

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Wednesday 4 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Danny Pearson MP, Minister for Economic Growth and Jobs; and

Matt Carrick, Secretary,

Danni Jarrett, Deputy Secretary, Industry, Trade and Investment,

Heather Ridley, Deputy Secretary, Corporate Services,

Daniel Rodger, Chief Financial Officer, and

Connie Crisafi, Executive Director, Medical Research, Innovation and Technology, Department of Jobs, Skills, Industry and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament the committee is conducting this Inquiry into the 2025–26 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings and anything you say may be picked up and captioned, even if you say it very quietly.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Economic Growth and Jobs the Honourable Danny Pearson as well as officials from DJSIR. Minister, I am going to invite you to make an opening statement of no more than 5 minutes, after which time committee members will ask you some questions. Your time starts now.

Danny PEARSON: Thank you, Chair. Thank you, committee members, for the opportunity to appear before you today. Can I begin by acknowledging the Wurundjeri people of the Kulin nations, the traditional owners of the land on which we are meeting, and I pay my respects to elders past and present and any other Aboriginal elders of other communities who may be with us today.

Visual presentation.

Danny PEARSON: Chair, it is a great story: the Victorian economy is going gangbusters, business investment is booming and we are seeing the largest increases in employment of all the states. According to the CommSec *State of the States* report, Victoria is now second in the nation, with solid results across the board. Victoria is ranked ahead of New South Wales and Queensland in retail spending, employment growth and construction work. We have added more than 113,000 businesses since June of 2020, an increase of 18 per cent, which is the largest growth of any state. Business investment grew by 30 per cent between 2020–21 and 2023–24, and we have created more than 900,000 jobs since were elected. That is a 31 per cent increase and the absolute highest increase of any state.

Next slide. In 2024 international education remained Victoria's largest single export, valued at \$15.9 billion and supporting around 64,000 jobs. Victoria held 30 per cent market share of Australia's international student enrolments in 2024. Victoria's world-class medical research sector is home to globally recognised medical research institutes and mRNA facilities, including 18 medical research institutes employing over 6000 people. More than 3500 startups call Victoria home, and the ecosystem has grown 26-times larger since 2016 and is

now worth \$132 billion. In 2023–24 the government stimulated capital expenditure of \$805 million in the Victorian economy, creating thousands of jobs, and we have supported notable investments from key markets including India, Spain, the United Kingdom and Japan. We facilitated over \$444 million in actual export sales across a number of sectors, including health and life sciences, food and agribusiness and digital technologies. Victoria has continued to grow and reinforce global connections through over 425 international economic engagements with visiting foreign officials from 39 countries and 45 Australian ambassadors.

Onshore in Victoria Study Melbourne has supported over 3500 international students to develop employability, entrepreneurship and leadership skills and provided over 1800 students with legal referrals, casework and inquiry support. Supporting international students is not just the right thing to do. By doing so we make ourselves a more attractive study destination and support the 64,000 jobs in our international education sector.

Moderna's first manufacturing facility in the Southern Hemisphere was opened in December of last year, with the capacity to produce up to 100 million mRNA vaccine doses annually. In October of 2024, following a \$35 million investment, we launched the Victorian Paediatric Cancer Consortium Limited, now known as Children's Cancer CoLab. It will enable efforts across consortium partners to develop safer and innovative therapies, save lives and support young cancer patients to live long and healthy lives after their treatment.

We are also funding a number of key initiatives in this budget, including \$150 million over four years to establish the Victorian Investment Fund to support priority sector businesses to expand, invest and create jobs; the business approvals incentive scheme, which is a \$2 million pilot program which will help smooth the path for faster local government business permit approvals by incentivising local government to streamline their processes; \$24.6 million for the operational infrastructure support program to support Victorian independent medical research institutes; \$18.6 million so we can continue to deliver international education programs and services through Study Melbourne; the \$3 million Global Talent Attraction Fund, which will be delivered in partnership with Victoria's key research universities and institutes and will work to attract senior researchers from overseas to Victoria; \$18.8 million to maintain the Victorian Government Trade and Investment network, and the VGTI team is led by seven commissioners for Victoria, who will continue to maintain government relationships, drive investment into Victoria and support Victorian businesses to export to global markets; \$3.9 million in funding is provided to maintain Victoria's trade investment facilities and services; and \$1.2 million to continue the state nomination visa program, ensuring we are attracting and securing the range of skills and talents needed to meet our workforce demands, drive productivity and support economic growth.

We are also funding the *Economic Growth Statement* in full, with a \$240 million investment in this budget. In addition to the establishment of the investment coordinator-general, the economic growth and jobs portfolio is leading on a number of initiatives, including creating an investment front door backed by \$4.5 million in funding, \$2.7 million to establish priority assessment teams to provide dedicated support for high-value exports and boosting exports with \$34.9 million. I am happy to come back to that later.

The CHAIR: Apologies, Minister. We are going to go straight to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. If I could direct my first question to the Secretary. Secretary, how much will Victoria's GSP increase as a consequence of the *Economic Growth Statement*?

Matt CARRICK: I do not think that has actually been modelled. The important thing is that the *Economic Growth Statement* is a really important intervention in terms of helping to boost the economy, in helping to position Victoria

Richard WELCH: But you cannot measure the intervention, because you do not know how much economic growth it is going to produce.

Matt CARRICK: It is not normal that you can actually model something into the future like that. The point is that there is a suite of initiatives that have been announced by government that are underway, and they are really important. Whether it is the investment front door or whether it is the Victorian investment program, these are very important enablers to allow us –

Richard WELCH: Yes.

Matt CARRICK: Is not necessarily just about –

Richard WELCH: All the more reason that they should probably have been modelled to indicate what the value is, what the return on investment is, that you are going to see. So you are saying that probably for one of the most important economic statements for the government, the *Economic Growth Statement*, that you released only in December, there is no modelling as to what the impact of it will be.

Danny PEARSON: If it would help the committee, Mr Welch, I am happy to maybe assist.

Richard WELCH: Has there been modelling, Minister?

Danny PEARSON: Well, no, but what I would point you to –

Richard WELCH: Well, that is the question I am asking. That is the help I need.

Danny PEARSON: I think, though, that if I could direct you to budget paper 5, page 7, if you look under ‘Total revenue and income from transactions’ – this is a comprehensive operating statement – it shows that revenue from the government increases right across the forward estimates. I think that is reflective of the fact that the economy is growing.

Richard WELCH: What is that in GSP?

Danny PEARSON: In terms of GSP at the end of the forward estimates, my understanding is – and I need to find the right reference – we are going to expand the economy to about \$780 billion at the end of the forward estimates.

Richard WELCH: And that is as a consequence of this economic statement?

Danny PEARSON: Well, what I would say to you is that currently the economy is around about \$600 billion, and across the forward estimates I think it tops out at about \$780 billion at the end of the forward estimates. So what it would show to you, I think, Mr Welch, is the fact that across the forward estimates we are expecting that the economy will be expanding – and expanding quite significantly. I think that is symptomatic of a range of initiatives that this government is pursuing, not least of which is the *Economic Growth Statement*.

Richard WELCH: But you do not have any specific modelling to support that?

Danny PEARSON: Again, the *Economic Growth Statement* was delivered by my predecessor. As a consequence of working closely with industry and business, listening to some of the things that they were telling us, we have come up with a range of issues. I think that it is reflected in the numbers because the economy is going to expand each and every year, based upon the assessments that Treasury provide in the budget papers.

Richard WELCH: Thank you. But does the Treasurer know that you do not have economic modelling for the growth statement?

Danny PEARSON: Well, again, I think that –

Richard WELCH: Does the Treasurer know?

Danny PEARSON: The former Treasurer –

Richard WELCH: No, does the current Treasurer, who is currently in –

Mathew HILAKARI: Point of order, Chair.

The CHAIR: Mr Hilakari on a point of order.

Mathew HILAKARI: Mr Welch is entitled to ask questions but not to then interrupt the answers. I would like to hear the questions. They are important for the committee and the evidence that we receive here.

Richard WELCH: Further to the point of order, if –

The CHAIR: You wait till you are called, Mr Welch. On the point of order, Mr Welch.

Richard WELCH: No, I will let you rule on that. Thank you.

The CHAIR: I am going to rule on the point of order now that it has been raised. Mr Welch, you have asked numerous questions of witnesses before us today. They are trying to answer your questions. As I have said to you before, you may not like the response, but they are genuinely trying to provide evidence before this committee – evidence that will form part of our report. Could you please afford the witnesses an opportunity to answer your questions?

Richard WELCH: Thank you. Yes, Chair, noted – apologies. Minister, the *Economic Growth Statement* promised a new industry policy in early 2025. That is on page 16 of the EGS. It is now June, and no such policy has been announced. Why hasn't this work been done?

Danny PEARSON: I absolutely love this portfolio, and it is a great honour and privilege to be able to look at rolling out and delivering against the *Economic Growth Statement* initiatives. From my perspective, we have been really focused on making sure that we land the budget – we get that right. I have been focused resolutely on getting on and working to develop the *Economic Growth Statement* initiatives that are my responsibility. In relation to that broader industry policy that you are referring to, those policy responsibilities are vested with Minister Brooks, who I understand will be before you shortly.

Richard WELCH: Minister, the 2025–26 budget claims to include \$240 million to fully fund this *Economic Growth Statement*. How much of this has been allocated to the new industry policy?

Danny PEARSON: In terms of the specifics of the industry policy, that will probably be with Minister Brooks. But what I can tell you, if I break it down, is I think we are looking at still announcing that. What I can say to you is some of the initiatives, if it would help you: the establishment of an investment front door is \$4.5 million, the investment in the coordinator general is \$2.4 million. In relation to some of that work, that will be sitting with Minister Brooks, but the *Economic Growth Statement* covers off a number of separate initiatives. Again, I am happy to give you some more details and information if that helps.

Richard WELCH: As we speak, the Treasurer is heading to Moody's to negotiate our credit rating, and the Treasurer herself has pointed out that economic growth is a fundamental part of our debt stabilisation and debt reduction. Yet we are hearing here that we do not even have an industry policy.

Danny PEARSON: No.

Richard WELCH: Well, do we or don't we? It was meant to be issued.

Danny PEARSON: That is vested with Minister Brooks. What I can tell you is the budget papers show very clearly the economy is expanding. It is expanding each and every year across the forward estimates, and that is why –

Richard WELCH: Per capita?

Danny PEARSON: Hang on. This is about making sure that we can grow the economy. If you want to try and slice it and dice it in different ways just to suit your political narrative, that ultimately is a matter for you, Mr Welch.

Richard WELCH: No, that is called economics.

Danny PEARSON: No. You would understand, and if you read the budget papers you would see, that the economy is expanding each and every year and is projected to be around about \$780 billion at the end of the forward estimates.

Richard WELCH: Secretary, in the statement it is mentioned that of the priority areas health technologies and medical research is one of those priorities. In this budget a mere \$24 million has been allocated. That is less than a day's –

The CHAIR: Apologies, Mr Welch. You are out of time. We are going to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. I also want to ask about the *Economic Growth Statement*. In BP3, starting on page 18, there is nearly a full page of initiatives. Which do you see as the key initiatives, Minister, focusing on economic growth?

Danny PEARSON: I am really proud that this state has performed so well over the last decade. Economic growth – gross state product – has increased by 31 per cent. Employment growth has increased by 29 per cent. Business investment growth has increased by 61 per cent, and business accounts growth has increased by 35 per cent. You just think that, come 1 July of this year, if you have got a payroll of a business that is less than \$1 million you will pay no payroll tax. That is huge. I think that for us as a government we want to focus on four key actions and target five key industries. In relation to the four key actions, it was about opening doors, so establishing that investment front door and the new role of the investment coordinator-general. Why that is so critically important is that time is money, so if you have got a proposal, if you have got a development and it is unnecessarily delayed and it introduces risk in relation to that project being realised, that costs business money. If we look at streamlining our approvals process and if we look at trying to drive greater efficiencies and reforms, that is a win for business. They will increase their margins by us offering a more truncated and simpler process, again having that front door. I remember talking with Anna Cronin when she was the better regulation commissioner. Anna is a distinguished public servant. She was Jeff Kennett's chief of staff, but she reported to me. She is an outstanding public servant. She told me years ago it is about 'Tell us once' – have a real focus on 'Tell us once' – and that is what the investment front door will do. We are also going to be looking at building new skills through key investments in TAFE and jobs programs.

AI as a policy concept was really announced by ChatGPT in late 2022. It has been around since 2023. It is having a profound impact upon the global economy. I think that the next two years will be as transformative as the last decade has been. Then we are looking at having a real focus on targeting every community, making sure that we make those differences in relation to those regional communities. With the five priority sectors, from our perspective we recognise there are some high value added industries that we really want to focus on, and that goes to issues like advanced manufacturing and defence, health technologies and medical research, the circular economy, digital economy and agribusiness. We recognise as a government that if you have got the ability to provide that targeted intervention and support, to try and basically create the right fostering and enabling environment for businesses to grow and expand, that is a good thing. It was my great privilege 25 years ago to wander up to the Parkville precinct when John Brumby and Steve Bracks said they were going to make this a health and medical precinct, and at the time I did not really appreciate it. I thought, 'Oh, this is going to be interesting to see how this rolls out.' In 25 years Melbourne is now spoken of in the same sentence as Boston and London. It is about having a really smart focus about creating the right enabling environment for these research institutions to grow and develop and thrive and prosper. I think the *Economic Growth Statement* brings that all together. We have consulted with business. We are listening very carefully to business. They have told us what they want, and I am really excited that, with the *Economic Growth Statement*, that is exactly what they are going to get.

Lauren KATHAGE: You were saying about 'Tell us once', the investment front door and simplifying and truncating things. But how actually will that investment front door achieve that?

Danny PEARSON: I think one of the problems sometimes has been historical. It is interesting: in the form of public administration here in the state of Victoria we have a decentralised and devolved model. If you look at New South Wales and Queensland, it is far more centralised, far more controlled. When you see bad faith actors acting poorly in those jurisdictions, the consequences can be quite bad. Here, though, we have got a decentralised, devolved model. The challenge, though, is that at times governments of all persuasions in Victoria have said, 'I'll give you approval, but you've got to go to this department or this agency for another approval.' It is done consecutively, and it can slow things down. That is why we have allocated \$4.5 million to have that new one-stop shop for institutional housing investment to prioritise and facilitate, for example, institutional investment at scale in housing. It is about making sure that we can identify and manage any barriers to investment quickly, provide businesses with the targeted and the prompt support they need and then provide that tailored facilitation support that businesses are looking for to invest in Victoria.

I am a devotee of the principle of kaizen, as many of you know. I am about continual and constant improvement. We must do better. We must always try to be better. Toyota is my absolute favourite automobile company in the world because of that principle. They play to their competitive strengths. They have constantly looked to innovate and improve, and as a consequence that is where they are. I think, from my perspective,

there is a lot we can do by embracing those principles and concepts and working constructively and collaboratively with the private sector so that we are not getting in their way and we are enabling them to achieve their potential. Again, can I just say, I am super excited – like, this is going to be awesome.

Lauren KATHAGE: What is the role then of the investment coordinator-general in all of that?

Danny PEARSON: We are establishing \$2.4 million for that role. Again, it is about using that person as an escalation point to ensure agencies, regulators and statutory authorities meet all their required deadlines for major projects. Earlier this year we appointed an interim investment coordinator, and they have already done a considerable level of engagement with key stakeholders to identify those critical projects for our state and to determine the support required to ensure their timely delivery. I think it is about making sure there is just somebody there who is running point on this, who can talk with business and who can really, I suppose, understand the commercial priorities of the private sector and have a deep appreciation for what the things are that they are seeking and translating that and communicating that to regulators and agencies about the overriding commercial priorities but then also going back to the proponents and saying, ‘Look, I know you might want to do these things, but these are the challenges that we’ve got from the government’s perspective, so can we try and work our way through that?’ I think just having that key person running point will play a really important role to help try and drive and facilitate those investments and, again, be really clear to the private sector that, ‘We want you to come to this state, because the state is going gangbusters’, right? The strength of the economy is incredibly strong, and it is something to be excited about and celebrate.

The CHAIR: Thank you, Ms Kathage. We are going to Ms Benham.

Jade BENHAM: Thank you, Chair. Afternoon, Minister. Tax is mentioned but twice in the 36-page statement, and both times it is in passing references to existing tax measures rather than tax reform. Given that Victoria has the highest taxes in the nation and Victorian businesses have identified Victoria as being the hardest state in which to do business, why has the government abandoned its plan to make Victoria’s tax system more efficient?

Danny PEARSON: Well, taxation policy is vested with the Treasurer, Ms Benham. In terms of those taxation levers, that is something that ultimately sits with the Treasurer. I understand the Treasurer was with you yesterday. As a government I think what I would say is that we have reduced something like about 60 taxes in the time that we have been in office. I would say to you that we are growing the economy significantly, and that is reflected in the budget papers. Every budget is a discrete exercise in its own right. You might have heard me say earlier, though, in relation to payroll tax – and I am sure there are many businesses in Mildura that are going to reap the rewards of this – that we are lifting the threshold from \$700,000 to \$900,000. We did that last year, and from 1 July this year we will lift it further to \$1 million. So every small business in the state district of Mildura with a payroll less than \$1 million will not be paying payroll tax.

Jade BENHAM: But it is still more attractive for them to jump the river and do business in New South Wales, which is what they are doing, Minister –

Danny PEARSON: I would beg to differ.

Jade BENHAM: because the tax system in this state is too inefficient.

Danny PEARSON: No, no, no, I do not accept the basis of your assessment, and what I will draw your attention to is the state’s final demand.

Jade BENHAM: I invite you to come and have a look. I will show you.

Danny PEARSON: Well, I would invite you to consider the ABS data that was released about an hour and a half ago, which shows that state final demand in New South Wales went backwards for the last quarter and that we flatlined. But in relation to state final demand for the year ending in the March quarter, we increased by 1.6 per cent and New South Wales increased by 1 per cent.

Jade BENHAM: So are you happy with the state of payroll tax and the taxes that businesses pay in this state?

Danny PEARSON: What I am saying to you, Ms Benham, is that in relation to taxation policy that is a policy matter and responsibility that is vested with the Treasurer of Victoria. What I would say is I am disagreeing with your characterisation of trying to talk the state down compared to New South Wales, given the fact that gross state final demand over the last 12 months has increased 1.6 per cent here compared to 1 per cent in New South Wales.

Jade BENHAM: They are not my words, Minister. They are the words of Victorian businesses. But Mr Welch, given that he was robbed of his time beforehand, has more questions, so I am going to throw to Mr Welch now. Thank you very much.

Danny PEARSON: Well, I would encourage you not to keep talking the place down. I mean, the place is going gangbusters.

Richard WELCH: Thank you, Minister. With regard to Breakthrough Victoria, budget paper 3, page 61, at the bottom – you are providing \$150 million to the Victorian Investment Fund over the forward estimates. Given we already have Breakthrough Victoria, isn't this a duplication – or is it an admission that Breakthrough Victoria is too broken?

Danny PEARSON: Oh no, not at all. No. I think it is important to recognise the difference – and the Secretary may wish to supplement my answer. The \$150 million, with a \$50 million focus for regional Victoria, is to attract capital that is footloose. Going to Ms Benham's previous comments, let us, for example, suppose you had a major investor, and they said, 'Well, look, we could set up in Mildura or we could set up in Wentworth. We could go either way. Which one would you like?' This is about making sure that we have the capacity as a government –

Richard WELCH: Doesn't Breakthrough Victoria provide that capacity?

Danny PEARSON: No, no, because it is different. What Breakthrough Victoria is doing is about patient, long-term capital. It is about making an investment to try and create the investments in the ecosystem, to play that long-term game and that long-term role. If you look at Breakthrough Victoria, some of the things they are doing that –

Richard WELCH: Would you describe Breakthrough Victoria as a success in that patient, long-term capital, then?

Danny PEARSON: Yes. From my perspective, I think that the chair has done a fantastic job leading Breakthrough over many years. He is an outstanding Victorian. I think the CEO, who was appointed earlier this year, is doing a terrific job. This is about making sure that we have got the settings right to grow and create our –

Richard WELCH: By what measurement has Breakthrough Victoria been a success? Was Seer Medical a success?

Danny PEARSON: Well, what I would say to you – and the Secretary will correct me if I have got this wrong – is that something like 80 per cent of the businesses Breakthrough has invested in are about commercialising their own technology. I think you would appreciate that nationally we have not had a great track record at commercialising our technology compared to, say, for example, the United States. Fifty per cent of those businesses are looking at driving export income, export dollars, right? So both those initiatives are to be commended. If you have got businesses that are trying to commercialise their IP, and you have got a patient investment –

Richard WELCH: Minister, they are to be commended if they actually work, but you cannot possibly describe Breakthrough Victoria as being a good use of Victoria's productive capital.

Danny PEARSON: Well, I think that what Breakthrough Victoria has done is to crowd in that level of investment, and I think that is a good thing.

Richard WELCH: It has practically spent more money on administration than it has on investment.

Danny PEARSON: Well, what I would say to you is that it was designed to try and create an investment; that is the first point. The second point is that it is focused on commercialising investment, and the overwhelming majority of its holdings are doing just that. Thirdly, it is about making sure that what it is doing has got the capacity to look at providing those levels of exports. What I would say –

Richard WELCH: So there are no plans to close Breakthrough Victoria?

Danny PEARSON: What I would say is that, from my –

Richard WELCH: Sorry, Minister, the question was: are there any plans to close Breakthrough Victoria?

Danny PEARSON: Well, I am coming to answering your question.

Richard WELCH: I am sorry – apologies.

Danny PEARSON: What I would say to you is that LaunchVic has been around for 10 years. It has done a great job in terms of commercialising and growing our ecosystem. Breakthrough Victoria has been around for five years. I have been in the role for, now, six months. Over the top of that is the National Reconstruction Fund. So it is a pretty congested marketplace now. I advised the Parliament last week – and I am sure Ms Benham can report this diligently to you – that I want to do a review in relation to the commercialisation to make sure that we have got the settings right and to make sure that as part of that we have got all the parts working as efficiently and as effectively as we can. That work is ongoing. I want to make sure that we get this right, because now is the time to make sure that we maximise commercial outcomes.

But if you are asking me if I have confidence in the chair, I absolutely do. If you are asking me if I have got confidence in the CEO, I absolutely do. I recognise we have got to make sure that we create the right enabling environment to ensure that these startups can grow and thrive and prosper in the state.

Richard WELCH: I think, given the performance, the bar for having confidence in the operation of that is pretty low. Are you saying Breakthrough Victoria is part of the Silver review, for example, as one of the entities that could be rationalised?

Danny PEARSON: I am focusing on having a review in relation to commercialisation.

The CHAIR: Apologies, Minister. We are going to go straight to Mr Galea.

Michael GALEA: Thank you, Chair. Good afternoon, Minister and officials. Thank you for joining us. Minister, I would like to just ask you about the Victorian Investment Fund. Budget paper 3, page 61, outlines some significant funding over the forward estimates for this initiative. Could you talk to me a little bit about what this fund is and what sort of investments will be made under the fund?

Danny PEARSON: Yes. Again, in a global economy where capital is footloose, we need to be able to have the ability to attract those funds. From my perspective, complexity breeds cost. I want to have a simple, focused fund to be able to try and drive that investment into this state. I felt it was really important that we had allocation for regional Victoria, and that is why \$50 million is set aside specifically for regional Victoria. And given the fact that regional Victoria has got the lowest payroll tax rates in the country, that is something that I think will be quite compelling. So it is about making sure that we can attract those strategic, high-value investments to our state and drive that level of investment.

I will give you an example of some of the businesses which we have been involved in to date in terms of attracting. There is Firstsource Solutions, a global leader in digital transformation, which opened its Australian headquarters. This is in the tech sector. It will create more than 100 local jobs over the next five years, and it has got an innovation lab focusing on accelerating AI adoption and business transformation. There is Oscar award winning visual effects company Weta FX, which has done a lot of work, for example, with the Robbie Williams biopic *Better Man*. They chose to expand their Australian headquarters here in Melbourne by creating up to 80 jobs.

Why is this important? Let us go back in time to 2009. 2009 was a really interesting time. At that point in time, Fairfax was listed on the Australian stock exchange. The market capitalisation of Fairfax in 2009 was equal to the sum of REA Group, SEEK and Carsales. You go forward to 2025 – Fairfax is gone, effectively, as a brand.

It has basically been subsumed as part of Nine, and we have got these three behemoths down at Cremorne. I think what we have to do as a government is make sure that, where capital is footloose, we are seen as an attractive place to do business and we can start to attract those businesses.

Again I think with the level of – can I put it in these terms – uncertainty at a global level, providing a safe harbour for investments, providing a jurisdiction that respects the rule of law, a jurisdiction that is a good place to do business, we can start to attract those really great companies to come here, and we want those high value added jobs. We want those jobs to come here and land here so that we can provide a pathway to have those businesses that provide stable well-paid jobs and grow and expand the economy. It is something that I am really excited about.

The terms of reference of the fund are currently under development, but again, I think it is really going to marry in well with our *Economic Growth Statement*. We have got a plan and we have got a vision. I have got to tell you, I have got the vim, the verve, the excitement. It is so good. This place is going gangbusters, and the fact that we have got \$150 million there to go out there and get some fantastic businesses to come here and grow and expand the economy is just a delight. It is just awesome. There has never been a better time to be alive, I have got to tell you, Mr Galea – love it!

Michael GALEA: Absolutely. Well, I think that might be the first time that ‘vim’ and ‘verve’ have been mentioned in PAEC proceedings, but –

Danny PEARSON: Go back to some of my comments when I was Chair, mate, and you might see it there.

Michael GALEA: That is some good reading. As you say, though, it is a very exciting time to be investing, especially in Victoria. We do have a very stable infrastructure environment for people to be investing in. You have talked previously about medical research as well, that we are one of the top three hubs of the world. And indeed, just with those two examples I believe you said it was about 180 jobs just from those two projects. Now, I understand that you are still formulating the framework of the VIF, but what will differentiate this fund from other government funds?

Danny PEARSON: By focusing on the targets of the EGS, we want to target things like advanced manufacturing and defence, health and life sciences, agribusiness, digital technologies and the circular economy. We are the heart of a growing and expanding tech sector. I think if you look at our rate of growth, we are accelerating rapidly and pretty soon we are going to pass New South Wales in terms of the size of our ecosystem. If all things remain equal, that is where we are headed. We are accelerating rapidly.

I have got to say, last week was just awesome. I went out to Tulla, went to NEXTDC’s data centre to see the Australian Centre for Artificial Intelligence in Medical Innovation’s new NVIDIA DGX H200 supercomputer. Now, this supercomputer, which is an investment from La Trobe, which is basically housed in the NEXTDC data centre, is going to play a really important role in tackling, for example, bone marrow disease. This thing is just incredible. We have got a huge advantage here in Victoria in relation to the fact that we have got large amounts of industrial land appropriately zoned close to Melbourne, and we want to be able to crowd in these sorts of investments. We want to make sure that we can try and get that high-capacity supercomputing, because again, think about this for a moment: no-one was talking about AI 2½ years ago – no-one was. It was a thing of science fiction. Look at it now – it is here. It is real, it is here, it is happening, and I think that there is an opportunity for us to try and find ways whereby we can build it up and expand it and grow it, to find ways whereby we can do that. Again, having the fund there ready to go to be able to really attract businesses that are going to invest in this state and, again, that cover off those five key critical areas we are focused on is going to be fantastic, and it is something I am really looking forward to.

Michael GALEA: Excellent. And you mentioned those figures with jobs before as well.

Danny PEARSON: Yes.

Michael GALEA: What sort of other jobs growth do you expect to see as a result of investments through the VIF?

Danny PEARSON: I think, again, from my perspective, we have had the highest employment growth in the country. Again, we have created something like 900,000 jobs since we were elected, which is a 30 per cent

increase, we have added 113,000 businesses since the pandemic and in the last four years alone we have had 442 private sector investment projects that have been secured, creating over 23,000 jobs and generating over \$10 billion worth of capital expenditure. The jobs we are trying to attract here, they are high value added, they are highly attractive, they are secure and they are designed for the future. It is something I am incredibly proud of, and I want to make sure that we have got the fiscal firepower to draw them in, to get them here, to land them here and to support them so they can grow and invest and they can continue to employ Victorians. It is a really exciting time.

Michael GALEA: Thank you, Minister.

The CHAIR: Thank you. We are going back to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. Minister, the 2024–25 budget forecast that economic growth would be at the rate of 2.5 and 2024–25 at 2.75. Both of these forecasts were downgraded in this year's budget, down to 2 per cent and 2.5 per cent respectively. Why is Victoria's economy not growing at the rate previous budgets have forecast?

Danny PEARSON: I think that modelling is a product of the Department of Treasury and Finance. They produced that modelling. Can you give me a budget paper reference, and I will try and assist you.

Richard WELCH: That would be BP2, page 18.

Danny PEARSON: Are you talking about real gross state product? Is that what you are referring to?

Richard WELCH: GSP. Sorry – economic growth.

Danny PEARSON: Hang on. Are we talking about table 2.1 on page 18? It is budget paper 2 you are referring to, isn't it?

Richard WELCH: BP2, page 18 – yes.

Danny PEARSON: I have got to be honest with you, budget paper 5 is my favourite budget paper. I love it; I absolutely love it. But the way I read this is the forecast for 2024–25 was 2 per cent, the 2025–26 forecast was 2.5 per cent, and then it is expanding to 2.5 per cent each and every year across the forward estimates. So the way I am reading it is that our gross state product, which is a reflection of an economy expanding, is continuing to expand, not contract, and continues to expand every –

Richard WELCH: But it has been downgraded, has it not?

Danny PEARSON: Are you referring to the midyear budget update? What are you referring to in your numbers?

Richard WELCH: The 2024–25 budget. As per the question, it was 2.5 and 2.75 respectively, and it has now been downgraded to 2 per cent and 2.5 per cent.

Danny PEARSON: Right. Again, those economic forecasts are the product of the Department of Treasury and Finance. The Secretary may wish to enlighten you when he comes before you again. But what I would say to you –

Richard WELCH: I guess you would not have modelled it, I am guessing.

Danny PEARSON: Pardon?

Richard WELCH: You would not have modelled it yourselves.

Danny PEARSON: As you would appreciate, the budget papers are the responsibility of the Department of Treasury and Finance. What I would say to you very clearly is that budget paper 2, chapter 2, page 18, shows an expanding economy each and every year across the forward estimates, which is why we are expecting the economy to be around about \$780 billion at the end of the forwards, and that is reflected by the ABS data that was released at 11:30 this morning showing that state final demand has increased by 1.6 per cent over the last 12 months.

Richard WELCH: Minister, one question I have is: why haven't you gone to New York with the Treasurer to fight for the credit rating?

Danny PEARSON: Well, I mean –

Richard WELCH: Because given the importance of economic growth to our debt stabilisation, why didn't you go to support that?

Danny PEARSON: Let me put it to you in these terms, Mr Welch. I have had the great privilege of being the Assistant Treasurer and the Minister for Finance since 22 June 2020. I have never accompanied the Treasurer on any overseas travels.

Richard WELCH: No, but it is not normal for treasurers to have to go and apply for credit ratings either, so we are not in normal times, are we?

Danny PEARSON: No, that is a gross misrepresentation of what has happened. Every year, to the best of my knowledge, and I am happy to go back and check this and report back –

Richard WELCH: Under Labor governments, yes.

Danny PEARSON: Well, are you suggesting that Jeff Kennett and Alan Stockdale never spoke to ratings agencies in New York?

Richard WELCH: That is a very interesting parallel you draw.

Danny PEARSON: Is that what you are suggesting?

Richard WELCH: It is a very interesting parallel you draw. Why did he do it?

Danny PEARSON: I would have thought it is just custom and practice.

Richard WELCH: We are repeating history.

Danny PEARSON: No, not at all. I would have thought it is custom and practice when you are working with the bond market that you engage with the bond market on a regular basis –

Richard WELCH: No, it is not ordinary custom. It is only custom when your credit rating is under dire duress –

Danny PEARSON: No, it is not.

Richard WELCH: that you need to go and actually –

Danny PEARSON: What are you talking about?

Richard WELCH: The Treasurer is not out talking to the community about –

Mathew HILAKARI: A point of order.

The CHAIR: Excuse me, Mr Welch. There is a point of order that has been raised.

Mathew HILAKARI: I appreciate the grandstanding by members of the committee, but could we bring it back to the budget with a budget reference, because this is actually the job that we have got in front of us.

Richard WELCH: So credit ratings are not part of the budget?

Danny PEARSON: Well, what I was –

The CHAIR: Excuse me, Minister. I have not ruled on the point of order. Mr Welch, could you please come back to the budget at hand? Do you have a question you wish to ask the minister?

Richard WELCH: I do indeed. Well, it is a continuation. It is not ordinary practice for treasurers of this state to have to go and as a very first thing – in the Treasurer’s own words, at the earliest opportunity – go to the credit rating agencies.

Danny PEARSON: Well, how would you know?

Richard WELCH: Because she said so yesterday.

Danny PEARSON: But treasurers of this state have regularly gone to engage with their bond holders. I would like to quote from Moody’s from a statement issued on 20 May:

Despite the drag from US tariffs on the global economy, Victoria’s economic outlook remains positive. We continue to expect a recovery in both local and nationwide economic growth, as easing inflation and accommodative monetary policy boosts household consumption. The budget projects –

Richard WELCH: Why is the meeting necessary, then, Minister?

Danny PEARSON: Well, as I have said to you, it is custom and practice. If you think about this for a moment, if you borrow funds – and governments overwhelmingly have borrowed funds because we are a relatively newer nation when it comes to capital markets and we have tended to import capital rather than export capital, although with the rate of growth we are seeing in superannuation funds that may well change – if you are a net borrower, it makes sense that you will want to engage with those who lend money with you to ensure that you are a safe place to do business.

Richard WELCH: Are we?

Danny PEARSON: Absolutely we are. And I will refer you to a fact. You obviously do not read the *Financial Review* very much, because if you read the *Financial Review* on the weekend you would have read Jonathan Shapiro, who talked about the fact that because of the level of global uncertainty Victoria is seen as a safe haven. Jonathan Shapiro: ‘Investors shrug’ –

Richard WELCH: Where is the safe haven?

Danny PEARSON: It is in the weekend *Fin*. I mean, I love the *Fin*. I found this quite a compelling article, because it talked about the fact that we are seen as a safe place to invest. Indeed if you look at New South Wales, which again have got a similar position to us, they have been out to market and they have been able to easily raise their levels of debt in terms of their bond market. So again, because our fiscal settings are right and because the economy is going gangbusters, we have got the settings right and it is appropriate that the Treasurer engage with the bond holders in New York. She will do a great job.

Richard WELCH: Thank you, Minister. The ABS labour force data for April shows Victorian unemployment is still above 4.1, the national average. We are at 4.2.

Danny PEARSON: 4.2, yes.

The CHAIR: Thank you. We will go to Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister and Secretary. Minister, you said earlier that you are excited about medical research, and I have a few questions about medical research. I refer to budget paper 3, pages 61 and 63. Can you update the committee on the 2025–26 budget initiatives that relate to medical research?

Danny PEARSON: Yes. I have got to say, having been in this portfolio now for six months, I am in awe of our research facilities in terms of the intelligence, the experience, the hard work and the determination. I visited the Florey institute recently, and their research around brain and mental health conditions, including anxiety, dementia and motor neurone disease – to see their work alongside MND was just extraordinary. I will give you an example of what they are doing. This is how sophisticated they are. They have managed to engage with probably about 100 MND sufferers. They have been able to take samples of an MND sufferer’s skin, the skin cells. They then convert those skin cells to stem cells, convert those stem cells to motor neurons, and then what they do is they are able to grow those motor neurons and have a range of different interventions to try and determine the efficacy of those interventions. Because you are doing that in a laboratory and you are growing

the cells, you do not need clinical trials. Because they can grow a stem cell, I think it might be in a matter of weeks, they are able to constantly repeat it. Looking at some of their work, they are looking at things like how you can have potentially a cocktail of drugs to look at holding the disease at bay. I am of a certain age where I remember just the shock and horror of the AIDS epidemic in the 1980s and seeing firsthand what that did, what that looked like and the fear that many people experienced, not the least of which was the grim reaper commercial in the mid-1980s, which frankly in public policy terms made no sense. You would not do that now if you had your time over. But it was the fact that you then had that cocktail of drugs which has meant that people have been able to extend their lives. I think that the stuff we are doing with institutes like the Florey is making a big difference.

I was recently over at the Murdoch Children's Research Institute, and I witnessed the signing of an agreement between the MCRI and Retro Biosciences. Retro Biosciences are a fund based in California. Here you have a medical research institution that you can walk to from this joint that has developed the technology that is attracting capital from America to look at developing it. The fact that we have got these partnerships is just so exciting. The MCRI's world-first blood stem cell breakthrough to advance research into new treatments – like bone marrow failure, like leukaemia and other blood disorders – is happening here. Again, having these levels of investments is really important.

When I took the portfolio over I met with a number of these organisations, and they told me that one of the challenges is how they cover costs that would not normally be covered by grant funding. That is why we have provided \$24.6 million worth of additional funding for the operational infrastructure support fund, which is trying to support those independent medical research institutes with the indirect costs of research so they can keep generating those life-saving treatments and supporting jobs.

I am also really excited, like super excited, about the global talent attraction fund. Now, why is that important? We know what we are seeing overseas at the moment. We can see the attacks that the United States administration is levelling against reputable academic institutions like Harvard. I reckon we can strike. I reckon there is an opportunity here where we can try and get the best and brightest. We can turn around and say, 'We'll give you academic freedom. We'll give you a tolerant, pluralistic society that allows you freedom; it's a safe society. We'd like you to come here.' It is about trying to get the best and brightest to come to Melbourne to play to our strengths and build on that. Now, this is something that can potentially be incredibly valuable to our state and, more broadly, our nation. The reality is that our medical research sector employs more than 30,000 people and consistently attracts more than 40 per cent of the Commonwealth government's competitive grant funding. Again, that is pointing to the calibre and the quality of the individuals we have got involved. It is not just about improving health outcomes, important though that is; it is about making sure that we can look at expanding in these areas and becoming a global leader.

You have got to have the vision. When I was last here before you, I talked about the fact that – and it is a gendered saying, so forgive me – 'Blessed is he who plants a seed to grow an oak tree knowing he will never sleep under the boughs of that tree.' You have got to have the long-term vision, and you have got to make sure that you make these plans, these decisions, for the betterment of this state. That is what Brumby and Bracks did back in 2000 with the Parkville precinct, and we are all benefiting from it. I think with the investments that we are making here with these research institutes, people like me are standing on the shoulders of giants. By doing the right thing, I feel confident that we will again build on our leadership, build on our skills and be in a position to have significant discoveries that will improve the lives of people at a global level. For goodness sake, how good would it be if we could turn around and say that as a city, as a state, we cured MND. Even if it was that first cure where you hold it at bay, so you are living with MND but the worst of the symptoms are held at bay, we could do that. When you go over to the Florey and you look at what these people are doing, it is amazing, and it is intoxicating to think about the possibilities of how we can radically transform and improve the lives of people at a global level.

I was over at Walter and Eliza Hall. They are working closely on trying to find a cure for mosquitoes. Mosquitoes kill more people at a global level than any other animal. They are far more dangerous than hippos, right? This is the stuff that they are doing. It is really thoughtful, innovative work. It is just exciting, and it is happening right here. We could all get up and walk and go over there and do a walking tour and be back by dinnertime, and we would be blown away by all the research we see, because these people, I salute them, they are that good. It is incredibly inspiring and exciting.

Meng Heang TAK: Thank you, Minister, but how do we attract those to come here?

The CHAIR: Thank you, Mr Tak. Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon.

Danny PEARSON: Good afternoon.

Aiv PUGLIELLI: Just going straight to budget paper 3, pages 8 and 13, there is funding in this budget – \$3.9 million for the next three years – to support AUKUS. The federal government has signed an agreement for AUKUS, saying that the US are not obliged to give Australia anything in return. It is subject to presidential veto. Earlier this year at a press conference when asked about AUKUS US President Trump replied, ‘What does that mean?’ This AUKUS deal is the largest transfer of wealth in this country’s history. The whole deal is at the mercy of President Trump’s whims. He does not seem to even know what it is, so I ask: why is this state government giving this money to support AUKUS? How does this benefit Victorians?

Danny PEARSON: On that, Mr Puglielli, that question is best directed to Minister Brooks. Minister Brooks has got responsibility for defence policy, and I understand he will be up with you shortly.

Aiv PUGLIELLI: Okay. Well, in that case I might ask: how does this state government view its role in economic growth objectives in supporting national defence initiatives that align Australia more closely with US military goals?

Danny PEARSON: Well, it is an interesting question. I think that what we know is that there have been innovations that have come about through defence expenditure that we all benefit from. So, for example, have you ever gone on your iPhone and opened up Maps? Do you use Maps on your iPhone? Okay. So Maps was developed by the United States Air Force, having photographed all of America. The fact that they had that defence expenditure meant they were able to try and use that photography to then develop an application that we all rely on and use. That just gives you one example of an investment that results in those dividends. If you think about this for a moment, why was the internet created? The internet was created because there was that risk that if you had a nuclear war, you needed to be able to communicate securely and easily from one defence facility to another. Now, I am not a devotee and I am not an aficionado of the industrial military complex that dominated the Cold War years, but it was through a defence prism that the internet was born, effectively. How shall I say it? I am focused on growing the economy, but I am not blind to the fact that there are ancillary benefits when you have investments in defence that then can be used for other applications. And I think the internet is a great example. Again, I think of the manifestation of Maps on an iPhone. I probably do not have the best sense of direction, if I am being completely honest with the committee, Chair. I have relied upon my Maps application on my iPhone on many occasions.

Aiv PUGLIELLI: Thank you, Minister. Staying on page 8, in the *Economic Growth Statement* a key aim is to make Victoria the natural choice for defence-related contracts, and part of this funding is for:

A dedicated specialist team to maintain consistent relationships with major defence primes and supply-chain providers.

Is there a list that can be provided to the committee of these ‘major defence primes’?

Danny PEARSON: Well, again, I think that is probably a question best directed to Minister Brooks. But probably the point I would like to make is that we are in the business of trying to attract global businesses that will provide stable, long-term employment that raises the living standards of working people. If you join the Labor Party, that is what it is all about. You want to make sure that you have got stable, long-term employment and pathways to employment that provide real skills, that boost income earnings for working people and that provide a greater level of security. You do not want insecure work, and you do not want to see a situation where the workforce is being driven down the value chain. Look, those specific questions are best directed to Minister Brooks. I am sure he will be far more loquacious in his answers than I have been, Mr Puglielli. But what I would say is that we make no apologies as a government for wanting to attract businesses that employ Victorians, that pay them well and that give them skills that will last them a lifetime. It is what I think all of us in the Labor Party join the party for.

Aiv PUGLIELLI: You were speaking earlier about ancillary benefits. In relation to the investment that I was just referring to in your economic growth portfolio, do you identify any immediate ancillary benefits from this work?

Danny PEARSON: Again, I think that is a question best directed to Minister Brooks than me. But again, more broadly, we want to attract business, we want to attract capital that is footloose and we want to make sure that Victorians have the opportunity to participate in those investments and to be in a position where they get good, meaningful jobs, skills that last them a lifetime and the ability to go from strength to strength.

Aiv PUGLIELLI: Can I get some clarity, because we were speaking about medical research earlier from the *Economic Growth Statement*, but then this aspect you are referring to another minister. Can I ask: what elements of the growth statement are you actually responsible for?

Danny PEARSON: Let me just get my details. Medical research sits with me; the investment coordinator-general sits with me; the establishment of the investment front door sits with me; investment coordinator-general, that is me; new priority assessment teams to fast-track the assessment of priority projects, that is me; boosting Victorian exports package, that is me; driving growth in clinical trials to boost medical research, that is me; and Yes to International Students Fund, that is me. In relation to extending the digital jobs program, supporting the delivery of agriculture MRNA research programs and the Victorian Industry Development Fund, they are delivered by me in conjunction with the other portfolios.

Aiv PUGLIELLI: Great. Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Puglielli. We are going to go to Mr Hilakari.

Mathew HILAKARI: Thanks so much, Minister and officials, for attending today. I very much appreciate this afternoon and the fantastic use of language that has been added to Hansard today. One of the important things with our investment within this state and something economic growth is driven by is education and international education in particular. If you think about the five big things that Australia exports, only one of them is not dug out of the ground, and that is education. We are the home of international education. I am just hoping you can talk through some of the supports that we are providing for international students to make sure they keep coming to Australia but more importantly to Victoria.

Danny PEARSON: Thank you, Mr Hilakari. I think the international education market is just so vitally important. If you think about Melbourne – I am passionate about this city – this is the modern-day Florence in terms of being a Renaissance city.

Mathew HILAKARI: Who is Medici?

Danny PEARSON: That would be the Premier. I have often said the Labor Party is the house of Medici, so it logically follows that the head of the house would be the Premier. So the Premier is the house of Medici; you can quote me. You want to try and attract international students to come here and to be a welcoming and safe space. That is why we are leading the nation as the best international city for students. That is why globally we are I think number five in the world. It makes sense in terms of both the export revenue, but it also makes sense just in terms of building on those cultural ties and those connections. There are many cases where people come here on a student visa and they stay here, or they go back home but then they want to come back, and I think that is something to be really celebrated and recognised. It plays to the richness of our community.

Think about this for a moment. It was funny that in the gold rush you actually had banknotes that were in circulation in Melbourne with Chinese characters on them, right? George Megalogenis talks about this. I think it was about probably 1888 or 1890 that there was a boatload of Chinese Australians who had come back from visiting home in China. They came up Port Phillip Bay to come back home, and the immigration officials said, ‘Well, where are your papers?’, and they burnt the papers and they said, ‘You don’t belong here. You’re not here. Get out.’ So the boat tried to land in Sydney, and that group of immigrants or – no, they were not immigrants – Chinese Australians were sent back to China. The impact that that had on our levels of prosperity and wealth was that we were plunged into the 1890s depression, and it was not until the grandchildren of the people who committed that dastardly act came back home from the Second World War that we saw material standards rise. They rose because we started to embrace immigration and we started to embrace people who were different – different cultures, different practices, different food. For goodness sake, thank God for the

Mediterranean influence. We would still all be eating boiled sausages and waterlogged vegetables for a meal, right?

We have come a long way as a community because we opened our doors to allow for that level of migration. The international students – we are so lucky to have them. They could have chosen anywhere else in the world, and they have chosen us, and by choosing us they have made us better and stronger. From my perspective, having them come here is great, and then building on those close ties and connections. I despair for what we have seen in recent times in America, particularly in the last week. I despair for humanity when I see those capricious and appalling actions. But for us as a city and a state we have got a lot to be proud of and we have got a lot to celebrate. We should be trying to encourage more of that level of student activity, because it will be good for us and we will be richer as a result.

Mathew HILAKARI: I agree – it is the great benefit of our city both now and into the future. With reference to budget paper 3, pages 8 and 13, and the Yes to International Students Fund, how does that support these grand ambitions?

Danny PEARSON: This was announced in September last year by the Premier when the Premier was in Dili. That is going to support our world-class universities and TAFEs to boost their education efforts overseas while creating more jobs at home. The reality is that, in many cases, some of these students are our best ambassadors, and the Yes to International Students Fund will support them to continue to advocate for Victorian education. Again, that will help build on the strength of our sector and our economy. It is about enhancing our reputation and building that level of goodwill. If we have got those really great, rich experiences, those members of the diaspora will go back home and say, ‘Melbourne’s great. I had a wonderful experience and a wonderful time.’ It will mean that we can then really build on that and build those closer ties.

Particularly if we look at the Asian region, I think that there is a real opportunity for us to try and foster and grow those ties. Goldman Sachs recently produced a report in relation to their projections for the world economy in another 30 or 40 years. Indonesia is projected to be, I think, the fourth-largest global economy. The average age in India is something like about 28 years of age. So if you think about this, if we have got the capacity and the ability to have a really good close working relationship with those students who become future leaders, either here or they go back home, that is great for us. Our pathway to prosperity, being a tolerant, plural society, is by having those open borders, a commitment to free trade, a commitment to having a rules-based approach and building on those really strong cross-cultural ties in the Asia-Pacific region. Where else would you want to be? This is a really exciting and dynamic environment with rising levels of prosperity in these jurisdictions. There is something really special that we have got here in Victoria, and I think that there is a really good opportunity to foster and build those ties and links.

Mathew HILAKARI: The Study Melbourne Hub on Hardware Lane – have you had a chance to invite the new federal Member for Melbourne to that?

Danny PEARSON: I would love to do that. I would absolutely love to do that.

Mathew HILAKARI: She can be a great advocate in Canberra for us.

Danny PEARSON: Yes, absolutely.

The CHAIR: Thank you, Mr Hilakari. Minister and officials, thank you very much for appearing before the committee this afternoon. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee’s request.

The committee is now going to take a short break before beginning its consideration of the finance portfolio at 2 pm. I declare this hearing adjourned.

Witnesses withdrew.