT — Thank you, Chair, and thank you to members of the committee. It is a pleasure to be back here for the 2017 hearings. I have got a brief presentation. I hope you do have hard copies in front of you. The outline of the presentation is essentially providing context as to who we are and what we have delivered through the course of the 2015–16 year in particular, and to an extent a look forward.

Visual presentation.

Mr BOLT — Just to remind members of our vision and mission, the key words are productivity, competitiveness, sustainability, prosperity and inclusion through collaboration with the private and public sectors and with an emphasis also on innovation and creativity. It is an outward-looking trade and investment-focused agenda but also with a significant emphasis, as I said, on economic inclusion so that the gains are able to be shared across the Victorian community.

We are slightly different in our ministerial cohort this year. We have eight ministers across 12 portfolios. We do retain responsibility for international education, but it has been absorbed into the responsibilities of Minister Dalidakis. There are four parliamentary secretaries, one of whom clearly is a member of this committee.

Our staff complement is much as last year, but there is some growth in our international representation, which you may recall was being foreshadowed. It was an election commitment, in fact, of this government. We have 2840 staff members, five CBD sites, 14 outer-metro sites and 77 regional sites. Very importantly indeed we engage with Victoria across its breadth, and we have 20 international offices that provide excellent services to the state.

We are also the creature of many portfolio agencies — there are, I think, 46 or 47; I keep forgetting the number. But there you have them broken down by key portfolio: a number in agriculture and resources; a very large number of well-known entities in the Creative Victoria portfolio; a range of entities under economic development, employment and innovation — many of them well-known and some of them new, such as LaunchVic; and a vast array of transport agencies, which you see before you.

Our financial summary from 2012–13 through to the 2015–16 year that is the product of this inquiry is shown on the next slide. Of course the growth in our revenue and the growth in our expenses is largely the product, in its scale, of machinery of government changes that have occurred over that period. The 2015–16 year is the first financial year in which you see the department reflected — throughout the year the department's costs and receipts are reflected for a full financial year, with \$6.9 billion of revenue and roughly the same amount of expenditure.

The assets there we can obviously go through, but there are many assets that sit in agencies outside or at the back of the departmental balance sheet, as you can understand, particularly in the transport portfolio but also there as well.

In 2015–16 we delivered many things. The department had a very large work program — a very ambitious work program — and it covered the various parts, or the various portfolios, for which we provide services to government: drought response; industry support; the Jobs Victoria Employment Network; and the shift in our intensity and mode of regional planning and regional engagement. There are some fisheries milestones; a range, of course, of transport projects involving the CityLink-Tulla widening being continued, the western distributor being initiated, the level crossing removals getting well underway and the Metro Tunnel going through important formative milestones; and sectoral strategies, such as the creative industries strategy and the visitor economy strategy, which are now being implemented in their various ways. I should have remembered the target minerals exploration initiative, which is increasing exploration in copper, other base metals and gold. That is a smattering, if you like, of key achievements, and obviously there are many more.

We, of course, are subject to a number of performance measures, and budget paper 3 outlines all of them. Our performance in meeting or exceeding those targets was steady as she goes, and I think it was pretty substantial — 78 per cent of our measures were met or exceeded. That is slightly up on 2014–15, and of course against a larger range of targets, 22 per cent of which we did not meet and 12 per cent of which were not met by more than 5 per cent. I think despite the increase in workload and the consolidation of so many functions in one department, we have continued to deliver, as you would expect. There are reasons for the non-exceedances that are all individual, but are generally due to factors that are quite explicable.

Here are some of the particular performance measures. I will point to a few highlights of those: one of them is the largest ever attendance at creative industries portfolio agencies — over 11.4 million people, quite an achievement; and good maintenance of production in agriculture, minerals, food and fibre exports, all slightly up.

On the next slide we see again most of the targets in relation to our economic development activities were met. One worth pointing out is the proportion of international students choosing Victoria — up from 29 to 30 per cent. That does not sound like a lot, but for a \$6.5 billion export industry that is a significant achievement. Also you would point to international visitors increasing from 2.2 million to 2.5 million, and their expenditure from \$5.4 billion to \$6.7 billion; that augurs well for Victoria as a visitor economy.

We have on the transport side some very good results and some results that were less, particularly in relation to regional train punctuality, than we would have liked but under recovery. So in general we met a minimum 96.6 per cent of scheduled services delivered across tram, train and bus. On the other hand, as I said, the punctuality of regional trains declined, but we can explain more why that was. I think it is well known, in fact, that there is recovery underway.

Distressed road pavements, some figures there — there was an increase in metropolitan Victoria and a slight decrease in regional Victoria.

Fatalities rose on the transport network, particularly in the roads area — a very worrying statistic of course for the state, and one that John Merritt can explain in greater detail as to the causes of it and what might be done

about it. Congestion on metropolitan roads meant that travel time punctuality did fall. But overall some very good results, some areas to work on.

Finally, I just want to draw members' attention to the fact that while this sounds like a bureaucratic expression, it is an important aspect of what we do that we remain focused on outcomes — what we are actually achieving — and that we track those with some continuity over time and interpret them every year. While we do not of course have total control, or in some cases even substantial control, over some of these measures, they are very important for us to be aware of, to shape our advice to government on and to deliver services to maximally influence, if I could put it that way. That includes fairness and prosperity, livability, competitiveness and innovation. Important in the context of modern and current debates on economic and political strategy, of course, is a very strong global focus on connectivity.

That is all I have to say by way of introduction, Chair. We are now very happy to take your questions.

The CHAIR — Thank you, Secretary. I might lead off if I can. Toyota has obviously indicated that they will cease production in Victoria on 3 October of this year, and that obviously follows previous announcements and closures for Ford, and I think Holden's is due to occur in the near future. Secretary, I was just wondering whether you could advise the committee of what work is being undertaken by your department to look at trying to support those workers and help transition those industries.

Mr BOLT — Thank you, Chair. The government has placed a very high priority on ensuring the transition of both businesses and workers in the affected areas, whether they be in the north of Melbourne, in Geelong, in the west of Melbourne or indeed in the south-east, where most of the auto parts manufacturing occurs. The nature of that assistance comprises assistance to businesses to consider their future and to reorient towards other markets where that is feasible for them, and for workers to consider their future and to receive the necessary supports to make, if you like, life choices and, where appropriate, reskill for other occupations. It is a product of a great deal of engagement with local communities, businesses and unions, and it is continuing now. Of course we can certainly talk about 2015–16, but the story will be about that and beyond. As for further details, I might throw to Justin Hanney, who can say more about the work we are doing on auto industry transition.

Mr HANNEY — Thanks, Secretary. Chair, there are a number of programs that we have. Auto industry transition support includes support includes \$135 million of targeted assistance. It includes \$46.5 million for Towards Future Industries: Victoria Auto Transition Plan; a \$30 million auto supply chain training initiative; \$15 million in the Back to Work scheme for retrenched auto workers; and \$39 million in the Jobs Victoria Employment Network.

We have got an industry task force. The industry task force is well represented by auto firms, supply chains, employer groups and unions. They then break down into four other sub-task groups in each of the affected areas — so the south-east, the west, the north and Geelong — and these groups work much more closely at a local level. If I can just describe the LIFT program — LIFT is the Local Industry Fund for Transition. What we have got within the department at each of the offices is staff who case manage small firms. The larger firms — Ford, Toyota and Holden — are well serviced by the department and transition programs.

We have really focused on the supply chain. We call them the tier 1s, 2s, 3s and 4s. Tier 1s supply directly to the auto firms. Tier 2s might have a spread — they might supply to the auto firms and have significant exposure to but also to other industries. This program has been in place and allows firms to think about what their transition might be into other parts of the economy. Some of it has been to enable them to access international markets in the auto manufacturing sector, and some has been for equipment, I guess to redirect what their firm manufactures and supplies. It has been a successful program. In terms of outcomes of the LIFT program — 29 recipients, and they have generated we think about an additional 750 jobs

The other program I said I would mention quickly is the auto supply chain transition program, and that helps supply chain businesses look at new markets. What we do there is we give them assistance to reset their business plan. A lot of these firms are really small — they might employ three, four or five people — and if they are exposed, that auto supply chain transition program allows them to work with a professional firm to reset their business. That has worked with 42 recipients. There are about 130 firms in that supply chain, and as a department we can say that we have had contact with every one of those and in some instances we have had multiple contacts; as I said, we almost provide this triage service.

The CHAIR — So would you anticipate that, for example, the public transport rolling stock program the government has embarked upon might provide those opportunities to enable a soft landing for these workers and these firms? Is that your expectation, just as an example?

Mr HANNEY — Look, in each of the areas we have been running employment expos, and those employment expos have been targeted at employees within that industry as they transition. The employment programs we have target employees in those industries. There are a lot of people who will continue to work in the auto industry. We estimate that in that tier 2 to 3 supply chain there are about 12 000 employees. From the data we have, the majority of workers will continue to be employed within the industry. We know that Ford, Holden and Toyota are reinvesting back in the engineering and design side — so advanced manufacturing. As a state there is this view there that we are no longer a manufacturing state. That is not correct — we are a strong manufacturing state and have got real strengths in advanced manufacturing. We are seeing that really play out — those firms that are continuing to grow are those that are very much embedded in advanced manufacturing.

Mr D. O'BRIEN — Good morning, all. Perhaps one to continue with Mr Hanney, although I will direct it to the secretary and you can allocate it as you see fit. I just want to talk about the financial performance of RDV in 2015–16. How did the regional development commitments from the 2014–15 budget impact on the 2015–16 financial performance for RDV?

Mr BOLT — So you are talking about the Regional Growth Fund?

Mr D. O'BRIEN — So there was a reprioritisation, according to the questionnaire, of \$125 million from the Regional Growth Fund to the new initiatives. Had that figure been updated? Were there any changes to that throughout the year?

Mr BOLT — I will pass it to Justin.

Mr HANNEY — So just to clarify: you are asking if the figures were updated in terms of the — —

Mr D. O'BRIEN — The reprioritising. Was there any change to that \$125 million figure, and what was the impact of the 2014–15 commitments on the 2015–16 year?

Mr HANNEY — I am not aware that anything was reprioritised.

Mr D. O'BRIEN — From the Regional Growth Fund — the previous government's Regional Growth Fund. Page 51 on the questionnaire responses makes that clear.

Mr BOLT — Yes.

Ms WARD — Are you asking about the 2015–16 years?

Mr D. O'BRIEN — Yes.

Mr BOLT — So 'Is there any change', Mr O'Brien, is your question, 'in that amount?'. No, so far as I am aware. I do not want to mislead the committee, but I am not aware of any change. It is the budget that was worked to.

Mr D. O'BRIEN — Perhaps a follow-up then, while Mr Hanney is looking that up: was there enough funding in the Regional Growth Fund to meet the commitments that had been made under that funding in 2014–15?

Mr BOLT — Yes. Sorry, if you will allow us a moment of consultation.

Mr D. O'BRIEN — Sure.

Mr HANNEY — So, Mr O'Brien, I stand corrected. The 2015–16 budget papers include the targets for funding from reprioritisation of existing resources to fund new initiatives. So the value of funding reprioritised in 2015–16 was \$125 million. The funding has been reprioritised to the Regional Jobs and Infrastructure Fund. Future needs for regional communities will be addressed through the Regional Jobs and Infrastructure Fund.

Mr D. O'BRIEN — So I guess a quick question: there was no subsequent change to that? That stayed at \$125 million —

Mr HANNEY — Yes.

Mr D. O'BRIEN — and was the bulk of the balance of the RJIF then new allocations in future budgets?

Mr HANNEY — Balance into future budgets — —

Mr D. O'BRIEN — Well, it was a \$500 million fund.

Mr HANNEY — So it was spread across forward estimates. That is correct.

Mr D. O'BRIEN — Sure, okay. Then the question you might have just missed, Mr Hanney, is: was there enough funding left in the Regional Growth Fund to deliver the commitments that had been made under that fund by the previous government?

Mr HANNEY — The answer is yes, there is, and there are still available funds. So it means that the fund has a set of commitments and expenditures against it, including election commitments. That does not exceed the amount that sits within the available funds.

Mr D. O'BRIEN — Okay, so cash flow issues in the department for that year for all those commitments — there are no problems at all?

Mr HANNEY — There are a number of contracts that are being negotiated at the moment in terms of payments — so contracts entered into. I will just look something up. Just give me one moment to look up a figure. I think there is about \$5 million to \$6 million of funds that we will negotiate payments for that sit within existing contracts, so the spread of those is against set milestones. We are talking to a number of recipients of those grants. We will look at the timing of the payment of those grants, and they may be carried forward into future years.

So as you are aware, Mr O'Brien, the contracts we enter into have a set of milestones and payments. On the total funds that are available, if we look at historical commitments and contracts that are held by government — election commitments and existing negotiations on contracts — they do not exceed the amount that is available in the fund. It sits within a trust fund, so we manage cash flow from year to year based on projects. Some projects require up-front cash and we fund those. Some we will meet with and there will be a set of payments, and some of those will be paid with a greater weighting towards the end of their contract.

Mr D. O'BRIEN — Sorry, you said \$5 million to \$6 million is still outstanding from the Regional Growth Fund? Is that right?

Mr HANNEY — There is \$5 million to \$6 million in the current financial year which we think payments may be transferred into next year, and that is much to do with the meeting of milestone payments. So the fund will continually revisit its cash flow, managing against the trust fund.

Mr D. O'BRIEN — That is just the Regional Growth Fund projects?

Mr HANNEY — Correct.

Mr D. O'BRIEN — Just to follow up on that briefly, in the 2015–16 budget there was the whole-of-government domestic violence initiative, which is on page 5 of budget paper 3. Was any funding from the regional development portfolio allocated to that initiative?

Mr HANNEY — What page was it?

Mrs EDDY — Page reference again, please?

Mr D. O'BRIEN — Budget paper 3, page 5, but it is just the list of whole-of-government domestic violence initiatives. I am just interested to know if there was anything for this portfolio in that amount.

Mr HANNEY — Not that we are aware of.

Mr BOLT — No. I am not aware of any amount for this department, including for regional development, that came out of the family violence package.

Mr D. O'BRIEN — Was there any subsequent to 2015–16?

Mr BOLT — No. The short answer is no.

Ms WARD — Yesterday we had a bit of a conversation around jobs, but obviously to really drill down we need to speak to you. I also would like to talk about regional jobs growth. I understand during 2016 over 26 000 regional jobs were created, or there was an increase of 26 000. If I can get you to have a look at page 4 of the 2015–16 rural and regional budget information paper, there is a statement in there that says that the Andrews government's investments will create new jobs in regional Victoria.

I also note the January ABS statistics, which were the final release of the 2016 labour market figures. I would like to ask you about the jobs growth in Victoria, but particularly around regional Victoria and the jobs growth that we are experiencing there.

Mr BOLT — I might ask Anthea Harris to take Justin's place at the table. In general the 2015–16 results for the labour market for jobs growth were encouraging. There was significant jobs growth. There was a moderation of unemployment, and that also extended to regional Victoria. What I might do is ask Anthea Harris to run through the statistics, with a particular focus on the regions.

Ms WARD — Also I was tracking along where Mr O'Brien was going as well, with a bit of a comparison of where we were a few years ago to where we are now, in 2015–16, in terms of regional jobs growth.

Mr BOLT — Yes, I think we can help with that too.

Ms HARRIS — My name is Anthea Harris. I am the Lead Deputy Secretary of Strategy and Planning in the Department of Economic Development, Jobs, Transport and Resources.

In regional Victoria for 2015–16 employment increased by 1500 workers, while the number of unemployed persons fell by 1600 persons in 2014–15.

Ms WARD — So what was the unemployment rate for 2015–16?

Ms HARRIS — This contributed to the regional unemployment rate falling 0.2 percentage points to 5.9 per cent in 2015–16.

Ms WARD — And it fell from?

Ms HARRIS — From 6.1 per cent. Would you like me to go through the overall state results?

Ms WARD — Yes, please.

Ms HARRIS — The labour market has shown signs of improvement for 2015–16. So in 2015–16 the average level of employment was 2 986 700 workers, which was 2.3 per cent higher than the 2014–15 average. Victorian employment surpassed 3 million workers for the first time on record in March 2016 and peaked at 3 045 200 workers in June 2016 during the 2015–16 financial year. There were 68 400 additional persons employed between 2014–15 and 2015–16, of which 63.3 per cent were in full-time employment — the second largest full-time employment increase among the states, behind New South Wales.

In 2015–16 on average 188 600 people were unemployed, which is down 6.2 per cent on the 2014–15 average. Victoria's average unemployment rate fell to 5.9 per cent in 2015–16, down from 6.4 per cent in 2014–15. This was the second lowest average annual unemployment rate among the states, behind New South Wales, which was 5.4 per cent.

Ms WARD — I think regional unemployment at the moment is about 5 per cent. Is that right?

Mr BOLT — Right now, are you saying? The current statistic? I think we have got data not quite to the present day. I think it is higher than that, however.

Ms HARRIS — Can I just check and make sure I get the right number? Unemployment rate, 2016–17 year to date: 5.4 per cent.

Ms WARD — Great, thank you. Are you able to give me some regional breakdowns in terms of Ballarat, Geelong and Bendigo?

Ms HARRIS — I have not got those numbers to hand. I can take that on notice.

Mr D. O'BRIEN — I want to go to agriculture, in particular the forestry division in respect to the role of the forestry division of agriculture in supporting the Leadbeater's Possum advisory group's activities. Could you advise what level of funding was associated with that support and what role the forestry division has in that area of activity?

Mr BOLT — The best thing to do there is to ask Luke Wilson to come to the table. I am sorry, Justin; if you could make way for him, that would be helpful. It is a fairly detailed question as to funding, Mr O'Brien. I will see what Luke can do to help with that.

Mr WILSON — The forestry team is a small team in the department. I do not have its exact number; it is of the order of \$1 million a year, but I could clarify that. It took part in advice to government in relation to the task force, not in the task force itself of course. That team was just providing information into the deliberations that were managed through DPC. There was no specific budget allocation for that. It was part of the team's work.

Mr D. O'BRIEN — When you say it is small, can you give me a rough idea of staff numbers of staff?

Mr WILSON — I will have to check. I think it is about eight people.

Mr D. O'BRIEN — Eight FTE?

Mr WILSON — Yes.

Mr D. O'BRIEN — As you would be aware, there was meant to be a review of the measures in place to protect the possum once 200 colonies had been found, and I believe that occurred at the end of 2015–16. When did that review occur?

Mr WILSON — That review is undertaken through DELWP, so we were not part of that review.

Mr D. O'BRIEN — Does the forestry division have any insight into it whatsoever?

Mr WILSON — Not in relation to the Leadbeater's work. There is work that has been going on, as I understand, but I would have to check that with DELWP as to the timings of that piece of work.

Mr D. O'BRIEN — So there is no involvement in the review from this department at all?

Mr WILSON — Not on the Leadbeater's. If it is the ecology assessments, we do not get involved in that. What we do do is, if there are any prescriptions or suggestions, we deal with the supply side and the industry side.

Mr D. O'BRIEN — Okay, perhaps back to the Secretary. Is there involvement then from an RDV or a general departmental economic side of things with respect to Leadbeater's possums and the Forestry Industry Taskforce?

Mr BOLT — When it comes to giving advice on the future of the timber industry, which of course in relation to the Central Highlands involves sawmilling, as you are aware of course, and pulp and paper production, we do provide industry-related advice on the impact of different supply scenarios on those industries. Some of the claims for recontracting are of course matters of public record already, and we are providing advice on those. So yes, government, through the relevant ministers, is well apprised of our advice on the industry impacts of different timber supply scenarios and obviously affected by environmental policies and phenomena such as the 2009 bushfires, which itself had a significant impact, as you know, on timber availability.

Mr D. O'BRIEN — Do you know if the department gave any advice to the minister with respect to the number of sightings being found, given it was, I suspect, probably higher than most people expected initially, and what the impact of that might be on the forestry sector?

Mr BOLT — We do give advice to ministers. That is of course confidential to our interactions with those ministers. VicForests itself, by the way, as part of our portfolio shared with Treasury, is part of the surveillance and identification mechanism, if I can put it that way, because it does have a role to identify possums and ensure that it responds appropriately within government policy to those sightings. But yes, we do provide advice on what you might call the strategic future of the industry.

Mr D. O'BRIEN — Just on that, does VicForests have any role in verifying sightings or is that totally a role for DELWP?

Mr BOLT — I do not believe VicForests is the ultimate arbiter of the verification of sightings. Responsibility for assessing possum numbers definitely lies with DELWP and not with this department or with VicForests particularly.

Mr DIMOPOULOS — I have got an interest in the Victorian Industry Participation Policy, and particularly in smaller businesses' access to government procurement. It is something that I raised in my inaugural speech as well. I understand that the industry participation policy probably existed in some form previously but was developed in a more nuanced way by this government. I think the threshold was lowered to \$50 million for strategic projects. I just want to get a sense from you of what the outcomes have been so far — you talked about outcomes initially, Secretary — whether it is too early to talk about that or if we have got some runs on the board. That is one, and the supplementary in a sense is: is there further work that could be done for small business to access government procurement?

Mr BOLT — The government, as you say, by its policy has lowered the threshold for strategic projects under the Victorian Industry Participation Policy from \$100 million down to \$50 million. That of course will increase the number of projects that are subject to local content targets, and what I might do is ask Justin to elaborate on those. But perhaps as an overview comment: it is early, but we are seeing some significant gains in some of the major projects by way of local content. We would expect that to flow through to jobs, and in some cases that is already occurring. But Justin, you might go through some of the statistics on that.

Mr HANNEY — Sure. Through you, Chair, there are 35 strategic projects that have been released to market. They are expecting over 10 000 new and retained jobs. So if we compare that to the previous four years — the introduction of the new thresholds and approval arrangements — in that four-year period there were only eight projects, so we have increased the number of projects dramatically by lowering that threshold to \$50 million down from \$100 million.

If I just give you three or four examples: the western distributor project has got a minimum of 89 per cent local content requirement. That in its own right will support 5600 local jobs. The high-capacity Metro Train Project: as an industry partner we worked alongside the transport side of the department to really look at gaining as much local content as we could, and we set a 60 per cent local content requirement for rolling stock. If I just compare us to other states that did not require local content, that means that we have got really significant local firms being engaged in the whole supply chain in the high-capacity Metro Train Project. Level Crossing Removal Projects: the Blackburn, Mitcham and two St Albans removals together have got a 90 per cent local content requirement as well as the commitment to use 100 per cent local steel. One hundred per cent local steel, just in its own right, as part of VIPP has been quite outstanding.

So the breakdown of that: in the assessment we use a 10 per cent formal weighting for local content as part of the evaluation of government procurement projects and a really strong strengthening of the compliance activity, including random audits of VIPP projects across the state. So those 35, we do not just set them; we set them and go and follow them through to make sure that they are achieving their targets.

Mr DIMOPOULOS — Do you have a couple of examples at the lower end, at the \$50 million end?

Mr HANNEY — Let me have a quick look at my notes. A lot of the steel projects would be at the lower end in terms of the \$50 million projects. What I can say to you is we are looking at: can we use VIPP in a more applied sense to more affected communities? So when we look at, for example, the Latrobe Valley: how do you

retain as much local content? We had an example recently where a small business, a printing firm, wanted to talk about being able to do the printing for their part of that region, and the size of the tender, the size of the program, was too large. So that is an example whereby even though by lowering the threshold to \$50 million we pick up a lot of firms, we do not necessarily pick up those smaller firms.

What I would, though, bring to your attention is the Industry Capability Network. They are there to work in particular with small businesses. They will take a whole contract and work alongside a firm and break down the contract into smaller pieces so that smaller firms can access those projects.

Mr DIMOPOULOS — Do they do that because, in a sense, apart from any other altruistic motive, that will give them what they need in terms of local content anyway?

Mr HANNEY — I think there are two reasons. One is that if you have got a larger project, you are going to get a lot more competition by breaking it down. The smaller you can break down contracts to, the more competition that you have. Larger firms with larger contracts often will want to put out as a whole project. One of the roles of the Industry Capability Network is to work alongside whoever is letting that contract and to break it down into the smallest components that it can, where it is going to drive further competition, and at the same time it provides much better accessibility. So if you are a small firm and you are only providing part of a contract worth \$50 million or \$100 million, you do not have an entry point. So ICN's role is they go out and identify a number of suppliers to that contract and work with them. That does not guarantee them a win; it provides them with access.

Mr DIMOPOULOS — Where was that printing firm?

Mr HANNEY — It was down in Gippsland, actually.

Mr T. SMITH — In December 2015 the government announced a \$47 million program to deliver Victoria's automotive transition plan. The plan includes a new \$5 million automotive supply chain transition program. Could you confirm exactly how many applications you have had for funding support from this program?

Mr BOLT — That is definitely a question I will ask if Justin has got the stats on. Otherwise we will have to take that on notice and attempt to get back to you even through the course of this hearing.

Mr HANNEY — I will have it. Of the \$46.5 million, if I just go to the end of 2016, so picking up 2015–16, the LIFT component had 29 recipients. The auto supply chain had 42 recipients. I think your question is 'How many applications?'. I do not have that in front of me in terms of the direct number of applications, but I can get that figure for you and report back.

Mr T. SMITH — Just to clarify, how many automotive companies have been successful in application for funding, did you say?

Mr HANNEY — Forty-two under the auto supply chain transition program and 29 under the local industry transition program, so obviously bringing those together that is 71.

Mr T. SMITH — Do you know what percentage of applicants were successful?

Mr HANNEY — I do not have that figure, but I can say to you that what we do not do is just take the application. Earlier in the hearing I talked about the program that we have got in place. Every single one of the auto supply firms that exists is given a case manager within the department, either from our Dandenong office, our Bundoora office or our Geelong office. They then go and work with those firms. They assist them to fill in the application forms. When I say it is a triage service, we do not just advertise and they put in programs; we are wanting them to actively be supported. I do not know what the success rate would be, but it would be — —

Mr T. SMITH — Could you perhaps provide that on notice?

Mr HANNEY — Yes, I will before the end of this hearing, because I would say it is certainly 90 per cent plus in terms of those who apply and those who are successful. But I will have that figure for you by the end of the hearing.

Mr T. SMITH — Thank you very much. So the automotive transition plan also includes \$33 million for, and I quote:

Communities hit the hardest by departing automotive companies will be supported to attract investment and create new jobs for local workers.

Could you confirm how much investment and how many new jobs are being created in Melbourne's north, south-east, west and the Geelong region to support automotive workers in transition?

Mr HANNEY — The \$33.1 million, if we break that down, Mr Smith, it is up to \$2 million to businesses, projects, that will create jobs in the community's most impacted. If I break down that \$33.1 million: \$7.5 million for the Geelong region, \$10.6 million for Melbourne's north, \$10 million for Melbourne's south-east and \$5 million for Melbourne's west. Then there is an additional south-east auto transition called the SEAT program, which has got an additional — —

Mr T. SMITH — Sorry, what was that?

Mr HANNEY — It is called SEAT: the south-east auto transition program. It has got \$8.4 million in it, and that — —

Mr T. SMITH — That is on top of?

Mr HANNEY — On top of the \$33.1 million, and that recognises that, again within the south-east, the majority of the supply chain firms actually sit within the south-east in and around the Dandenong area.

Your question in terms of outcomes: I will have to again come back to you in terms of what they have generated by way of — —

Mr T. SMITH — Jobs.

Mr HANNEY — Of jobs, I can tell you — so the LIFT grants: at the end of 2016 754 jobs were created, of which we identified that 601 of those jobs would be suited for auto workers. If the jobs are outside the auto field, we work out whether or not there is a job there for an auto worker or whether or not they are general jobs. So of those LIFT grants provided in 2015–16, 754 jobs were the outcomes of those 31 grants.

Mr T. SMITH — So they are new jobs, yes?

Mr HANNEY — Yes, they are the creation of new jobs. They are additional, so they are additionality.

Mr T. SMITH — So you will provide further outcome-based information to the committee on notice?

Mr HANNEY — I have that figure: the 754 jobs. I think your question, which I cannot give you, is those broken down in each of those four areas, and that is what we will get for you.

Mr T. SMITH — If you could, thank you very much.

Ms PENNICUIK — Thank you, Secretary, and everybody else who has come today to the hearings to help us with answering the questions that we have on the activities of your department. I would like to ask some questions about signalling on the metropolitan rail system, and in particular the answers to the questionnaire on pages 20 and 26. On page 20 it notes that expenditure on the high-capacity signalling stage 1 was \$1.2 million as opposed to the \$20.7 million that was allocated to moving the pilot from the Sandringham line to the South Morang line, which when I asked the minister about that in the budget estimates last year we were advised that that trial had been moved from Sandringham to that line. So my question really is: what was that \$1.2 million spent on, and why is it so much lower than the allocated \$20.7 million?

Mr BOLT — That is a question that I think Rob Abboud is best able to answer, but with perhaps a preface to say that the high-capacity signalling project in its totality will necessarily entail a greater expenditure than \$1.2 million, but we will come to that after we have acquitted the \$1.2 million. Rob, over to you.

Mr ABBOUD — When we go and forecast budget estimates and programs, all best endeavours are undertaken to establish risk profiles, and a number of assumptions are made about when technology is able to

be implemented. The \$1.2 million would have been spent on investigations across the corridor to prove that technology and to come to a determination as to the appropriate corridor to test and pilot the high-capacity signalling.

Mr BOLT — So back to the question of the \$1.2 million: that is, if you like, the first payment in working out what the strategy is for high-capacity signalling thereafter. It is probably better that Corey say a word or two about how that will be implemented and worked into the program that lies on his watch.

Mr HANNETT — With the Melbourne Metro project we are rolling out high-capacity signalling. As part of our signalling package, we are including a high-capacity signalling trial which will roll out on the South Morang line before we introduce it on the end of the Melbourne Metro project. What we are doing is we are using our contractors who are delivering as part of the Melbourne Metro to roll it out on a line before Melbourne Metro is finished. That is the thinking behind what we are doing.

Ms PENNICUIK — Thank you for that. I suppose it even raises some more questions. You mentioned Melbourne Metro. Of course Melbourne Metro in terms of its full completion is another nine years away, and one could say — I certainly would say — that improving signalling across the Melbourne metropolitan rail system would introduce improvements for people now and they would not have to wait nine years for it. I was interested to hear you say it is about finding out which is the best place to run the trial, because I thought we had already had a trial running it on the Sandringham line, and I think I was pretty critical of that given that the Sandringham line basically does not go through the loop during the week and does not have any freight on it. It was seemingly the wrong line. But now that it is on the South Morang line, there are a couple of questions that arise from that: will the Mernda extension have high-capacity signalling?

Mr BOLT — Obviously that is a planning question. I might, without wanting to preface too many questions, Ms Pennicuik, I think that clearly the government's program is looking to increase capacity through a number of means. One of those is the Melbourne Metro project in a substantive sense itself to avoid the constraints that the city loop imposes on throughput in and out of the city. Another one is high-capacity Metro trains. The removal of level crossings themselves provides for additional capacity by reducing constraints imposed by the downtime of level crossings that have boom gates, and then high-capacity signalling. In fact modernising current signalling using conventional technology also assists with this. Finally, high-capacity signalling on the right line at the right time can add to the government's steady increase in the capacity reliability of the metropolitan rail system. So with that preface, the question about where it goes from here is something that Rob Abboud might say a few words about.

Mr ABBOUD — Just to confirm that, the high-capacity signalling will be piloted on the South Morang line and will be embedded within the Melbourne Metro project. Any future rollout of high-capacity signalling across the network beyond Melbourne Metro is a decision for a government to make, and at this stage the Mernda rail extension will be fitted with conventional signalling.

Ms PENNICUIK — So the Mernda extension — —

The CHAIR — Maybe a very brief supplementary question.

Ms PENNICUIK — Yes, very brief. So many questions have arisen from your answers. In particular, Secretary, the steady increase I thought was a lovely description. But if we could move to page 26, because you did mention conventional signalling, the conventional signalling on the Caulfield to Dandenong line: \$45 million was the expected expenditure, but nothing has been spent there. So is there any explanation for that?

Mr BOLT — I will turn to my colleagues to explain how that expenditure will occur, and they may wish in turn to refer to other colleagues.

Ms PENNICUIK — Which is why I think steady increases I would question. I do not think we have started yet, let alone increased.

Mr BOLT — Ms Pennicuik, I was talking about the capacity and the throughput of the system. Signalling is one tool that we have to do that with.

Mr HANNETT — I could probably add to that.

Mr BOLT — Please do.

Mr HANNETT — Just getting back to what I mentioned earlier, with our current projects all the signalling systems we now install, whether it is level crossing removals or the Mernda rail extension, have computer-based interlocking which is being designed and installed in a way that it is futureproof for high-capacity signalling to be added to it. So with all the current projects, all the new computer-based interlocking signalling systems we install will be futureproofed for that. So the Mernda rail extension, for example, has a conventional signalling system which will be able to have high-capacity signalling added to it in the future. A lot of the work is actually in the integration with the frames. With the system in the field on the ground those systems will be able to be added to with the high-capacity signalling. So what we are doing with Melbourne Metro obviously for the tender process we are running right now is that we are looking at getting international experts from around the world to come into Melbourne Metro, which will work with that authority to deliver that trial on the Mernda line to actually get the technology embedded into the system before it is rolled out on Melbourne Metro.

The CHAIR — I might ask a question — a good segue, actually, Secretary — about an update on the Melbourne Metro rail project. I know in the 2015–16 financial year \$1.5 billion was allocated to pre-works and planning for that project. I was wondering if you might be able to provide the committee with some advice in terms of the status of this very exciting project.

Mr BOLT — Indeed. Thank you, Chair. I suspect that the best way to do that is to ask either Corey or to get Evan Tattersall as the CEO of the Melbourne Metro Rail Authority to come forward and explain the acquittal of that money.

Mr TATTERSALL — Evan Tattersall, CEO, Melbourne Metro Rail Authority. From a status point of view, you would be aware, presumably, that we have just completed the environmental assessment process, and the Minister for Planning approved the project just before Christmas. That now enables us to get on with major works. Up until now we have been doing some preparatory works that were approved to proceed ahead of the main planning approval process, which involves us moving minor services around in roadways et cetera. We now have the green light to get on with some of the more significant works which shortly will include construction of shafts in Franklin Street and A'Beckett Street for the CBD North station, and we have already closed those streets off in preparation for that.

We will also shortly be starting works in City Square. You might have seen down there we have got a hoarding up announcing that, where some of the existing businesses have moved on. Leases expired prior to Christmas and they have moved on, so we will be getting works undergoing there in about two months time. We are also heavily into our procurement process to engage our major tunnel and stations contractor under a PPP contract arrangement. Bids for that close early in April. Then we have got our rail signalling alliance contract, where bids close later this month. We hope to have the rail signalling alliance awarded by the middle of the year and have the main tunnels and stations contract awarded by the end of the year. So early in 2018 we will have established the shafts that would enable the main contract and, once they come on board, to get a really good head start to start to have access already created for those big cavern stations in the CBD.

The CHAIR — You mentioned the PPP element of the project. What would be the revenue stream for the funder of that project? Would it be like an availability payment or will they get a surcharge of the ticket price in order to fund their investment? Or is that still to be determined?

Mr TATTERSALL — It is a return that they are bidding on at the moment in the tender process that they would get over a 25-year concession period. So yes, it is an availability-style of PPP contract where they maintain the tunnels and the stations in conjunction with the franchisee for the network. Effectively the franchisee looks after the public-facing aspects and the PPP contractor would look after all the back of house — so keeping the tunnels and the ventilation systems going and the lifts running et cetera.

The CHAIR — From an employment perspective, when would you anticipate that that will start to ramp up in terms of people working on these projects? Obviously you have to finalise the tender process before you see a significant level of construction underway. Have you modelled that in terms what that might look like across the out years?

Mr TATTERSALL — We do have quite a few people on the job already through an early works contract we have with John Holland, so I think we have got over 100 people out there working at the moment. And then,

yes, it will progressively ramp up once the Rail Systems Alliance is in place and then the main works at the start of 2018. We are expecting a peak of around 5000 across both suppliers and direct workers on the job, and that peak would be determined ultimately by the bids that we have closing shortly. That is our expectation of the order of workers on the job.

The CHAIR — Yes, okay. Fantastic, thank you.

Mr D. O'BRIEN — Can I go to Budget Paper 3, pages 20 and 29, in the 2015–16 budget, which refer to the government's commitment of \$600 000 on an examination of country of origin food labelling laws. It mentioned the Andrews government was initiating:

An investigation ... to identify the extent and cause of non-compliance ...

with food labelling laws among other aspects related. There has been basically silence since that announcement. Has the investigation occurred? What is happening with it?

Mr BOLT — That is a good question, Mr O'Brien.

Mr D. O'BRIEN — I thought so.

Mr BOLT — To which I personally do not have an answer. I wonder if Justin does.

Mr T. SMITH — Well, you chalked that one up, mate.

Mr BOLT — So that is a Consumer Affairs Victoria lead. The question that was in my mind is that is a matter that they would normally handle. We will have to come back to that question and give you a reply after some notice, Mr O'Brien.

Mr D. O'BRIEN — Okay. Perhaps while you are doing that, what I am interested in as well is was the investigation done internally or were external consultants used? And if so, what was the cost of those? Was it all new money or was it reprioritised from something else, as well? Because we have not heard anything further, there is an assumption perhaps that it did not go ahead, and if it did not go ahead, why not? That is what I would be after.

Mr BOLT — Understood. We will come back to you on those questions.

Mr D. O'BRIEN — If you are able to before the end, that would be great.

Mr BOLT — If we can. Otherwise, as soon as possible.

Ms WARD — Back to jobs. In Budget Paper 2 from 2015–16 on page 20 there is commentary on expected labour market performances for the year. We have had ABS data come out in January regarding our jobs figures for 2016. Can you talk us through jobs growth that we have seen happen in 2016 and the sectors that are leading that jobs growth?

Mr BOLT — I believe we can cast some light on that, and I will again ask for the detailed assistance of Anthea Harris, if I may.

Ms WARD — Who is doing a sterling job today.

Mr BOLT — Thank you. Apologies for the tag teaming. This is a team effort as you can imagine.

Ms WARD — It is good to see the team working so well.

Mr BOLT — That is indeed right, yes. I hope I have made the right call. Just quickly, if I have, Anthea, would you give a response?

Ms HARRIS — So in 2015–16 the largest employing industries were health care, retail trade and construction. In terms of the largest increases in employment, they were in health care and construction, so respectively up 34 400 jobs for health care and 28 000 jobs for construction between 2014–15 and 2015–16.

Ms WARD — And what about food and fibre? What is the growth in that industry and how has that grown in terms of jobs growth?

Ms HARRIS — So for the agriculture, forestry and fishing sector, that added 10 000 jobs between 2014–15 and 2015–16.

Ms WARD — Thank you. In those sectors, do you know what the growth is in terms of youth employment?

Ms HARRIS — I do not have that by sector, I am afraid. I have got some figures for youth employment overall, if that is helpful.

Ms WARD — Yes, that would be great. Thank you.

Ms HARRIS — Victoria's youth labour market has also seen strong improvement in 2015–16. Youth employment increased by 11 300 workers from 2014–15, while the youth unemployment rate fell by 1.9 percentage points to 13.2 per cent. Victoria's youth participation rate declined by 0.6 percentage points to 65.5 per cent in 2015–16. However, the number of youth engaged in full-time education increased by 600 persons, while the number of youth not attending full-time education who were either unemployed or not in the labour force fell by 4300 persons.

Ms WARD — And is that also seen in regional Victoria?

Ms HARRIS — I do not have the regional breakdown for the youth regional versus youth metro on hand, but I can take that on notice.

Ms WARD — Thank you.

Mr MORRIS — Good morning, Secretary.

Mr BOLT — Good morning, Mr Morris.

Mr MORRIS — There was some time ago a VicRoads report into options to improve Thompsons Road that indicated that duplicating the road without a grade separation at Western Port Highway would limit the benefit of any duplication.

Mr BOLT — Right.

Mr MORRIS — Can you advise whether the department agrees with that assessment?

Ms WARD — Based on the 2015–16 — —

Mr MORRIS — It was a project underway in 2015–16.

Mr BOLT — I am happy to provide an update of the status of the Thompsons Road roadworks. The questions about our opinions on a particular augmentation, Mr Morris, as you understand, are matters that we would confine to advising the minister. It would either be Rob Abboud or John Merritt who ought to answer the question about where the Thompsons Road works are up to. Which of you would like to do that, gentlemen?

Mr MORRIS — Perhaps in the answer — I certainly accept your point about opinions — if you could indicate whether that option was considered as part of the process.

Mr BOLT — I am very confident it was —

Mr MORRIS — What options were considered?

Mr BOLT — but let me ask the question of Rob.

Mr ABOUD — That is specifically the option of not grade separating?

Mr BOLT — Or grade separating, I would have — —

Mr MORRIS — Grade separation, yes.

Mr ABBOUD — If I could invite, through you, Chair, John Merritt to give us an update on Thompsons Road.

The CHAIR — Sure. Thank you.

Mr MERRITT — I am John Merritt. I am the Chief Executive of VicRoads. Good morning, committee members. Good morning, Mr Morris; it is good to see you. Obviously we have let and are underway on stage 1 of Thompsons Road, and it will be out to market on stage 2. The issue about the interchange at the Western Port Highway, our advice is that it is a matter of timing essentially — that the growth in that region at some point would justify a grade separation there to get the maximum benefit of the works that we are doing on Thompsons Road. And so our advice is in the context of the timing of that work.

Mr MORRIS — Thank you.

Mr DIMOPOULOS — Secretary, back to my long-held interest in small business and jobs. I just wanted to ask you about LaunchVic. In terms of the grants and the program, a business in my electorate is a beneficiary of a LaunchVic grant, so I know one example of what LaunchVic grants are achieving. Can you give us a flavour of some of the other projects that are being funded, particularly in the tech space, and perhaps also if there is a reach into regional Victoria?

Mr BOLT — I will ask Justin to go through those details, but just to remind the committee, the purpose of LaunchVic is to make the system, or what you would call the start-up ecosystem, if you will forgive me for the language, the Victorian start-up ecosystem to be more effective in the various ways in which that can be done rather than in itself to be funding individual start-ups — if you like, end users of that ecosystem. There have now been two funding rounds, from memory, that have been decided by LaunchVic. They do include regional components, and I will ask Justin to go through some of those details.

Mr DIMOPOULOS — And, sorry, that tallies with the recipient in my electorate. It was almost like an incubator — that is not the right term, but that was the kind of funding they received.

Mr HANNEY — So LaunchVic has a \$60 million allocation to it as part of the \$508 million Premier's Jobs and Investment Fund. It has got a board, and a lot of those board members have been successful in their own start-ups. They sit on the LaunchVic board, which is chaired by Ahmed Fahour, the Managing Director of Australia Post. Secretary Bolt explained that there have been two funding rounds to date. In April 2016 the first funding round saw 18 successful applicants, and there were a range of initiatives in the ecosystem, and I will come back to those in the moment. Then there was a further round announced on 29 August whereby a further seven applications were supported. The terms they use are accelerators and incubators. If I just highlight one example, there is a firm called Convenory. Convenory is looking to negotiate with the convent gallery, or an alternative location but the convent gallery, to look at start-ups in the arts and particularly the arts and cultural space. They are looking at unused space at the Abbotsford Convent. They have been given some seed funding to see if they can work with the convent gallery to look towards creating a start-up within that building. As you would probably know, the convent gallery has got a lot of unused space and unrenovated space, so it might be a good marriage.

In addition, LaunchVic has relocated its headquarters down to the building where Places Victoria is currently located. Again, if you know that space, it is warehouse-type space and they are looking to expand their operations within that space and to involve other start-ups also co-locating within that space.

Regarding your question about regional Victoria, there have been a couple of initiatives funded in regional Victoria. If I could, I will come back to you with some specific proposals. But what we are seeing is, if you look at, say, Ballarat and the tech industry, there are a number of firms who are in conversations with government and with LaunchVic now about wanting to look at future rounds of funding to access LaunchVic's funds. To date it has got significant funds still to distribute. It had several hundred inquiries in terms of the first two rounds, and they go through a really rigorous process to make sure that what they are backing has the highest chance of success.

Mr DIMOPOULOS — So what would success look like for you in a couple years time in relation to that one or the Abbotsford Convent one?

Mr HANNEY — Generally they start out and they are not big employers. If I talk more broadly about the state's investment strategy, often we can put a lot of effort into trying to attract firms that employ 100, 200, 300 or 400 people. If you look at economic growth within the state and look at the number of successful larger firms in this state today that were organically grown and grown here within Melbourne and Victoria, they started up as start-ups or small businesses. I think historically there has been a focus in the start-up space against the tech and biomed/biotech space. What we are seeing is that the start-up space is right across the board; it is not just limited to those sectors. The reason I use the Convenory group is it is directly in that cultural arts space.

We are seeing massive interest coming from the higher education sector. RMIT and the University of Melbourne all have an interest in both accessing funds from LaunchVic but more so they are participating in their own accelerator programs where they will take students, with the idea of a student working on an applied project and actually starting a business while they are still studying. What we think we will see is really significant employment coming out of these in three, four or five years time. They will take a number of years to establish. And some of these might fail, but I think that is the life cycle of small business, but what it is really doing is trying to accelerate a number of these start-ups through LaunchVic.

Mr BOLT — Mr Dimopoulos, I can add just a couple of examples of regional grants that have been given. Rocket Seeder received in round one \$675 000 for a start-up accelerator program focusing on agricultural technology innovation, and La Trobe University received \$1 million for a regional accelerator program which will also encompass Federation and Deakin universities.

In general, success, apart from the individual funding rounds, would be that we develop a greater culture of entrepreneurship and that when entrepreneurs and start-ups want the services that provide the kind of discipline in building their value proposition, having it vetted and moving through to greater eligibility for funding, that the service and the finance is there and we do not have the constant complaint that you can have a good idea but that you have to go offshore to get it funded. It has never been that simple of course in Victoria, but if you look at the industry of this, say on the south-west coast of the US, in California and the like, it is an industry, it is a practice and the more we can import that practice here then the better we can actually get the benefit of that very small number of really good ideas that ultimately get through these hurdles and become serious businesses in either Australian or global markets.

Mr T. SMITH — Mr Bolt, just going back to LaunchVic. How much is Mr Fahour paid in his role as chairman of LaunchVic? A reasonably topical question I would have thought.

Mr BOLT — That is a question I will probably have to answer on notice because I do not think we would have those figures readily to hand, Mr Smith. But they are readily obtainable and I can provide that to you.

Mr T. SMITH — Thank you very, very much. Whilst you are doing that, if you could also indicate if he is paid out of the \$60 million LaunchVic fund, that would be greatly appreciated as well.

Mr BOLT — Yes.

Mr HANNEY — What was the second question, sorry?

Mr BOLT — Whether it is paid out of LaunchVic's fund.

Mr T. SMITH — How much is he paid? Whilst you are at it, you could perhaps inform us what all the other board members are paid as well.

Mr BOLT — Yes. In fact I have an answer in my head that I just need to confirm. Allow me to — —

Mr HANNEY — Before the session is over.

Mr BOLT — Yes, we will certainly confirm that. It is straightforward. Thank you very much.

Mr T. SMITH — In relation to LaunchVic's promised million-dollar funding of StartCon, a letter was sent on 16 May 2016 from the then CEO of LaunchVic, Dr Philip, to Freelancer CEO Matt Barrie asking for a 50-50 gender representation at the StartCon event across panel members, guests and keynote speakers, plus a separate diversity and tech session dedicated to gender and cultural diversity in order to receive funding. Will this same gender metric be applied as a condition to all grants and funding from the department?

Mr BOLT — There is no policy that requires that to be a requirement for funding receipt. We would certainly encourage inclusive organisations and cultures in all of those who receive funding. But unless there is some edict of which I am not aware, I have certainly not asked for that or seen a requirement for that to be applied to all grant applications.

Mr T. SMITH — In the Legislative Council on 9 March 2016 Minister Dalidakis blamed the loss of StartCon in Melbourne in 2016 on the delay in the incorporation of LaunchVic. Could you elaborate on what those delays were?

Mr BOLT — That is something that I will have to ask Justin to remind us about.

Mr HANNEY — Sure. LaunchVic, in terms of its start, was officially launched on 29 January 2016. The board was appointed and the company was incorporated as a company — —

Mr T. SMITH — Sorry, Sir. Can you just speak up a little bit?

Mr HANNEY — Sure. So the board was appointed on 29 January 2016. LaunchVic was not incorporated as a company under the Corporations Act until 11 March 2016, and the first board meeting took place later in March, on 24 March. The first funding round was opened on 11 April.

Mr BOLT — The question was: what was the source of the delay in getting it established?

Mr T. SMITH — Yes.

Mr BOLT — Is there anything further we can reflect on?

Mr HANNEY — I think it was several things. I think it was the recruitment of the board. It was the establishment of the terms of reference for the board. It was the incorporation of the company. We moved quickly in terms of its establishment. I know with the board, if you look at the membership on the board, it is a board of significant, successful businesspeople in their own right. There was a number of individuals targeted for the board. Some of those took time to decide as to whether or not they were prepared to commit to participating on the board. But I think in terms of its establishment — the appointment of a CEO, the establishment of the board — there is a logical time frame that sits — —

Mr T. SMITH — Is there a different set of priorities between changes of ministers perhaps or anything like that?

Mr HANNEY — I do not think so. I think for both ministers it was a priority. Clearly the new minister had to get his head around Launch Victoria and be briefed on it in terms of the changing and the timing of ministers, but I would not say that was the reason for the delay in the establishment of Launch Victoria.

Mr T. SMITH — So — —

Mr DIMOPOULOS — Chair, I think we have had about 16 supplementaries.

Mr T. SMITH — Well we endured Ms Shing's missives yesterday.

The CHAIR — Order! Mr Smith has the call.

Mr T. SMITH — What was the process for appointing Ms Cornick as the new CEO of LaunchVic?

Mr HANNEY — Ms Cornick was an applicant. Ms Cornick was interviewed by the board and her credentials were assessed, both by myself sitting within the department as well. She was the preferred applicant, recommended and appointed.

Mr T. SMITH — And in terms of — —

The CHAIR — One last question, Mr Smith.

Mr T. SMITH — In terms of the funding that LaunchVic has been engaged in so far, can you give us an understanding of where that has gone, who has benefited from it and the return to the taxpayer and the like?

Mr HANNEY — I did outline that before. Eighteen successful projects were announced on 29 August 2016 and they shared in \$6.5 million drawn down from the \$60 million of funds attached to LaunchVic.

Mr T. SMITH — Can you give us a list of — —

Ms WARD — Come on! I thought we had already done our 16 000th question.

Mr HANNEY — Chair, we can provide a list of the 18 successful first round projects announced by the minister.

Mr T. SMITH — Thanks. That would be greatly appreciated.

Mr BOLT — They are available on LaunchVic's website, without wishing to be disrespectful. They are certainly highly public and well described, and I would certainly direct you to those, Mr Smith, if you are willing to do it that way.

Mr T. SMITH — Thank you, Mr Bolt.

Ms PENNICUIK — If I could just follow up a little bit on our earlier discussion and if I could also ask one question on freight across the rail system. But just following up from our earlier discussion, the answer to the question about the \$1.2 million that has been spent on the trial of high-capacity signalling on the South Morang line was that it had been spent on advice. So my question is: what did the advice come out with, when will the actual trial commence, and how long is it meant to run for?

Mr BOLT — I think probably the summary answer to the question of what did the advice produce is that it has resulted in the strategy for deployment that was described earlier under the Melbourne Metro Rail Authority's management. Beyond that I am not sure that there is that much more to add, but if we can describe more of the deployment of high-capacity signalling under the project now, that may actually assist Ms Pennicuik to understand what is now going to be done.

Ms PENNICUIK — Yes, and if I could add just a bit of context in terms of the other answer, which was that there will be no high-capacity signalling rolled out to Mernda. There is no high-capacity signalling, as I understand, south of Lalor, so it is only a small section of the South Morang line. I think just in terms of the general public it is hard to understand why high-capacity signalling on a little part of a line is going to assist with the rolling out of it across the network — if you could explain how that actually works and how you have two systems of signalling running on the one line?

Mr BOLT — I think that I might do a double act here, Ms Pennicuik. With the indulgence of the Chair, perhaps both Corey Hannett and Jeroen Weimar from Public Transport Victoria might assist in casting light on how high-capacity signalling fits with other network solutions and what aspects of network configuration make it more or less easy and useful to deploy. There are constraints that have to be, in a sense, built into a total network architecture. Rob, if you are not going to be offended by this, if you could give way to Jeroen, I would be appreciative.

Perhaps Corey can kick off, and we will just have a discussion to see if we can land the fish, in a conceptual sense, for Ms Pennicuik.

Mr HANNETT — With the Rail Systems Alliance as part of Melbourne Metro we are in a tendering phase right now. So obviously we have got bidders talking to us, the authority, about how they are proposing to implement the rollout of the trial. Talking specifically about the South Morang line, the plan is to fit the X'trapolis trains with essentially gizmos that talk to the signalling system.

The timing of when that trial will be finished is subject to the completion of our tendering process. Later this year, when we hopefully award that contract, we will have a better idea of when we want to roll it out. It is not something we want to wait on. As soon as we physically can complete the trial, we will. The trial will inform the design of the high-capacity signalling on the Melbourne Metro alignment as well.

Mr WEIMAR — The original purpose and still the purpose of the high-capacity signalling trial is to ensure that we update the Metro drivers rule book so we undertake the compatibility we need to do between the drivers, the trains and the existing infrastructure to ensure that the existing rolling stock, the existing track and

the existing drivers can utilise high-capacity signalling systems. That is a critical precondition. We are integrating it with the Melbourne Metro program because the first deployment that we can see is going to be through the Melbourne Metro tunnel because that is where we need to have it on the new high-capacity metro trains. We are getting an early start on that, and that is why we have taken the South Morang part of the line.

It is a technical trial. You are absolutely right that there will be no direct impact for customers at this stage, because all we are really doing is ensuring that the existing X'trapolis rolling stock can use the high-capacity signalling with the existing trackside infrastructure and that we work through the driver acceptance processes to ensure this can be deployed effectively.

As the Secretary said earlier, there are a range of tools that we have on the network to improve service quality, to improve service frequency and to improve capacity. Some of that is about new rolling stock — the new high-capacity metro trains — some of it is about timetable changes and some of it is about infrastructure upgrades. Certainly when we get to running more than 20 trains per hour on sections, that is when we start to approach the requirements of high-capacity signalling, and parts of our network will approach that in the coming years.

Ms PENNICUIK — Thank you for that. I suppose in terms of just the general public, I think it is very difficult for the public to understand how only a certain section of one line is going to have the high-capacity signalling trial on it. As you are explaining, the trains that are fitted with the gizmos can trial that in just a little section of the line, and then there is what is happening on the rest of the line.

My other question was about the conventional signalling upgrade on the Caulfield to Dandenong section. That is not even commencing yet, but one of the answers was that high-capacity signalling will be able to be put there later. I think these things probably are not very clear to the public in terms of how this all fits together and how signalling in the whole system will look in, say, 10 years time. I would like to see it a lot earlier than that, but do you see what I am getting at? It is quite confusing.

The CHAIR — I think there is a question in that. Briefly, if you could respond.

Ms PENNICUIK — Thank you, Chair. I do not think I am up to 16 questions yet.

Mr DIMOPOULOS — Do you want to use that as a benchmark?

Ms PENNICUIK — I think I am only up to two.

Mr WEIMAR — I will do my best to give a broad overview. The entire metropolitan railway network runs on conventional signalling at the moment — —

Ms PENNICUIK — Indeed, it does.

Mr WEIMAR — Absolutely. It means that trains are passing fixed blocks of fixed signalling points. When there is a train in a section, no other train can enter that section. High-capacity signalling is necessary because it allows you to start using moving blocks so you can get more capacity for trains.

Ms PENNICUIK — I understand that. What I am saying that people do not understand is why this is a small section and why there are different signalling upgrades happening across the system, if any are happening at all.

Mr WEIMAR — There is only one high-capacity signalling trial that will happen, which is on the South Morang line, and that is about establishing the principles of operating high-capacity signalling on the Melbourne metropolitan network. We only need one location to trial that out because that allows us to develop the operating procedures we need to ensure that the existing rolling stock, the X'trapolis trains in particular, and the existing track infrastructure can be upgraded to work with high-capacity signalling. I only need a short section of line to do that on. That will give us the trial. That will give us the rule book. That will give us the operating procedures we need. We can take the learnings from that and deploy them in the Melbourne Metro Rail Project, which is why we are integrating those two pieces together. Clearly it is a decision for future governments about where we need to invest in additional high-capacity signalling on the network. That is the point at which passengers start to see more frequency of trains.

Ms PENNICUIK — The department has not done any scoping regarding replacing the signalling across the network in terms of timing or cost?

Mr BOLT — I might start by saying we are increasingly taking a long view of the development of all modes through work on the network development strategy, which I think has been previously highlighted as a departmental priority, a ministerial priority. That has not, to the best of my knowledge, and certainly not publicly, yet resulted in a comprehensive roll-out of high-capacity signalling being planned for parts of the network.

We really need to do this in a graduated way for a couple of reasons. One is we are looking to match demand rather than simply introduce the best technology well ahead of need. There are real operating risks that need to be ironed out in relation to high-capacity signalling. It comes with a different mindset and a different set of safety risks. It has obviously great potential, but those risks need to be carefully managed. We need to learn what we are doing before we seek to roll it out everywhere. If we do it too quickly, there is always the risk of making the same mistake across the whole network in how it is deployed.

I think the short answer is: as yet we do not have a total system rollout date, but we certainly recognise this is a very important tool in the kitbag of modernising the metropolitan rail system. As we become more confident as the initial deployment lessons are learned, I am very certain that subsequent commitments will follow.

The CHAIR — I understand, Secretary, you might have some answers to some questions on notice.

Mr BOLT — Thank you, Chair. There are three that I think we can answer. I think both Justin and I had it on the tip of our tongue to say that the members of the LaunchVic board are not paid, and that is correct. There is no remuneration to Ahmed Fahour or any of his co-directors.

On the issue of the size of the forestry contingent, Mr O'Brien, we have seven staff, 6.1 FTE and a budget of \$1.5 million. That is slightly at variance with Luke's recollection but roughly the same.

Luke Wilson could provide some explanation as to how the \$600 000 on country-of-origin labelling is being spent and to what effect. With the indulgence of the Chair he could spend a couple of minutes outlining that. It is better he do that than me.

The CHAIR — Yes, that sounds great.

Mr WILSON — Thank you, Chair. The program, which has unfolded over two years, basically involved an investigation — really a policy-level investigation — of fruit and veg vendors and also tracking for the wholesale market. We were very focused on the retail end. The intent was to find out the nature of the levels of compliance but also to get some insight from the industry as to whether the vendors in fact understood their obligations under labelling rules — so if they put a product out, whether they claimed it was Australian, even more locally specific or imported, or if they do not label it at all, they understand what their obligations are.

That work is still running. The analysis has just been done. It is being done with the ACCC and Consumer Affairs, so in the end, being a labelling matter, it sits in the domain of those entities, but the out turn from the research is now turning into workshops that will in fact be running through April or commencing in April to help educate. That was the principal learning of the work: just to help educate the vendors on their obligations. The finding was that there was a mixed understanding. It was not zero; there was reasonable understanding, but there was some confusion as to what their obligations were and were not. That would help. It is principally an issue that producers are wanting to brand, particularly location brand, Australian produce. If that does not make it to the point of retail, then the exercise does not generate its value. So there were some learnings found from that, which we will seek to address now.

Mr D. O'BRIEN — Mr Wilson, was that predominantly with small retailers or with supermarkets?

Mr WILSON — Yes, well, the work was across the board, but I think most of the need now and the focus will be on the small end. The supermarkets understand, and I guess you could say that you would not forgive them for not understanding. They are resourced to understand their obligations.

Mr D. O'BRIEN — So that was not a compliance exercise as such?

Mr WILSON — No.

Mr D. O'BRIEN — Were there any compliance, you know, fines issues or anything like that?

Mr WILSON — No, this was more a policy analysis looking at what was available in the event of there being any, not merely breaches but, particularly something that might look like almost a malicious intent to breach the rules. That would be reported back to the regulators. I do not have data on that, but that is just a normal practice. But that was not the intent of the exercise.

Mr BOLT — Chair, could I interrupt? There is one thing I should have said at the outset, if you do not mind; this is very brief. While the transport group is very ably represented here at the table by Robert Abboud, I did just want to acknowledge that Dr Gillian Miles, Lead Deputy Secretary for that group, has had some surgery, from which she will fully recover, but that explains her absence here. There is obviously no disrespect intended to the committee.

The CHAIR — Sure, thank you. I might resume. Secretary, when we met last year, I asked you a question in relation to African-Australians, many of whom live in my electorate, who are looking for opportunities to do work experience or internships or find paid positions within the state public service. I was just wondering whether you might be in a position to advise the committee what your diversity strategies might be and what specific projects you might be looking at in terms of African-Australians.

Mr BOLT — That is an important question, I think. We are aware that the public service in general could do more in relation to diversity, and that includes for communities that experience low socio-economic status and high rates of unemployment, and the African-Australian community is certainly perhaps almost foremost among those, along with the Aboriginal community.

It is probably fair to say that we still have more to do. I might ask my Lead Deputy Secretary for Corporate Services, Sue Eddy, to cast any further light on results in this area.

Mrs EDDY — Sure. In terms of the department itself, we have been doing a lot of work to promote and support diversity and create an inclusive and diverse community. We have had a dedicated unit that has been set up within the department to promote and support diversity and inclusion. This has led to celebration of a number of diversity events. We have also been looking at building competencies in relation to diversity and inclusion across our workforce. We have established a senior leaders network within the department for LGBTI, and a significant amount of our senior executives and staff participated in the Pride March earlier this year.

We have also established reasonable adjustment policies to support staff with a disability. We are working with the Victorian Public Sector Commission to build employment pathways for Aboriginal people in the public service, and we have been working with Aboriginal staff within the department and portfolio agencies to establish a network and to provide opportunities for career development.

Mr Corey Hannett might also be able to talk about some of the work that has been happening in relation to the major projects.

Mr BOLT — So, with your agreement, Chair, I think it is a good idea that Corey also respond, and in terms of employment programs I think Mr Hanney also has some contribution to make, if you are interested to hear them.

The CHAIR — Thank you, Secretary.

Mr HANNETT — With respect to the programs, first of all the Level Crossings Program, we have social inclusion policies with all our new contracts, in particular on the Caulfield to Dandenong package. We have a workforce of over 80 Indigenous people, and across the program the social inclusion program has been rolled out. We are looking at not-for-profit entities which are helping us with providing jobs for the disadvantaged across the whole program, so there is a whole raft of work which is occurring in different spots right around Melbourne.

On top of that level crossings work, we have got the Mernda rail extension plus the Melbourne Metro Authority, and their procurement are actually doing that as well, so there is an enormous amount of work going on in this space as we speak right now.

Mr HANNEY — The Jobs Victoria Employment Network is a new program. It commenced in October 2016, and it is essentially targeting in locations disadvantaged jobs seekers into employment. What we will do is we will focus in on an area that has higher unemployment, in particular youth unemployment. We have got 38 employment service providers under the Jobs Victoria Employment Network. They have been allocated \$39.2 million. They do placements essentially. They will work alongside and within their existing communities or areas and identify employment opportunities for disadvantaged job seekers.

There are two programs inside government. One is called the YES, the Youth Employment Scheme. That has been in existence for more than 10 years now, and it has placed close enough to 8200 apprentices and trainees who have participated in that program. We have just added a new component to that, which is the Victorian Youth Cadetship Program. We take about 300 young people every year inside the public service, and the target for those is young people who are early school leavers or disadvantaged jobseekers, so it is their first entry into work. They undertake generally a certificate II or III, depending on their skill level, and they will be given administrative tasks and essentially entry to work opportunities.

At the end of that we have created some cadetships. The cadetships are therefore a pathway for the YES trainees to come in. They potentially would not be fully eligible for an ongoing role, but they can undertake a cadetship. That will have with it a Certificate IV in government, and they will again be graduates of the YES traineeship. There is a commitment across the public service: if we then go and employ entry-level Victorian public servants, we go to the cadetship pool.

So if you take in a combination of those programs, the ones that Corey Hannett mentioned, the ones that Sue mentioned, and then those specific programs by way of the Jobs Victoria Employment Network, YES trainees and youth cadetships — those last three that I mentioned are targeted towards disadvantage, but we have got breadth across both gender and diversity.

The CHAIR — The YES Scheme and the Youth Connections Scheme, are they both being run out of your department or is it being done through DPC?

Mr HANNEY — No, they have been run out of our department, but we have got every department, including DPC, participating in taking on YES trainees and also committing to the cadetship program through Richard Bolt and the secretaries group.

The CHAIR — Great, thank you very much.

Mr MORRIS — I want to turn to the IR responsibilities of the department, if I can, Mr Bolt. As I have discussed, Chair, the intention is just to ask a series of short questions that are all around the same subject. What changes took place within IRV in 2015–16? If there were not any, please feel free to say so.

Mr BOLT — Sorry?

Mr MORRIS — If there were none, please feel free to say so.

Mr BOLT — Thank you, Mr Morris, for the question. I will ask Matt O'Connor to come to the table as the Deputy Secretary in charge of IRV, because IRV is the creation of what were hitherto separated functions, some in the former DSDBI, involving our compliance work on child labour and on long service leave, and the other being a more private sector but also public service EBA-facilitating role that was located in Treasury and Finance, and they were brought together to create the Industrial Relations Victoria organisation that Matt now heads. I do not recall there being substantial reorganisations or changes that occurred through the course of 2015–16, but rather than mislead you I will go, as they would say, to the horse's mouth.

Mr O'CONNOR — Mr Morris, I do not think there were any substantive changes in 2015–16. The re-establishment of IRV, as Mr Bolt has described, occurred in the early part of 2015.

Mr MORRIS — There were additional funds provided for IRV in the 2016–17 budget, which is obviously outside the scope of this inquiry, but can you indicate to me what functions were not able to be provided in 2015–16 that you might be able to do now?

Mr O'CONNOR — The additional funding that has been provided for 2016–17 is to shore up the funding for the central bargaining unit, Mr Morris. There was contingency funding in 2015–16, while it was being

established, and the bulk of that funding is essentially to ensure that positions that were funded through other arrangements had more stable funding. It is only fixed-term funding though.

Mr MORRIS — The cost impacts of EBAs, are they entirely with DTF or are they partly with you?

Mr O'CONNOR — They are basically worn by the relevant portfolio departments.

Mr MORRIS — The couple of people at DTF that deal with it, they are the — —

Mr O'CONNOR — DTF would deal with those departments in relation to the funding of those. Yes, that is right.

Mr MORRIS — Following last year's estimates hearings we had a partial listing of EBA outcomes provided, and we appreciate that. I am wondering if you can provide the committee with a full list of EBAs that were negotiated during 2015–16, and what the wage increases and costs associated with those agreements were.

Mr O'CONNOR — That is all of the agreements from 2015–16?

Mr MORRIS — Yes.

Mr O'CONNOR — What I can say, Mr Morris, is that there were 37 agreements approved in that period. Obviously I would have to take the rest of your question on notice.

Mr MORRIS — Yes. So the specifics of the agreement and the cost — specifics as in the title of the agreement, not the whole — —

Mr BOLT — The headline wage outcome.

Mr O'CONNOR — The headline wage outcome?

Mr MORRIS — Yes.

Mr O'CONNOR — Yes, Mr Morris.

Mr BOLT — The headline wage outcome, Mr Morris, is not always directly related to the budgetary consequences, because you have staff movements happening in the ordinary course of events — attrition, re-entry and the rest of it — but we will certainly provide the headline outcomes.

Mr MORRIS — That would be helpful. Under the current wage policy employees can gain increases of up to 3 per cent provided the service delivery partnership plan is in place. What assessment do you undertake in terms of modifying the benefits and savings that might be achieved under those service delivery partnership plans?

Mr O'CONNOR — They will be done by the relevant portfolio negotiators in concert with DTF and IRV. Obviously they vary from agreement to agreement, so there is no one process for that, but they are assessed through that process, a collaborative process involving the departments and DTF.

Mr MORRIS — What sort of assistance do you provide the departmental negotiators or the agency negotiators?

Mr O'CONNOR — That varies. In some of the cases we will be actually on the negotiating team for some of the larger agreements. In others it would be more back of house support, if you like, providing advice over the phone or in meetings. We might not necessarily be in the room negotiating the agreement with the union or the employees concerned, but we might meet with the agencies from time to time to provide that advice and assistance.

Mr MORRIS — On this subject, in terms of ensuring the benefits and the savings that are forecast at the time of the agreement are actually delivered, who within government or what area within government takes responsibility for ensuring those savings are actually achieved and the intended benefits are delivered?

Mr O'CONNOR — Chiefly it would be the agency that has negotiated the agreement or the department, and that would be in concert with Treasury and Finance.

Mr MORRIS — Thank you.

Ms WARD — Following on from my earlier question regarding employment numbers, we have spoken about a number of different sectors of our community and job growth. One area we have not worked on is women. I would be very interested to know how women are faring in the economic growth that we are seeing in the state at the moment and how they are hopefully benefiting from the jobs growth that we are also experiencing.

Mr BOLT — Thank you, Ms Ward. That is an important question. In terms of the 2015–16 year we do have some figures, and it was a positive story in that year. Yet again, with the agreement of the Chair, if I could ask Anthea Harris to come forward and just inform you of what those figures were, or are.

Ms WARD — Sorry to turn it into the Anthea–Vicki show.

Mr BOLT — That is quite appropriate in the nature of the question.

Ms HARRIS — For the year 2015–16, 23 600 additional female persons were employed, driven by full-time employment. Some figures for the calendar year 2016 — total females employed increased by 5.6 per cent in 2016, the strongest growth recorded in a calendar year since 1995. More than half of these additional jobs were full time, a significant improvement on 2015 when female full-time employment growth was essentially flat. Male employment growth was also solid at 2.6 per cent in 2016, following a 3.1 per cent growth in 2015.

Ms WARD — You spoke earlier about areas of growth within the state, such as engineering, manufacturing, construction and so on. Where is the growth in the women's employment being seen, do you know?

Ms HARRIS — I do not have the exact split by date, but one of the largest employing sectors with the biggest growth in numbers is health care, which has traditionally been and remains a very large employer of females.

Ms WARD — Are we seeing much growth of women's employment in infrastructure, in particular the infrastructure projects that the state is engaging in?

Ms HARRIS — I do not have those figures to hand.

Mr BOLT — I think we could only answer that anecdotally, and I am not sure, Kevin Devlin is shaking his head, and I take that to mean you have got no real feeling for the answer there. It is something we should actually ask ourselves the question about: what the gender composition of employment is.

Ms WARD — Considering we are looking at a bunch of blokes.

Mr BOLT — Yes, precisely right.

Ms WARD — That would be good if you could get back to me on that.

Mr BOLT — Corey, have you got any light to cast on this or should we come back on it?

Mr HANNETT — We should come back to give you some more specific detail, but I do know of our graduate programs, in particular for the Level Crossing Authority and the Melbourne Metro Authority. The percentage of diversity — —

Ms WARD — When you're talking about graduate programs, that is including areas like engineering and so on?

Mr HANNETT — Yes. I think it is up around 40 per cent. If we could just take that on notice and come back to you with some facts, that would good.

Ms WARD — Yes, that would be great. Thank you. Following on from that, what is the impact that the infrastructure pipeline that we have currently got going having on jobs growth overall?

Mr HANNETT — Sorry? Could we have the question again?

Ms WARD — The infrastructure programs that we have got going that were commenced in 2015–16 — what effect is that having on overall jobs growth?

Mr HANNETT — The total number within my program — Melbourne Metro Level Crossings — was up around 3000 people, full-time equivalents, working on the project. That is the direct force. If we include the indirect workforce, for things like concrete truck deliveries and all the other work associated with the project, it is up around over 4000. In the last six months we have had a turnover of about \$1.2 billion for work, so the growth of the workforce is going to do this. In particular once we award the — —

Ms WARD — Sorry, for Hansard, when you say, ‘It’s going to do this’ — —

Mr HANNETT — It is not just going to be steady; it is going to grow to a number of thousand more. Once the Melbourne Metro contract is awarded by later this year or early next year and once the Western Distributor is going and we see Level Crossings continuing, it is a pretty big workforce we have got happening.

Ms WARD — Good. Hopefully someone can take advantage of that growth. That would be terrific. With the Regional Jobs and Infrastructure Fund there are projects and initiatives that are moving forward with that and that were commenced in 2015–16. Can you let us know what the status is of projects such as the Euroa and Wangaratta saleyards?

Mr BOLT — If I could ask James Flintoft, the CEO of RDV, to answer that question.

Ms WARD — Thank you.

Mr FLINTOFT — Around the Euroa saleyards — that is effectively a project that will cover them, put in soft flooring and so on. That is well underway and due for completion in May next year. The Wangaratta saleyards, which was a commitment and effectively the same set-up — better animal welfare, floors, coverage of the saleyards and so on — has been funded, completed and indeed late last year opened by the Premier.

Ms WARD — And the Ballarat station and Eureka sports stadium?

Mr FLINTOFT — The Eureka sports stadium again is on track. There is a government commitment around realigning the stadium, putting in place seating and so on, and that is on track for hosting the Western Bulldogs there next year, which will bring visitation to Ballarat and so on.

The station redevelopment, which is effectively a 4.5-star hotel together with a very sympathetic upgrade of the heritage goods shed, which will provide effectively exhibition space — again the contract was awarded with a development grant with the developer, Pellicano. The final plan is out for consultation, and again that is on track too and that helps around the visitor economy within regional Victoria.

Ms WARD — And out of that, can you tell us how many jobs have been created with those projects?

The CHAIR — Just very briefly.

Ms WARD — On notice?

The CHAIR — Maybe if you can answer it briefly, otherwise we will take it on notice.

Mr FLINTOFT — Sure. Sorry, would you mind repeating the question?

Ms WARD — How many jobs have been created out of those four projects?

Mr FLINTOFT — I do not have the numbers here, so I am happy to provide them offline, both around construction jobs but also ongoing jobs as well.

Ms WARD — Terrific. Thank you.

Mr MORRIS — If I can move to the tourism area, the 2014–15 budget for tourism and major events was \$182.1 million, and in the period under review, 2015–16, that amount was reduced to \$134.4 million. Can you give us an indication of whether the funds, the differential, were reallocated to other related areas or whether there were actually reductions in programs within that field?

Mr BOLT — Thank you, Mr Morris, for the question. If you could just repeat those figures again. I am sorry; I just did not quite catch those.

Mr MORRIS — Yes: \$182.1 million in 2014–15 and \$134.4 million in 2015–16.

Mr BOLT — In general can I just say that the focus on major events has been a very strong one for the portfolio, and quite a number have been announced and occurred through 2015–16 and beyond. As for the funding differential, which is your question, I will go to Justin to see what light he can cast on that shift.

Mr HANNEY — I will have to come back to you on exact figures, but it will be the timing of the drawing down of the funds to pay for some of the events. Some of the events funding sits within Treasury so it is the timing of the drawdown of the payments of those funds.

Mr MORRIS — If we could get the detail on that on notice, that would be helpful.

Mr BOLT — I am happy to do that.

Mr MORRIS — The air services attraction project, I understand, was one of the projects that effectively disappeared. But I am wondering, and again this may need to be on notice, whether there was any expenditure on that program in 2015–16.

Mr HANNEY — I am happy to answer that Mr Morris. The fund, in terms of it not having a direct line — it has not disappeared — sits within the Investment Attraction Fund. One of the best things that we can do in terms of investment attraction is new airlines, in terms of the value back into the economy. There has been a number of those, and I can give you a list of those separately, of those airlines that have been attracted, but the Investment Attraction Fund sits within our department and has an allocation of approximately \$50 million per year. That was increased from \$40 million to \$50 million and includes airline attraction, and there has been a number of successful airlines that have been attracted. On notice, I will come back to you with those airlines.

Mr MORRIS — Thank you; that would be good. If I can move to a slightly different area within the same space: the state library redevelopment was, I think, originally an \$83.1 million project, with \$55.4 million coming from government, and then there was, I understand, a further \$5 million added. Some people have said to me that in the original project there were no accessible entrances provided and the \$5 million was put in order to add the obviously necessary accessible entrances. Can you throw any light of that for me?

Mr BOLT — I would be happy to have Andrew Abbott, as the head — CEO — of Creative Victoria and a Deputy Secretary in my department, come forward and explain it. But to preface it by saying, it is a very important project and the additional funding has certainly added to the scope of it. It is worth acknowledging the very generous donation of John and Myriam Wylie in helping make the project an even more ambitious one than it began to be. But, Andrew, you could explain the scope changes that have occurred.

Mr ABBOTT — It is a very ambitious and exciting project, and, as you said, the government committed in the 2015–16 budget \$55.4 million. The expectation is that the library board itself will raise close to \$30 million on top of that, and they are well on the way to do so. An announcement was made recently for an additional \$5 million towards the project by government, and what that buys is additional activation of the Russell Street entrance and the La Trobe Street entrance. The original project did have a focus on universal access and in particular enhancing access to Queen’s Hall and other floors — it is a multidimensional building. These additional funds mean that access will be enhanced, particularly from the La Trobe Street entrance, which had not been contemplated originally, as well as additional activation around the Russell Street entrance that has been closed for some years.

Mr MORRIS — Thank you. Just while you are in the chair — and this is my final question, Chair — in the Creative State strategy, crime prevention is listed as a social impact, and I am just wondering how you do, given that we are talking in the past, measure that and what the KPIs around that are.

Mr BOLT — It is a good question. Andrew, can you cast any light on the crime prevention measures?

Mr ABBOTT — Yes. So through *Creative State* the document recognises the value and importance of creative industries' economic impact, cultural impact and social impact. Your question goes to the contribution that creative industries make around social impact, and that might be education, health, human services, corrections, as you say. An allocation of funds is made available, which is a grants program, for which creative organisations, practitioners and non-government organisations can apply to match creative industries with those social policy activities, including justice and including youth justice.

I cannot point to a specific project at the moment that would give life to that, other than the fact that quite a lot of what creative industries does is engage young people positively in digital games, in visual arts, in performing arts. We have programs running in prisons that make a big difference to Indigenous inmates and their rehabilitation. There are quite a range of things that do give life to that.

Mr MORRIS — There are no specific targets or process for assessing the success in terms of social impact?

Mr ABBOTT — No, not at this stage. The social impact program I referred to is still under development and will be released in the not-too-distant future.

Mr DIMOPOULOS — Just picking up from Mr Morris's question about the state library, can you give us more detail about the time lines for the project to be delivered. There are a couple of other sub-questions after that.

Mr ABBOTT — Sure — —

Mr MORRIS — That was delivered in 2015–16, was it?

Ms WARD — But you asked a question about creative industries, which was in the 2016–17 budget.

Mr MORRIS — No, I was asking about 2015–16.

Ms WARD — Creative industries are 2016–17.

Mr T. SMITH — No question that it will be about 2015–16. It was about Donald Trump yesterday.

The CHAIR — Calm down. Mr Dimopoulos, can you just rephrase the question. I was momentarily distracted.

Mr DIMOPOULOS — Further to the question asked by Mr Morris, I was asking for an update in terms of the time lines for the state library project.

The CHAIR — Because we are focusing on the 2015–16 period it is important that the question relates to that period, so perhaps the witness might wish to — —

Mr DIMOPOULOS — It does appear in budget paper 3, page 36.

The CHAIR — So if you want to talk about the funding amount that was allocated for 2015–16 and any work that was undertaken for that.

Mr DIMOPOULOS — There is a budget paper reference: budget paper 3, page 36.

Mr MORRIS — What was achieved in the 2015–16 year, not what — —

Ms WARD — It is spending that was forecast for 2015–16. How has that money been spent and how was it seen to be realised in being spent?

Mr DIMOPOULOS — Mr Morris, how about I do not pick you up on your 17 questions and you do not pick me up on this. In terms of the staging of the project and the reference to it in BP 3, page 36, can you give us some more detail about what was achieved in the 2015–16 financial year to keep the project on track.

Ms WARD — The money that was allocated — how is it being spent?

Mr ABBOTT — Basically 2015–16 has been a period of early works for that project, and it is a complicated project because of the nature of the heritage building and the fact that the library is going to be open for the duration of the construction. So a lot of thought has had to go into the scoping, into the design, into the budgeting. Major Projects Victoria has been engaged to work with the Library Board of Victoria and Creative Victoria in progressing that work. So what has happened over that period of time has been a good deal of fundraising, which the Secretary referred to — some early successes in that regard — the early works being undertaken under the guidance of a steering group, with all representations from government.

Key consultants have been appointed, including a consortium of Architectus, which is a local firm, and Schmidt Hammer Lassen, which is a firm from Denmark, as the design team for the redevelopment. Work is now under way, with construction scheduled to commence around July 2017.

Mr DIMOPOULOS — Completion?

Mr ABBOTT — The work will successively complete because there are a number of elements right throughout the library building, the final element considered for 2020.

Mr DIMOPOULOS — It is the state library, obviously, but it is based in the city of Melbourne.

Mr ABBOTT — Yes, correct.

Mr DIMOPOULOS — What thought has been given through this project or just more broadly about access by regional and rural communities to the resources of that library?

Mr ABBOTT — The State Library of Victoria takes its responsibilities seriously as a library for Victoria as opposed to a library for Melbourne and has a very close and productive relationship with the public libraries right throughout the state. As part of this particular project, an important element of it is a concept called e-Town Hall, which is going to feature broadcast lessons and workshops to smaller libraries across the state through high-quality video conferencing.

Mr DIMOPOULOS — Just a supplementary, Chair. BP 3, pages 9 and 10, refers to building cultural impact in regional Victoria and a fund established. It is a \$20 million package. So is building cultural impact in regional Victoria yours?

Mr ABBOTT — Yes.

Mr DIMOPOULOS — I am just wanting to get a sense from you about what has been funded through that allocation. Could you give us some more detail?

Mr ABBOTT — Victoria is blessed by its network of regional galleries and regional performing arts centres and the artists and creatives who live in regional Victoria. The allocation in the 2015–16 budget was \$20 million over four years to enhance the investment we currently make into arts in regional Victoria — in particular a \$6 million package for regional partnerships, which is enhanced funding for our 33 regional cultural facilities over four years. There is a program called Regional Partnerships Plus, which is around audience development. It is great to have these facilities, but we need to invest in marketing audience development to encourage locals to attend, so there is \$2.2 million for regional development initiatives.

Mr DIMOPOULOS — Are there any projects that we would know as laypeople? Was there not the Marilyn Monroe exhibition recently? Is that one example?

Mr ABBOTT — Yes, that is exactly right. Bendigo Art Gallery recently hosted an exhibition on Marilyn Monroe. It was incredibly successful. It really highlights the value of cultural tourism to regional Victoria, and right throughout regional Victoria you will find there are a number of activities — Castlemaine State Festival, Port Fairy Folk Festival, Clunes Booktown — that really do draw people into regional Victoria from Melbourne and beyond and from other parts of regional Victoria that have quite a significant and positive impact on regional economies and regional communities.

Mr DIMOPOULOS — Just a very quick supplementary. The Chinese museum in Bendigo — I was there on the weekend. Is that in the network, or is that separate?

Mr ABBOTT — It is not a recipient of multiyear funding through Creative Victoria. It is a recipient of project funding from time to time and is considered an important asset for that community and beyond. Some of its collections have national significance and indeed have been donated from state collections from other states.

Mr MORRIS — If I can move to public transport, Mr Bolt, there is a figure frequently used about extra overnight journeys on the Night Network of 35 000 for a typical weekend. I understand when one of my colleagues put in an FOI for an April 2016 weekend he was only able to identify 10 000 or so train trips and 500 bus journeys for the period. The tram route numbers were not supplied. So it is a total of 10 500 journeys, which is obviously significantly different to 35 000. Are you able to provide the committee with a weekend-by-weekend breakdown of Night Network trips for 2015–16, specifically reflecting the additional operating time — so not 9 o'clock on Friday night, but 1.00 a.m. or whenever the finishing time was; the extra figures.

Mr BOLT — Is it best if I ask Jeroen to come to the table? That would be best to answer that question, and while he is, could I say to the Chair I have got some further follow-ups. Not right now to interrupt Mr Morris, but when you are ready, if I could offer you some additional information in relation to earlier questions, that would be appreciated. But to Jeroen, on the question of the Night Network's patronage numbers.

Mr WEIMAR — Thank you, Mr Morris. We have regular weekend-to-weekend data on the Night Network based on our Myki ticket transactions, and we do some estimates on that basis. We have also undertaken, I believe, three surveys of actual usage over the full weekend, so a more accurate count of the number of passengers using our different modes. I am certainly happy to provide that to the committee on notice. Certainly on the numbers we have consistently issued from PTV we estimate that around 30 000 to 35 000 passengers are using the Night Network over the weekend. The majority of those, around 60 per cent, are on Metro trains, about 30 per cent or 35 per cent or so are on the tram network and the remainder are on the bus and regional coach network.

Mr MORRIS — So is that 35 000 additional passengers after the former cessation times?

Mr WEIMAR — Correct. That is right. This is 35 000 additional passengers during the Night Network operating hours — so after about 1 in the morning and before around 6 in the morning on the Saturday mornings and Sunday mornings.

Mr MORRIS — Right. If you can provide those figures on notice, that would be very helpful.

Mr WEIMAR — Happy to do so.

Mr MORRIS — Can I just ask a couple of quick operational questions? How many station staff are employed overnight when the Night Network is operating, and if you are able to answer — it may be outside your area — how many PSOs?

Mr WEIMAR — I can give you the details of those numbers on notice. We have around 40 to 50 or so operational staff at stations operating during the Night Network hours, and I will come back to you on the actual PSO numbers.

Mr MORRIS — Thank you. Finally what is the average cost for a Sunday morning shift for a metro station officer, including all costs?

Mr WEIMAR — I will have to come back to you on notice on that one.

Mr MORRIS — Thank you very much.

The CHAIR — The secretary, I think, had some answers to some questions on notice, and I might flip to you now. Then we will go to Ms Pennicuk.

Mr BOLT — Thank you, Chair. In no particular order, I think Mr Smith asked about the remuneration of the LaunchVic CEO, as well as we talked about the board members. On the CEO, that will be disclosed in accordance with the rules applying to that so that we get a partial but not absolute indication of the remuneration. So that is as much as I feel able to say here, but there will be disclosure in accordance with the relevant requirements in the annual report of the organisation.

Ms Ward, you raised some diversity questions. While I do not wish to extemporise and go too laterally on that, we are pretty keen to tell you about the increase in women on portfolio agency boards within the portfolios. It has been a very large increase. We have initiatives within the department that we are very happy to inform you about, and also John Merritt, on behalf of VicRoads — as leader of VicRoads — has a story to tell about gender diversity within that organisation. It is really up to you how you wish to receive it, if you wish to receive that information, but it is an invitation.

On the question of youth unemployment or youth jobs in the Ballarat and Bendigo region, I believe that Anthea Harris has dug up some numbers. My question — —

Ms WARD — Cracking team there, secretary.

Mr BOLT — My question would be, given the statistical sampling error, how reliable these data can always be, but she can answer that question as well as give you the figures, so over to Anthea with the permission of the Chair.

Ms HARRIS — First of all I will just let you know the overall regional employment and unemployment figures. In Victoria regional employment grew by 105 100 people, so regional youth employment grew by that much between 2014–15 and 2015–16.

Ms WARD — So between 2014–15 and 2015–16, over 100 000 jobs for young people were created.

Ms HARRIS — Yes, that is right. And for the year to date, we are currently tracking at 109 700.

Ms WARD — Terrific. Thank you.

Ms HARRIS — In terms of unemployed youth between 2014–15 and 2015–16, the number of unemployed youth fell from 18 600 to 13 300, so the number of unemployed youth fell by 5300. Currently that is tracking again for a fall. It is currently tracking at 13 100, so that is the overall youth employment situation for regional Victoria.

Ms WARD — Sorry, you have said that too fast for me to write everything down. So the drop from 2014–15 to now — what was that drop?

Ms HARRIS — This is for Victorian unemployed youth. In 2014–15 there were 18 600 unemployed youth. In 2015–16 that had fallen to 13 300 unemployed youth. Year to date it looks like so far it has fallen again, and we are currently sitting at 13 100 unemployed youth in regional Victoria. I do not have a youth split, but I have some overall figures for you. You asked specifically about Ballarat and Bendigo, and we can provide on notice the full regional breakdown in terms of the employment situation there. So for Ballarat employment numbers actually declined between 2014–15 and 2015–16, so they went from 73 400 to 72 900. However, in the year-to-date figures so far that has turned around; they are currently sitting at 77 800. In terms of unemployed people in 2014–15 there were 3800. That rose in 2015–16 to 5100, but again that seems to have turned around so far in the figures we have year to date to 3600. I also have the same figures for Bendigo if you are interested. That was Ballarat. This is Bendigo. Employment again fell between 2014 and 2015–16. It went from 72 400 to 68 400. Similar to Ballarat, that seems to have turned around in the figures we have year to date. It is currently sitting at 73 200. In terms of unemployed people it fell between 2014–15 and 2015–16 from 5200 people to 5000 people.

Mr MORRIS — Chair, on a point of order, while these figures are important, they are clearly written down, and if we could have them provided on notice we could save a bit of time in the hearing.

Mr DIMOPOULOS — That is a proud story to tell about employment and this government, Mr Morris.

The CHAIR — I am conscious of time.

Ms PENNICUIK — Are we not nearly finished? Are we not nearly there?

Ms WARD — We only had two digits to go, I think.

The CHAIR — Are we just about done?

Ms HARRIS — Yes, we are. Unemployed people, year to date, for Bendigo is currently sitting at 2000 people.

Ms WARD — Thank you very much. Thanks for getting that data for me.

Ms PENNICUIK — I would like turn to your presentation that you gave this morning, Mr Bolt. On page 11, at the bottom of that slide it says that food and fibre exports was \$11.9 billion, up from \$11.6 billion in the preceding year. I wonder if you have a breakdown of that between food and fibre exports?

Mr BOLT — Between food and fibre? That is a question I do not know the answer to, and I shall turn —

Mr HANNEY — We can get it before the end of the session and return to it.

Mr BOLT — Can we just take that on notice, Ms Pennicuik, and see if we can beat the clock and get it onto the record during this hearing.

Ms PENNICUIK — And while you are doing that, perhaps a further breakdown in terms of food and fibre but also of fibre what percentage was woodchips. And just on that issue again, just looking at the questionnaire there are quite a lot of pages. In answers to questions on output variances and program outcomes, in particular on page 2 there is the ‘Investment support program’; on page 3 there is the international engagement strategy; and in particular on page 8 there is the ‘Sustainably manage fish, game and forest resources’. Under that one, at the bottom of page 8, it says:

Various projects unfinished from 2014–15 required to be spent in 2015–16 within the sustainably manage fish, game and forest resources output.

I wonder if you could tell me what those various projects were with regard to sustainably managing forests output?

Mr BOLT — That is something we may now be able to say something about. To do justice to the various projects, if we could come back on notice we would be happy to do so.

Ms PENNICUIK — Okay, so if I could just ask in terms of that, through any of those projects was any money given to Australian Paper?

Mr BOLT — We will answer that question also. Thank you.

Ms PENNICUIK — I will look forward to the answers. Thank you.

The CHAIR — I would like to ask a question. I am particularly interested in the Level Crossing Removal Authority due to the fact that I have got a level crossing in my electorate that is scheduled for removal.

Ms WARD — I have got one servicing my electorate too.

The CHAIR — Indeed; there is an abundance of level crossings. So, secretary, I was just wondering if you might be able to advise the committee what progress was made in the course of the 2015–16 financial year in relation to removing some of the 50 level crossings as outlined?

Mr BOLT — Indeed. Thank you for the question, Chair. There is a story to tell. A lot of activity has been mobilised, as you are aware and as we can now elaborate on, on level crossing removals. I do not know how Corey wishes to share this burden of telling that story with Kevin Devlin, but it may be sensible to bring Kevin to the table and he can possibly, with the indulgence of the committee, extend the story to the present day if you wish to hear that. It is up to you.

Mr DEVLIN — Kevin Devlin, CEO of the Level Crossing Removal Authority. Through the financial year we have made significant progress. We are now at 10 level crossings removed following the Heatherdale and Blackburn level crossings over January this year. There are also a number of level crossings under construction — essentially 13 under construction as well — in addition to those 10, including eight station rebuilds in those 10 complete. We are making further progress at the moment on the procurement for essentially the balance of the level crossings. Through the course of this year we will complete the procurement for the 50 level crossings and hopefully have at least 37 underway by the end of 2018.

The CHAIR — So in terms of 2015–16 a lot of that work was in relation to removing some of those level crossings which have now been removed but also doing some of that preparatory and planning work, and procurement work for the balance; is that fair?

Mr DEVLIN — Absolutely. I think actual expenditure during the period was \$773 million spent on construction and planning and development works. A lot of that preparedness is gearing us up for significant construction works over the coming years.

The CHAIR — What was roughly your FTE component for 2015–16 from the LXRA’s perspective? Did you see a significant ramp-up in terms of your workforce over the course of that time or with your alliance partners?

Mr DEVLIN — Certainly we have had the authority sitting at just over 300 staff. That has risen from March 2015 from three to 300 to deliver that, and our alliance partners in the private sector have hundreds of resources now mobilised across Melbourne at each of the sites, with recently Heatherdale and Blackburn having up to 800 staff during the occupation. At the moment the Caulfield–Dandenong project again has at the moment over a 500-strong workforce growing up to 1000 at peak period in the not-too-distant future.

The CHAIR — Thank you. The Deputy Chair, Ms Pennicuik?

Ms PENNICUIK — Chair, I was just wondering if I could follow up with a question on level crossing removals. It is just about one particular site.

The CHAIR — Ms Pennicuik, it is unorthodox to ask a question out of sync.

Ms PENNICUIK — I know, but we have Mr Devlin at the table.

The CHAIR — If you can be very brief; no more than 1 minute, Ms Pennicuik.

Ms PENNICUIK — My question is: last week I was sent some footage of the activity around the Grange Road level crossing removal of some large machinery across people’s backyards. They were saying they had not been notified et cetera, so I was wondering if you could make some comment or answer the question about those residents, who have probably contacted you as well as me.

Mr DEVLIN — We have a standard process in place where there are notifications to all residents about works along the corridor, particularly sensitive to those residents who are backing onto the rail corridor, and we notify them at all times. I am aware there is a particular issue around the proximity of an excavator bucket, but we have reviewed that and are confident that there are safe working processes in place. Together with the rail operator and the national regulator, we are confident there are at all times safe operations and safe construction works along that corridor. It is a very tight corridor, so it is a challenging environment to work in, but we are trying our best to work with the local community and keep them notified about all changes to the construction program.

The CHAIR — Thank you, Mr Devlin.

Mr MORRIS — Mr Bolt, I am almost certain this will need to be taken on notice, so I will run through it fairly quickly. I am asking about the Future Industries Fund for, obviously, 2015–16, and I am keen to know what funds have been allocated to the food and fibre sector, the international education sector, the medical technologies and pharmaceuticals sector, the new energy technologies sector, the professional services sector, the defence technologies sector, the construction technologies sector and the transport technologies sector. In addition to that, what is the breakdown of jobs by sector that has resulted from these funds allocations?

Mr BOLT — I do believe that with that level of detail we will need to take that question on notice, as the Deputy Chair indicates, but I think we can give an overview of the broad partitions within the fund. There are some. I think your question relates to what has actually been allocated and spent; is that correct?

Mr MORRIS — In the 2015–16 year.

Mr BOLT — Certainly that would require us to come back to you, but if we can give at least some headline information and reserve the rest for a reply on notice.

Mr HANNEY — Mr Morris, the Future Industries Fund has got, as at February 2017, \$259 million of funds — \$200 million allocated against the 2015–16 budget and the remainder in the 2016–17 budget. That is a net figure. In terms of a number of those that you just mentioned, there is an operational infrastructure program which is delivered by DHHS that has got \$105 million attached to it; a New Energy Jobs Fund delivered by DELWP, \$20 million; the Sector Growth program, \$20 million; and the Future Industries Manufacturing program, \$5 million. Then if I break that down further, there are a number of examples that I can give, and it is probably better that I give a number of those to you on notice — but things like BioCurate, a \$10 million allocation; Medicines Manufacturing Innovation Centre, \$4 million; Food Innovation Centre, \$2.5 million; European and UK defence investment, the Victorian Defence Alliances, Future Industries Manufacturing program and a stronger defence campaign in particular around the Land 400.

There are two really good examples, if it is worthwhile, that I have been given of where funds have been allocated and what they have been able to lever if you would like hear those. I can certainly get you the rest of the information you requested; there is a lot of detail and I can get that to you on notice. So just in terms of two specific funds, one of them is to a firm called Medical Developments International. Against a total project cost of \$2.5 billion they created 15 new jobs; they were given a grant of \$365 000. They are estimating that they will be exporting about \$50 million within five years. It is a pain relief product that they have got, and they have partnered with CSIRO.

There is another company called DorsaVi Ltd. Again, small numbers but they all add up, so a total project cost of \$3.4 million. They have got eight jobs. They received a grant through future industries of \$350 000. It is a next generation wearable medical sensor. They are based in East Melbourne. It is a motion analysis device for use in particular in sports; it is being used by the AFL and the English premier league. So they are the types of things that have been funded. Again, that list is available. I can give the detailed breakdown of the Future Industries Fund.

Mr MORRIS — So funding that was expended or committed and also the jobs by sector.

Mr HANNEY — Yes, we can give you that by way of sector breakdown and each of the initiatives.

Mr MORRIS — Thank you very much.

Ms WARD — I have also got some questions regarding the Future Industries Fund. You have spoken to us about the areas of investment that you are managing. Could you talk to us about the outcomes of the program — what it is that is being achieved?

Mr HANNEY — Again it is early days, but if you look broadly at the Future Industries Fund, when it was established what it looked at was the changing nature of the Victorian economy away from a lot of the blue-collar into advanced manufacturing and other parts of the economy. So there are six future industries identified: medical technologies and pharmaceuticals, new energy technologies, food and fibre and then transport, defence and construction — whilst it is one future industry, we have broken it down into those three specific areas — international education and professional services.

A lot of the modelling that we have done has identified that that, over a period up to 2025, has the potential to drive \$70 billion in additional economic output and to create over 400 000 jobs in that period of time. So what we have done today, each of the sectors were not just written internally by the department, they were written in consultation. Those eight sectors that I just mentioned, given that transport, defence and construction are three, had 1000 businesses, research organisations, industry groups and peak bodies across the state involved in the preparation of those. They were released in March 2016, and then we have opened up the funding programs for people to be able to access the future industries manufacturing program. The two examples that I just gave were successful under the future industries manufacturing program.

Firms can access two types of grants. One is a grant of up to \$500 000 to their companies to implement new technologies and also new processes within their organisation. The other grant is for \$1 million for projects that are aligned to those sector strategies. They require a minimum dollar-for-dollar co-contribution. Again it is early days, but we have received more than 20 applications, and a number of those are still under assessment. We work closely with the firm to make sure it aligns with a future industry. It is not an investment that the firm was going to undertake anyway, so it is really understanding that from our perspective we have done the due diligence to understand it is a future industry and that it aligns itself with the sector strategies.

That second grant has got a number of partners attached to it, so often we will see a research institute — a university, for example — attached to the firm undertaking that specific initiative.

Ms WARD — So that is an example of sector strategies playing a role in guiding the fund?

Mr HANNEY — Yes, they do. Anyone who applies to the fund uses the sector strategies. As I said, 1000 businesses were involved in the preparation of the sector strategy, so we think there is strong ownership by those future industries. They have a strong understanding about what we are trying to achieve within the sector. At the end of the day they need to own it and drive it at a firm or a business level. Then a number of those have made submissions or made applications or are in the process of making applications.

To be frank, a number of them do not require funds. A number of them are wanting to talk to us about skills, about VET, about infrastructure or about regulatory impediments, so a lot of the time it does not require funds. They require facilitation from government to remove some impediments.

Mr T. SMITH — Secretary, the member for Footscray, who is not a minister or a parliamentary secretary, has an office in your department — —

Ms WARD — Where does this appear in the 2015–16 papers?

Mr T. SMITH — Just let me finish, please. Since when has that office been made available to her?

Ms WARD — And how does this appear in the 2015–16 papers?

Mr DIMOPOULOS — How does that relate to the 2015–16 budget?

Mr T. SMITH — Let us find out. That is why we are asking.

Ms WARD — No, I think you need to refer to it in the first instance, Mr Smith.

Mr T. SMITH — Thank you for your advice.

The CHAIR — The period under discussion is the 2015–16 financial year. I am happy for the question to stand, as it relates to the 2015–16 year. Mr Smith, if your question is, ‘Was the member for Footscray allocated an office in the course of the 2015–16 financial year, yes or no?’, then I think that is an appropriate question to ask.

Mr BOLT — Thank you, Mr Smith, for the question. We do have some information on the member for Footscray’s residence in our office.

Mr HANNEY — The member for Footscray has access to an internal office on level 36 of our building. It adjoins the office of the Minister for Tourism and Major Events, Minister for Sport and Minister for Veterans. The office is within the level 36 footprint of the department. It is an unused office because it sits outside of our open plan footprint and offices. It sits adjoining the minister’s office. The member for Footscray uses that office. There was a question asked of me by DPC about whether we had available office space. I said we had a space that has been unused and that it would be available. It is being used at the request of DPC by the member for Footscray.

Ms WARD — This was in the 2015–16 period?

Mr T. SMITH — Can I just ask some questions here, perhaps? Is it normal for DPC to ask you to provide space for a backbencher?

Ms WARD — No, they asked if there was a vacant space.

Mr T. SMITH — Her office abuts which minister’s office, sorry?

Mr HANNEY — The minister for events, sport and veterans.

Mr T. SMITH — Would you say this is a bit unusual?

Ms WARD — Are you asking for an opinion?

Mr HANNEY — The request was whether there was office space available. We had unused office space, so there was a request to use that.

Mr T. SMITH — So why does this backbencher get — —

Ms WARD — Why are you asking for an opinion?

Mr BOLT — Can I just interject at that point, Mr Smith? I think that, as Justin was indicating, this was done at the request of DPC, and it is appropriate to direct the question to them as to what role Ms Thomson might play and what she uses that office for. We have just given you the facts as to what involvement we have had in housing her there.

Mr T. SMITH — How many departmental briefs, for example, were provided to Ms Thomson in, for example, 2015–16?

Ms WARD — Not for example — in that period.

Mr HANNEY — We do not provide ministerial briefs or briefs to a member. We provide them only to our ministers.

Mr BOLT — I am not sure if you heard that. We have not provided briefs to a local member. We provide them to our ministers.

Mr T. SMITH — So she has just got office space, and you cannot provide any views or a description to this committee about what she actually does in there, which I think that is an appropriate question.

Ms WARD — I do not think they monitor the employment of the member for Footscray.

Mr HANNEY — Her interaction is with the Premier's private office, not with our department.

Mr BOLT — It is just not appropriate for us to answer a question when we do not have full access to the information. I would direct you to the Department of Premier and Cabinet on that question.

Mr DIMOPOULOS — It is probably a good segue into asking you about our international engagement with Asia in the context of a government that actually uses all its 61 members in a productive capacity, not just a cabinet. For example, I chair the stakeholder liaison group for the level crossing project, as does the member for Bentleigh, and we all have different roles, including the member for Footscray. I understand she has a fair role to play with the Premier in relation to international engagement, as does the minister for small business. With that context, in response to the member for Kew, I just want to get a sense from you, Secretary, or from one of the officers: what are the successful ingredients? I sort of asked this of the DTF secretary yesterday — he answered generally, but he referred me to you — what are the successful ingredients in our international engagement, with particularly the Asian economies, the emerging economies? Can you point to some things that we would understand, from a related perspective, whether it be business relocations, that have amounted from that investment?

Mr BOLT — As again a preface to a more detailed answer from Mr Hanney, the government, and therefore through the department, places a very high priority on very active international engagement to connect Victorian businesses with international markets, to attract investors that have a particular value proposition that would be good for the Victorian economy who are interested in locating here and who need barriers removed if they wish to undertake investment. We do that through a variety of mechanisms. Inbound and outbound trade missions are, if you like, the means of connection. We have our Victorian government business offices and our commissioners who in a sense stay in touch with key overseas markets, government and private sector stakeholders in those markets.

Yes, we can point to some successes and some statistics which bear out the benefit of this. I think Victoria probably stands as the most active state in pursuing international engagement in its own name. Every government, in my experience, that has come to office and seen the benefit of this has tended to support it and

offer it continued development. But I might just go to Justin to see if there is any more he wishes to add on the specifics of that.

Mr HANNEY — Secretary, just some of the numerics. We had a target in 2015–16 of \$400 million in actual export assistance — \$400 million. We surpassed that by about 15 per cent — \$459 million. We ran 20 outward-bound missions that facilitated 380 Victorian firms into 24 international markets.

You will be aware that we have also invested heavily in an inbound trade mission program. That inbound trade mission program has contributed nearly \$80 million in additional export sales. That program has had 740 Victorian businesses participating. Just to explain that, we will identify through our international offices an international buyer. They come out here and run right throughout the regions. Say they are a food buyer in a certain area, they will meet with 10 or 15 Victorian firms who will look to obtain access to that firm internationally. As Mr Bolt said, it is very successful, in particular for small to medium firms who do not necessarily know their way around international markets. It is a lot of facilitation in markets, so they just turn up. They turn up and are provided with a lot of meetings internationally. Again, they are given a strong facilitation service in the markets that they are often not familiar with.

Mr DIMOPOULOS — Just a quick one on that: they are ones that people come from overseas here, reverse trade missions?

Mr HANNEY — Correct.

Mr DIMOPOULOS — Have you done anything in relation to international education? Also, I have a small toothpaste manufacturer in my electorate. It is called Grant's toothpaste, and it is fantastic. It is organic and natural. How would they get an entree into that?

Mr HANNEY — There is a lot of information available on our website, so a lot of firms will come and seek that directly from us.

On international education, we have had some very specific trade missions for the international education sector, in particular the VET sector. Universities — Monash, Melbourne et cetera — tend to know their way around their international markets and have a strong presence in those markets; private sector providers and TAFE providers not so much. Again, international education is worth nearly \$6 billion a year to our economy, so a lot of the participation in those trade missions has been by the international education sector.

In terms of the individual you mentioned, again, just direct them to the website or directly to the department or to one of the metropolitan offices. There is a lot of information, even information about free trade agreements and what they mean.

Mr DIMOPOULOS — That is great. Thank you.

The CHAIR — Before we go to the Deputy Chair for the last question, I will just throw it to Ms Ward for a brief moment.

Ms WARD — If Mr Merritt could come back and give us in writing the information that you offered before that you would be able to, about female employment in the sector, that would be terrific. As you can appreciate, as the Parliamentary Secretary for Industry and Employment, I have a very strong interest in this sector, so thank you. Thanks for your time today.

Mr MORRIS — If I can go to the subject of overseas offices just for a little bit of detail on those, Mr Bolt, can you indicate to me what the total cost of overseas offices is — that is, all the 18 existing ones plus the three new ones — and what proportion of those costs are attributable to public sector wages?

Mr BOLT — That is a straightforward question to answer. Do we have the statistics in front of us at the moment?

Mr HANNEY — I do not have the breakdown of the costs specifically. We will need to take it on notice.

Mr BOLT — We will take that on notice, but that is a straightforward line.

Mr MORRIS — Okay. While you are doing that, are you able to provide the annual operating expenditure by expense category for each of those offices?

Mr BOLT — Yes. To the extent that we can, we will.

Mr MORRIS — Finally, as part of the expansion of the network, the government announced that there would be a new deputy commissioner appointed to focus on opportunities in western China.

Mr BOLT — Yes.

Mr MORRIS — Can you indicate whether the commissioner has been appointed and what the cost of that position is?

Mr HANNEY — Mr Morris, for the first one, we are currently actually undertaking interviews, so we have used a recruitment firm to assist us given that it will be based in western China and so it is a locally engaged staff member that we are looking at. We have not yet employed, so we have not yet incurred costs.

The CHAIR — I would like to thank the witnesses for their attendance. By my reckoning I think there were 10 questions on notice to be provided. There was one in relation to the number of applications for the auto sector. I think there was one in relation to employment outcomes in regional Victoria in relation to auto. There was a question about youth unemployment, there was a question about the rate of start-ups in regional Victoria, there was a question about the agreements and the costs from 2015–16 in relation to Industrial Relations Victoria, there was a question in relation to jobs regarding Regional Development Victoria, there was a question in relation to the Night Network, there was a question in relation to VicRoads, there was a question in relation to future industries funding and jobs and there was a final question in relation to international offices. A written response should be provided within 10 business — —

Ms PENNICUIK — Chair, did you mention the questions I had on food and fibre?

The CHAIR — Sorry, I think there were 11. There was a question on food and fibre asked by Ms Pennicuik that was to be taken on notice. So a written response should be provided within — —

Ms PENNICUIK — Yes, and there were a couple of questions, actually.

The CHAIR — A written response should be provided within 10 business days of that request. All recording equipment must now be turned off. Thank you.

Witnesses withdrew.