

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne — 9 May 2012

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Ms L. Asher, Minister for Innovation, Services and Small Business,

Mr H. Ronaldson, Secretary,

Mr R. Straw, Deputy Secretary, Innovation and Technology,

Mr J. Hanney, Deputy Secretary, Trade and Industry Development, and

Mr J. Strilakos, Chief Finance Officer, Department of Business and Innovation.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2012–13 budget estimates for the portfolios of innovation, services and small business, and tourism and major events. On behalf of the committee I welcome the Honourable Louise Asher, MP, Minister for Innovation, Services and Small Business and Minister for Tourism and Major Events, and from the Department of Business and Innovation: Mr Howard Ronaldson, secretary; Mr Randall Straw, deputy secretary, innovation and technology; Mr Justin Hanney, deputy secretary, trade and industry development; and Mr Jim Strilakos, chief finance officer. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or her chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as Chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. May I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited. As previously advised to witnesses here today, I am pleased to announce that these hearings are being webcast live on the Parliament's website.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. There are some variations, however.

I ask that all mobile telephones be turned off. Before I call on the minister to make a brief presentation, is there a handout by any chance? No?

Ms ASHER — No. I explained my aversion to PowerPoint to you last year, and my aversion still remains. I respect my colleagues. I believe they are able to hold a few thoughts in their heads.

The CHAIR — Thank you, Minister. In that case, could the minister make a presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the innovation, services and small business portfolio.

Ms ASHER — I do wish to make just a couple of preliminary comments, then I am more than happy to answer some questions. The first point in terms of preliminary remarks I want to make is that Victoria now is very much a services economy. It is like most developed economies, and there is a real emphasis on services that we have seen happen over a fair amount of time.

Service industries have been the main source of Victoria's GSP and employment growth over the past decades, and we anticipate that that will continue into the future. In terms of the numbers, services as a share of the economy have grown from 60 to 70 per cent between 1990 and 2011. Annual services sector growth has averaged 3.7 per cent compared with the overall trend of 3 per cent across the same period. I would think, given that the debate in Victorian politics at the moment is focusing around employment, employment in services has grown from 77 per cent in 1990 to 86 per cent in 2011, increasing at 2.1 per cent annually. So services are a very, very important part of the Victorian economy, and I think in the current debate, where people focus very heavily on manufacturing, it is important to remember that that is the case.

Just in terms of small businesses as well, Chairman, small business is still continuing to grow in terms of numbers of small businesses. Using the ABS definition of fewer than 20 employees, small businesses in Victoria comprise 96.1 per cent of all Victorian businesses. The total number of small businesses in Victoria grew by 1.2 per cent in 2010–11, while the number of small businesses in the services sector increased by 1.7 per cent in 2010–11. Small businesses are particularly important to the composition of the services economy, accounting for 96.4 per cent of businesses in the services sector. By comparison, small businesses account for 88 per cent of businesses in the manufacturing industry. Again in the service industries there is a relatively high proportion of small businesses in finance, insurance, rental, hiring and real estate services. That again is for noting.

There are a number of elements that I would like to draw to the committee's attention in terms of funding that is highlighted in the budget. In terms of small business support, one of the new programs is a small business success map, and I would imagine that I will be asked some questions on that. We also have, more so in Richard Dalla-Riva's portfolio, the Building Innovative Small Manufacturers program and a specialist manufacturing service. But again for small business we have extended funding for the small business festival, which has been called a range of various festivals over various governments over many, many years. So that funding is in there as well.

In terms of reporting on last year's budget, members of this committee would be aware that some additional funding had been provided to the small business commissioner for farm debt mediation. We have received 20 matters under that particular referral, which is not massive, but obviously that is just an update on that finance that was made available. Small business workshops and the mobile business centre — and the mobile business centre was an initiative of the previous Labor government; I am happy to give that credit — are progressing very satisfactorily, and we have delivered 500 sessions of targeted mentoring support in 2011–12 as at 1 May 2012.

The centrepiece of this, and my colleague Mr Morris asked the Premier a question on this, is the Victorian international engagement strategy. Members of the committee would be aware that, of the four pillars, to seek out new markets is the third pillar. Again, this funding has been provided in the budget to do that. This is \$50 million in new funding over four years for this particular strategy. There are four key goals. The aims include to facilitate 1500 companies to participate in a trade program, including the upcoming China trade mission, which will be in September. We want to provide 600 businesses across Victoria with training in international business practices to provide them with those skills and that familiarity with how to deal with markets overseas. We are delivering an enhanced network of Victorian government business offices. Members of the committee would be aware that the Premier has announced previously there will be new offices in Mumbai and Beijing, and they will be funded under this. Clearly we want to build Victoria's brand in key markets. There will be a series of Victoria Week events and just a profiling of Victoria in those international markets.

I am sure that the committee will ask questions on that, so that is just the basic framework of that. In addition to that, members of the committee would have been aware that there is funding that has been announced for the Australian synchrotron. That was a lapsing program, and let me take this opportunity to thank the commonwealth for their involvement in this. My view always was that the synchrotron should be a national facility. Victoria and the commonwealth have come to an agreement, and we will contribute \$26 million towards this joint agreement of funding to enable that very important piece of infrastructure to remain open. We have also announced in this budget \$5 million for one year of innovation vouchers, which I think will be an interesting program. We have delivered on a range of election commitments in this budget, including the innovation showcase, the Victorian Screen Fellowships, the Victoria Prize and Victoria Fellowships, VESKI fellowships and Victorian research scholarships. Again, members would be free to ask me to expand on those should they choose.

In conclusion, as I am sure most of other ministers would have said, this has been a pretty tough budget. We had circumstances where revenues were not increasing as fast as expenditure, which is unsustainable, and we had a circumstance where the public sector was growing at a faster rate than population growth. They provide the two circumstances where the budget was unsustainable and the government had to do something. We have chosen to go down the path of the four pillars: a budget surplus, a focus on productivity, new markets and assistance to existing businesses, which are in my domain and in the domain of other ministers in my department.

Mr PAKULA — Other ministers got the fifth pillar.

Ms ASHER — Four pillars.

Mr PAKULA — We will ask Richard about the fifth one.

Ms ASHER — My department's budgetary circumstances are reflective of the budgetary circumstances across government, and I think I have adhered to your time limit, Mr Chair.

The CHAIR — Thank you very much for your courtesy and adhering to the time limit on the presentation, Minister. Before I proceed further, I do have a point of clarification from the deputy.

Mr PAKULA — The Minister made reference to the international engagement strategy and the services sector, both of which I imagine would have an interrelation with international education services. I note in the budget papers there is also reference to international education services under the tourism and marketing performance measure. I am assuming that it crosses across both the minister's portfolios. I am only asking for the purpose of when we need to ask the question.

Ms ASHER — That is all right; that is fine. Indeed, a number of questions have been asked on this. There is a section in my department that relates to international students. It is not actually the running of the education product, obviously, but it is the framework, the submissions — what we do.

Mr PAKULA — But you are relaxed about whether we ask it now or in the tourism bit?

Ms ASHER — I am perfectly comfortable with you asking it now. I think it is well within the business jurisdiction, so I am happy to take the questions now if that is all right with you, Mr Chair.

The CHAIR — That is fine.

Ms ASHER — There is a tourism spin-off, but if you would like to ask the questions now, I am perfectly relaxed.

The CHAIR — Thank you for your elaboration. Minister, we now have until 3.30 in this portfolio for questions. I will ask, given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio? In your response could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

Ms ASHER — I think the key enhancements of service delivery, and this will flow on to productivity and efficiency gains as well — I am trying to whittle this down to make it, if you like, easier for the committee to grasp rather than going into a mass of detail. The two key enhancements are the international engagement model, which I have referred to already with the \$50 million of funding, and also we have embarked on in my department a business engagement model, which is basically trying to get people to engage with business, as you would expect — to talk to business, to actually talk one on one to large businesses and to small businesses to find out what it is that they would like the government to do.

Obviously those two strategies are particularly important, and if you like there are differences in the way the department used to operate previously to the way it is going to operate now. I would anticipate that the business engagement model in particular would lead to significant productivity increases and reduction of red tape, because it is businesses on a one-to-one basis that can indicate to my business development officers where they would like red tape reform. As you would be aware, the Treasurer has a 25 per cent cut aim for red tape. So a lot of the extraction of information from companies will come out of that particular program — the business engagement model. Again, in terms of new markets, as I said, the international engagement model is very important. So they are two key elements: one receiving funding under the budget and one an internal reorganisation to enable it to occur.

So in terms of the second part of your question about how we will monitor all of this, Treasury of course monitors the issue of red tape and reports to a cabinet subcommittee on that on a regular basis. So obviously I will be able to track and obviously I have my own internal tracking mechanisms within the department on the

business engagement model. Clearly the department does report to me on budget KPIs from time to time as well, so that is why I would envisage the monitoring process.

The CHAIR — Thank you for a very succinct response. Minister, could you inform the committee what you therefore consider the likely impact on industry and community stakeholders in the portfolio in relation to those initiatives that you have outlined?

Ms ASHER — In relation to those initiatives VECCI and the AIG have been particularly positive. Indeed I have to say that over all the budgets that my side of politics has brought down, this being — as it is indeed yours, Chairman — my 20th year in this Parliament, I have not seen VECCI and the AIG so enthusiastic, not necessarily about individual line items but about the overall direction of the budget. A number of positive comments were made in relation to the budget being good for business; in particular, there were positive comments in relation to the international engagement model as well. You will never get 100 per cent appreciation from one's interest groups, I completely understand that, but so far so good. No doubt as things unfurl over the course of the next year, I hope my good working relationship with both VECCI and AIG at a senior level will enable further feedback and, if necessary, adjustments that we may need to make to the practice of doing it. But that would be my preliminary response to you.

Mr PAKULA — Minister, I refer to budget paper 3, page 91. Conveniently you have just reflected on the international engagement strategy. The performance measure for the proportion of all international students studying in Victoria, which is a new measure, you have set at 28, and you say there that that reflects the government's priorities for international engagement. I am just wondering, given that you have set that target at 28, if you could tell us what the number is now? What is the percentage now?

Ms ASHER — I am pretty sure it is around about that, but I will verify that, because I do not want to be wrong on the actual figure for you. But just in terms of extrapolating on that, one of the very, very strong features of the Indian delegation led by the Premier is that I think six of the nine vice-chancellors came on that trade mission; the Catholic university is not really into international students at this juncture, and other universities had senior representatives. It was a very, very significant show of strength for the university sector to talk to a whole range of Indian providers about how in fact we can best provide educational support for a country that does need educational support. There was a raft of MOUs signed. I mean, some of the support that my department provides is providing on-the-ground training assistance to Indian institutions and Indian students, which is just something that we do for the relationship, but obviously in terms of international students it is our no. 1 export, and it has taken a beating of recent times, for a range of reasons. But we have actually put it into the budget because it is the no. 1 export and we need to make sure that a lot of work is expended on trying to preserve it as no. 1 and to do whatever we can to ensure that that industry grows.

I might add that obviously the commonwealth is intimately involved on a lot of this and the commonwealth has made some reforms in this area. We have the Knight review, and the commonwealth, to their credit — and I am happy to give credit where it is due — has brought in some — —

Mr PAKULA — You are a rarity in your government, by the way, Minister.

Ms ASHER — That is because I am female; women are always very moderate.

Ms HENNESSY — Hear, hear!

Ms ASHER — Thank you, Ms Hennessy; we have agreement.

The CHAIR — Is there some club here we should know about?

Mr PAKULA — It is such a refreshing change, a minister prepared to give credit where it is due.

Ms ASHER — The commonwealth has instituted a number of reforms in relation to expediting a visa process and to allowing some of the students to stay on for work purposes. And again at COAG I understand that on some of those concessions which Victoria wanted spread to other providers — private providers, TAFE providers — there has been an in-principle agreement at COAG, again to try to assist in that area. I think there is an Australia-wide recognition about the importance of this. It is incredibly important to Victoria, as I said, because it is our no. 1 export, and we have taken a beating in it.

I am just being provided with the international students enrolment by state. The figure is, year-to-date, March 2011 to 2012 — and my expert people have done the percentage calculation off the raw figures for you; always responsive here — 29.6.

Mr PAKULA — Just on a follow-up: your figure is 29.6; I have some figures from DEEWR from the end of 2011, which was about 29.2. So they jump around.

Ms ASHER — Sorry, what was yours?

Mr PAKULA — I thought it was somewhere between 29.2 and 29.6. That was the end of 2011 figure. I am just surprised, Minister, that you have created a new measure where you are proposing to actually take the percentage number backwards. You say it is the most important export. We are currently at 29; you are aiming for 28. It is surprising to me. How was the number 28, as a target, arrived at if we are already above that number?

Ms ASHER — Can I first of all refer you, Mr Pakula, to the Treasurer's speech, because this will set the parameter for what I may anticipate for a number of questions on key performance indicators in this area. That is on page 2 of the Treasurer's speech in his introductory comments. The Treasurer was completely up-front. These are the issues confronting Victoria, and I quote from it:

Victoria's economy is being affected by significant global and national factors.

World growth has slowed ...

The Australian dollar remains high by historical standards, placing significant pressure on Victoria's manufacturing, tourism and education sectors.

So the fact that these KPIs — —

Mr PAKULA — This is a percentage, though, a percentage of the national total.

Ms ASHER — Yes, it is. The Treasurer's speech and the concerns the Treasurer expressed in that speech — and I might add the concerns that your own party expressed in its little seven-page jobs document that you put out — are that we are operating in a very, very difficult climate. So in many ways this has been right up-front and transparent, and whether you give credit or not — your credit is a matter for you — we have been right up-front. The new performance measure is an important indicator, and we probably should be given credit for that. And again, for your information, the latest Victorian international student data, which comes from Austrade, at March 2012 shows an overall 6 per cent decrease in new students compared to 2011. So that KPI is realistic, conservative, and the KPIs reflect reality and reflect the Treasurer's speech.

Mr MORRIS — I guess this question will not be any surprise to the minister given her comments in the introductory remarks. Minister, I refer you to budget paper 3, page 15, the DBI output initiatives, and specifically to the establishment of the Victorian international engagement strategy, and can I ask you to advise the committee of expected benefits for both the wider Victorian economy and for businesses resulting from the initiative?

Ms ASHER — As we said, we have got a number of very, very significant challenges for this state and indeed for the nation. What the Premier has been talking about is the creation of new markets, and this particular program is designed to look at new markets in part. So we have allocated \$50 million over four years. What we are trying to do is to coordinate a number of activities in the department that were previously, I think it is fair to say, a little fragmented, so they have been coordinated under this program. There will be additional funding to help export performance; there is a skilled and business migration strategy; there are country business strategies which are being developed — India and China in particular, which would be no surprise to anyone. As I said earlier, there is an expanded Victorian government business office network. The Premier has already announced that we will have new offices in Mumbai and in Beijing, and we are going to try to leverage from our international alumni support for Victoria and the branding of Victoria and again from chambers of commerce to get support for the branding of Victoria. Our aim is to engage 2400 businesses each year, and again that is a big target, but I am fairly confident we will be able to meet that.

In terms of the specifics of my colleague's question, I would like to take this opportunity to show, if you like, that the program in embryonic stage has been commenced already, and I thought I would convey some of the achievements very briefly and the costs so the committee can have these achievements and costs up-front. In terms of the Middle East, all members of the committee would be aware because I have mentioned it in Parliament, or at least certainly lower house members, that I recently led the largest ever mission from Australia to the Middle East, Qatar and to the UAE with more than 100 companies from 14 to 23 February. There were food businesses, agribusinesses, water, infrastructure, tourism and so on. That mission also coincided with Gulfood, which is the world's largest annual food and trade expo. I think most people are broadly familiar with the fact that that occurred.

In terms of the outcome, my department then goes back to all the businesses that participated in these missions and asks them what business they expect to have as a consequence of the mission. So, if you like, there is a significant degree of self-assessment from the businesses in terms of their export opportunities. In terms of the Middle Eastern delegation, those businesses have reported to us immediate export sales of \$17.2 million, expected sales in the first year of 77.2 million and expected sales after two years of \$137 million in annual sales. Now again, some people will have larger contracts, smaller contracts and you cannot always assume that these figures will continue on forever, but that is where we are at in terms of the reporting, that in two years time we will be looking at a figure of \$137 million per annum in increased exports, which I think is a very, very good result for Victoria. Ten of these companies entered into new agency or distributor relations.

At what cost is a legitimate question for members of the Public Accounts and Estimates Committee. The overall cost of the Middle Eastern delegation is around \$580 000 — 380 000 for various events and support things and \$200 000 is the maximum possible. Companies are given a \$3000 grant to come along on the mission. They have got to use it for specifics like travel or carriage of certain items they may want to take with them. And so I know, again, Mr Pakula made comment in terms of the Indian mission, that he thought it may be super expensive. And indeed the Leader of the Opposition has made supportive comments about this, so I am happy to provide figures for the committee. But \$580 000 cost — some of it going to businesses, some of it going to participation in the program — for an annual export increase of \$137 million, I personally think that is particularly good.

If I could, with your indulgence, just provide the figures for India, because I think that has been the subject of significant press comment, which is positive. Again, the Premier led a mission to India from 21 to 26 February when the bulk of the events occurred. I went along on that; Minister Gordon Rich-Phillips and Minister Richard Dalla-Riva came along as well. It was a very, very large delegation; I think you are all aware of that. Something like 1450 business-matching meetings were facilitated for mission delegates in the seven cities the mission went to, and in terms of the results, there were immediate sales of \$3.3 million, anticipated additional sales of \$133 million in the first year and anticipated additional sales of over \$200 million in those outer years.

'What were costs of the organisation?', which again your deputy chair raised. I am happy to advise that, because I think the more scrutiny there is of these costs and benefits, the more that businesses will be supportive, and I hope the public will be supportive as well. The costs were around about a million dollars in terms of the events, in terms of grants to the businesses to participate and so on. Grants to businesses were about \$342 000 for a company-reported result of over \$200 million in exports after two years. As minister, I for one am prepared to spend a million dollars to gain \$200 million of export opportunities. They are what we have achieved so far. Obviously with the money on the table in part to do these trade missions, I am hoping that businesses will get access to new markets, which is precisely what the government's objective is.

Mr SCOTT — Minister, if I could refer you to budget paper 3, page 88, there is a listing there under the output summaries of 'small business assistance'. According to the budget, funding for small business assistance has been cut by 34.5 per cent, or 18.1 million, and there is reference in the footnoting to a number of programs coming to an end or ceasing. Can you outline what programs have ceased receiving funding and the rationale for those cases?

Ms ASHER — Yes, but can I preface this comment by saying that it is very interesting that the lobby groups did not comment on that figure. Again you will do your own research, but if you ask small businesses what they want, I expect that the drop in WorkCover premium would have been particularly relevant to them rather than some of the programs but not all the programs.

We have a number of programs that are lapsing. Some of the programs under Labor are terminating. The Skills for Growth program would be one which I heard mentioned in the house, and again you will see that at the end of the document in the discontinued outputs. That is one example of a program that is lapsing. It was an expensive program, and I think even members of the opposition would, I hope, allow the government to have our own programs. Whilst that is factually correct, because it is in black and white, we have a range of other programs that will help small business — for example, the international engagement strategy which I have just talked about will also help small business. There are also a couple of items in Richard Dalla-Riva's manufacturing strategy that I think will help small business.

But the blunt answer to this in terms of allocation of funding is that this was a difficult budget. As I said in my opening remarks, there are a lot of lapsing programs in DBI. I have given you an example of the largest one in small business. The government had some difficult decisions to make in terms of making the budget sustainable. I am happy with the amount of attention that small business will get in other programs under other KPIs, but that is in fact the explanation.

Mr SCOTT — There is a footnote that refers to some other programs that are being created, but by my calculations there is around \$8.6 million of lapsing programs or programs terminating, I think is the term you used. If it has to be on notice, I would be grateful for the actual details of all of those programs.

Ms ASHER — The Skills for Growth program was a very large program. That is one. MasterClass is a lapsing program. Again that was very, very intensive support for small businesses, and the businesses that participated in that of course loved it; I understand that. There will be a reduction in funding for Business Victoria Online. Obviously that will not be terminated. That will continue, but there will be reductions in funding there.

Mr ANGUS — Minister, I want to follow on from Mr Morris's previous question in relation to the Victorian international engagement strategy, as noted in budget paper 3, page 15. I wonder if you could advise the committee of the expected benefits for small businesses of the commitment that is noted here.

Ms ASHER — That flows on very neatly from Mr Scott's question, although I am not suggesting any collusion whatsoever.

Mr ANGUS — You can be sure of that.

Mr SCOTT — That is one thing you can guarantee.

The CHAIR — It is a very cooperative committee, Minister. You would be surprised how much cooperation there is behind the scenes.

Mr PAKULA — I am surprised.

Ms ASHER — One of the driving motivators in putting together this particular strategy is that the government and the department wanted small business to have access to export programs. I guess the basics are that we are a very small market here and if our small businesses do not get access to an export market, many of them may not be able to continue in the longer term. Some will survive on a domestic market; some need access to an export market, so this money is going to be targeted to assist small businesses. We are going to have a vastly ramped up program of inbound missions. In other words, there will be people from other countries coming to Victoria to have these business-to-business meetings. For very small players that cannot get access, that are unable to travel because they are the only one in the business or whatever, this will be beefed up. The department has been doing this previously, but this will be beefed up quite substantially so smaller players will be able to get access in that manner.

Again in terms of the Indian delegation led by the Premier, SMEs constituted 75 per cent of those businesses. One of the ongoing conversations I had with people on that mission and indeed on the April mission that I led — there were people saying, 'I could never have come to India on my own'. That included, obviously, a couple of women, although there were not many women business owners on the delegation. At least the large group facilitates an opportunity for someone who cannot possibly set up a range of meetings and know who to contact or whatever. The government business office helps on that front, and smaller players are able to participate. Again, in terms of that delegation, companies not yet doing business in India constituted 59 per cent

of that delegation. So they are important components of small business access, and because I am small business minister, obviously I keep a fairly keen eye on this.

I mentioned earlier that we are also having skills training for businesses. Again, it is bad enough for a larger business to understand what doing business in a different culture may actually mean, but we provide a range of training opportunities, pre delegation if they are going on a delegation, to smaller businesses to understand regulatory regimes, international business practices and so forth. I think that is of particular significance to smaller businesses, and I touched on, in terms of the costs for the Middle Eastern mission and the Indian mission, the fact that there are grants available. If you are a larger business you will be able to pay your own airfare, but a smaller business really does appreciate an airfare. Three thousand dollars does not cover the costs of one of these delegations, clearly with airfares, accommodation and stuff you might have to bring over and so on and so forth. I am happy to say that these grants occurred under the previous government as well, but what we are trying to do is make sure that these grants remain and that more smaller businesses can get access to this program.

Ms HENNESSY — Minister, I refer you to budget paper 3, page 88, and the allocation for small business assistance in the output summary. I am wondering if you could confirm that the Small Business Mentoring Service comes from that line item. Is it your or your department's anticipation that there will be an increase or decrease in the number of recipients of the Small Business Mentoring Service?

Ms ASHER — The Small Business Mentoring Service is, I agree, a very important service. This service has been going for ages and ages; in fact they have just put out a book on their history, and they have just got bigger and bigger. But the element of it that I like is that if a small business person does not necessarily want to go to a government person to ask for advice, these are a bank of private sector people with experience who are able to provide very, very good advice. In the mobile business service — again, something started under the previous government — often these small business mentors go out there as well.

It is very difficult for us to forecast what we may need because, for example, in times of crisis, like a flood or a fire, certainly in the last floods, the Small Business Mentoring Service went out and provided assistance on the spot to enable people — and you would have dealt with this, given your legal background — to read their insurance policies. A lot of people were not even able to read their insurance policies, which is understandable. In terms of forecast of the demand, it is very, very difficult if there is a particular event. Basically it is embedded in the base funding, but I can tell you what the figures are so far — I think I mentioned this in my opening remarks. There have been 575 one-on-one mentoring sessions to regional small businesses to date in 2011–12, and I am advised by my department that there is some provision for growth.

If I can seek your indulgence, given the solidarity amongst women that has been shown — —

Ms HENNESSY — I have got a follow-up, Minister, I should foreshadow.

The CHAIR — Would you like us to leave, Minister?

Ms ASHER — When I was last minister in the 1990s, which is a long, long time ago, I was concerned that there were not enough female mentors, and I tried to encourage women practitioners to feed into that service, because there were not enough women. There has been some improvement in the intervening years, but that is an area where I have set a KPI for myself — it is not in the budget papers! You can ask me about that at the end of my term, but I am trying to get more women business mentors.

The CHAIR — Ms Hennessy, would you like to continue the conversation?

Ms HENNESSY — Yes, how have you been, Louise?

Members interjected.

Ms HENNESSY — In all seriousness, Minister, I would like to know if you are able to break down for us what the actual funding allocation for the Small Business Mentoring Service is for the next financial year?

Ms ASHER — I will provide that. It is in the base of the funding, and I will provide that to the committee.

The CHAIR — A question on notice. Thank you.

Mr O'BRIEN — I would like to ask you a question about the operational infrastructure support grants, which are shown in this year's budget at budget paper 3, page 92, under the heading 'Operational infrastructure support grants under management', and it has got the 2012–13 target of 13. There is a note there:

This performance measure is transferred directly from the previous 'Science and technology' output.

In the 2010–11 budget it was on page 159 of budget paper 3. I am just wondering, Minister, if you could tell the committee about these grants and their funding?

Ms ASHER — These grants are particularly important. As I think all members here would realise, we have a number of research institutes across Victoria that give us an extraordinary reputation and provide a huge amount of, I suppose, pioneering research for Victoria. That is why we have a reputation as such a strong state for medical research. I have never been asked about these previously — or in the last two. In fact I have been surprised that I have not been asked, because the funding — and again this is a continuation of a policy from the previous government — is allocated for things that are not directly research, because benefactors like to leave money for research.

The commonwealth government gives funding to research, but as you know there are a whole range of other costs — administrative costs and the like — that are part of the norm to run a research institute. These will continue on going to those institutes. In 12–13 there will be \$26.1 million of funding to these particular institutes. There is a CPI increase in there of \$200 000, and they will go to the Baker IDI Heart and Diabetes Institute, the Bionic Ear, the Burnet Institute, the Centre for Eye Research, the Florey Neuroscience Institutes, Ludwig Institute for Cancer Research, Mental Health Research Institute, Monash Institute of Medical Research, Murdoch Children's Research Institute, the O'Brien Institute, Prince Henry's Institute, St Vincent's Institute and the Walter and Eliza Hall Institute.

These institutes I think add a huge amount to Victoria's livability and scientific credibility. I have heard many members of Parliament, who have previously occupied my position, talking up these research institutes, and they should be talked up because the work they do is absolutely outstanding, and I think most Victorians probably do not have an adequate understanding of the work they do. I am pleased to be able to provide you with that advice.

Mr PAKULA — Just a quick one, hopefully, Minister. Back to the international engagement strategy. I am wondering if you can just explain to the committee the thinking behind the decision to downgrade the Frankfurt VGBO and to have Victoria's trade and export and investment efforts in Europe led from London.

Ms ASHER — Mr Pakula is very well informed. The Frankfurt commissioner's term expired and was not renewed. The government has made a decision that we would simply run — to run it from London is not quite the right expression.

Mr PAKULA — Lead it from London.

Ms ASHER — We will still have staff on the ground in Frankfurt. That is an important point, and I am not sure that has been appreciated in general commentary. Again, we have no plans at all to close that office. There are staff there; I think there are three staff, from recollection.

Mr HANNEY — Two now, Minister.

Ms ASHER — Two now; okay. The office will remain open, but we have just made a decision that we would not have a commissioner in Frankfurt.

Mr PAKULA — Just to follow it up, there are actually a couple of areas of the international engagement that I could go to in the follow-up, and I am just mulling over which one. You have confirmed that the decision has been made. I suppose I am curious as to the thinking behind it and whether you think it can be properly coordinated out of London.

But I am also thinking back to an answer you gave before, and I do not want to miss the opportunity, Chair, just to follow up with the minister on this about the — I think you said — 137 million in exports that you were anticipating out of the trade mission. I am just wondering the methodology for arriving at that number —

whether that is hard orders booked or what businesses think is going to happen. I just invite you to comment on that.

Ms ASHER — The methodology used is that my department asks the companies when they come back what export business they have booked, which I had already explained in this. In fact I think probably by my introductory remarks I went out of my way to explain that that was it. Basically, if they get more business, the figure will have to be added on later when the department goes back, and the converse is true as well. It is a reporting mechanism by the businesses that participated in the actual mission.

The CHAIR — I understand that in the interests of accuracy the minister has something further to add to her comments to Ms Hennessy.

Ms ASHER — I have been able to take some advice, and I can inform Ms Hennessy that the small business mentors will receive \$950 000 for that program overall for the next two years. I am advised there is a brief on my desk, and I must say that I have been attending to other matters this morning.

Ms HENNESSY — Thank you.

The CHAIR — In BP 3, page 12, it notes 5 million of funding for a new innovation vouchers program. Would you be able to provide for the committee more information about how this program will work?

Ms ASHER — This is a new idea, and the idea is that these innovation vouchers will be used for research and development to encourage businesses to do or undertake more research, to encourage businesses to develop skills to support innovation or to encourage businesses to collaborate and develop networks to take advantage of opportunities. The details of the program will be announced by me later, but broadly for the information of the committee vouchers will be made available to businesses for a minimum of \$10 000 and a maximum of \$100 000, and we anticipate that most would be around \$20 000. We are going to aim the program at companies that employ fewer than 200 people.

If I can give you a couple of examples about how this voucher system may work, one example would be a small business might need a new type of plastic which is biodegradable because they wanted to project that as a business strength, so that small business in this hypothetical example may need a university researcher who has been working on biodegradable plastics. The concept behind this is that the small business would then apply for, let us say, a \$20 000 voucher to get the university researcher to do the work on this, and the university researcher would develop and supply the new formulation and the small business then would obviously contact my department saying this had occurred, and then DBI will reimburse the university \$20 000 as payment for those terms. It is win-win in terms of a research capacity, using our world-renowned research institutions and universities, of course, which are a great strength for Victoria, but also just providing that little boost of support for small business.

If I can give you another example in the skills area, imagine that a company had a need to develop expertise, say, for a patent — say they had developed something in the food industry and they needed to get a patent for it and the company had no experience with intellectual property and whatever, and lawyers of course are expensive; with all due respect to their training and whatever, they are expensive for small players — so the food company in this little hypothetical example I am giving you could apply for a voucher to send its business manager on a short course to work out how to patent this intellectual property, and again the company would advise my department that that course was completed and the university would be reimbursed for the invoice. So I think it is an exciting initiative; it is based on a small technology industry uptake program in Gordon Rich-Phillips's area, and I think there is some potential for assistance in innovation there, which is why the government has announced it in the budget.

Mr SCOTT — Minister, I would refer you to budget paper 3, page 92, particularly the performance measure related to additional employment from production supported by Film Victoria, and I note the reduction in the target from the expected outcome of 600, from 2400 to 1800. Could you please outline if there has been any change to the level of support or funding arrangements towards film production in Victoria?

Ms ASHER — There have been changes, and again I regard this KPI as completely up-front in acknowledging these changes. As I said, the overwhelming imperative for the government was to provide a surplus budget and to direct its funds into the four pillars that you have heard about ad nauseam. They are

obviously a surplus budget, improvements in productivity, finding new markets and assisting businesses that are already here. The figures reflect two lapsing programs. There is a lapsing program on children's TV and a lapsing program for the digital industry, and again we can go over the lapsing program debate of last year, but as I said last year, had you been elected to government, you would have had to make these choices about whether you wanted to continue with these lapsing programs or not, and we have elected not to continue with that.

Mr SCOTT — On a point of order, Chair.

The CHAIR — There is no point of order. Please plough on through the interjections.

Ms ASHER — We have also brought in some efficiencies. Film Victoria will be expected to have some head office-type efficiencies in it as well, and those have been conveyed to Film Victoria.

I might also take the opportunity to say all is not lost for the film industry. If I could draw your attention to budget paper 3, page 11, we have introduced some Victorian screen fellowships which were an election commitment. Film is difficult in the moment because of the position of where the dollar is, and again that has been flagged right up in the Treasurer's speech. We all want film production. I think as a government we have done reasonably well so far, but we have had two lapsing programs; the government has elected in the overall strategy of the government that those programs will not continue, and Film Victoria will be asked for some efficiencies on their head office functions as well.

Mr SCOTT — Just by way of clarification, I would be grateful for a figure for what the funding was previously for those two programs.

The CHAIR — Minister, are you able to — —

Mr SCOTT — It has to be on notice.

Ms ASHER — The figure was \$1.5 million in 11–12.

Mr SCOTT — For both?

Ms ASHER — For both of them.

Mr MORRIS — Minister, can I direct you to budget paper 3, page 13, the DBI output initiatives, particularly the program 'Showcase New Innovations', which of course, as the name suggests, is about showcasing new inventions and innovations that have emerged from government science and technology programs. The total on page 11 indicates a commitment of 300 000 for this initiative. Can you provide the committee with further details of this commitment?

Ms ASHER — Thank you, Mr Morris. Again, this is a range of election commitments, the first one listed here. There are five election commitments that have been honoured in this budget and this is the first one mentioned. PAEC may wish to take up Treasury's rounding on some of these matters, but in actual fact — —

Mr PAKULA — Pray tell.

Ms ASHER — the 2012–13 budget has committed \$150 000 over three years, to assist firms, and SMEs in particular, to showcase innovations that have the potential to be commercialised. It is a small program, but that was the extent of the election commitment.

Supporting companies are going to be helped with developing marketing strategies, and again we will have programs to enable companies to meet potential suppliers and distributors and the like. Funding for the program will commence on 1 July 2012. As I said, most of the innovation portfolio has a slant towards commercialisation of product and obviously this is part of that. The program is designed to build commercial skills and expertise. It is to support the development of these smaller businesses in this area. We are hoping that the program gets taken up in rural and regional Victoria because they will get access to skills and professional development in this area.

Ms HENNESSY — Just following on from Mr Morris's question, in relation to budget paper 3, page 88, the note there states that there are offsets in the DBI funding for innovation and technology 'due to variations in annual funding for the Victorian innovation statement'.

Ms ASHER — Yes.

Ms HENNESSY — Could you just particularise what those variations are?

Ms ASHER — Yes. There is a range of variations, and this is not the first time this has happened in the innovation portfolio. Again I would draw attention to — and I suspect you may not have been a member of Parliament at this time — the Public Accounts and Estimates Committee hearings of 13 May 2010. The then minister, Mr Jennings, received a question from one of the Liberal members, and he had a 33 per cent reduction in output funding. So I note that there have been significant reductions in this portfolio from time to time.

In terms of the detail of that, there is significant — and I hate this word — rephrasing. I remember making negative comments about this word in the past, but obviously that is the way everyone refers to it, so we have rephased — —

Ms HENNESSY — You've changed, Minister.

Ms ASHER — some of our planned expenditure. We have rephased \$26 million for the Victorian innovation statement, which has not yet been released; we have rephased \$2.1 million for the high-speed broadband innovation program, which is in Gordon Rich-Phillips's area, I think; and there is some operational expenditure that we have cut back on as well.

Mr ANGUS — Minister, I note that in budget paper 3, page 13 under the Victoria Prize and Victoria Fellowships output initiatives, there is a doubling of the Victoria Prizes from one to two and Victoria Fellowships from 6 to 12. Could you please advise the committee of the details of this commitment and of the importance of prize programs such as these?

Ms ASHER — Thank you, Mr Angus. Although obviously the Victorian public as a whole probably does not even know about the Victoria Prize and the Victoria Fellowships, I think this is one of the really exciting things. Again, this was an election commitment — as you have alluded to — by the government and delivered in this year's budget. The budget provides \$474 000 in new funding over three years, to deliver two Victoria Prizes, as you said, of \$50 000 each and six additional fellowships. They are up to \$18 000 each. The idea is obviously to provide opportunities for scientific talent.

The two Victoria Prizes will be one in life sciences and one in physical sciences. Again, they are just to the *crème de la crème* and again it is an enormously prestigious prize and I am glad we have been able to add an extra one. These awards are given to scientists of extraordinary career achievement and it has been a great privilege on my part to have met last year's winner.

The fellowships are for the next generation. They fellowships recognise emerging talent in early career scientists in science, technology and engineering. Each fellow receives a grant of \$18 000 to undertake short-term overseas study basically for their career development and for their expertise. The idea is for them to gain experience overseas.

I regard these as really good initiatives. As I said, I am sure that the general public when they give their response or give their opinions about this year's budget probably will not be talking about the Victoria Prize and Victoria Fellowships, but it is an attempt by the government to honour an election commitment to try to encourage absolute excellence at the top of the tree in science and to encourage the next generation of scientists.

Mr PAKULA — Minister, in budget paper 3, in the DBI output it talks about the savings for your department for the 2012–13 financial year, which is \$14.7 million. That is new savings that had to be found in this budget. That is on top of savings that have been identified in the 2011–12 budget update — the 'capping departmental expenditure growth update' — measures to offset the GFC reduction and government election commitment savings. Most of those go back to either the 2011–12 budget or the update, and by my calculation it brings the total savings that have to be found in 2012–13 to \$63.7 million. My question is: given that we are in the middle of, as you have said on numerous occasions now, very difficult economic times and that your

department is the lead economic development department in the government, how can you cut \$63.7 million out in one year without impacting on the front-line services you deliver to try to generate economic growth, demand and jobs?

Ms ASHER — The answer to that question broadly goes to the overall government strategy, and that is that we inherited a budget which from our perspective was unsustainable. We had expenditure growth growing at greater than revenue growth, and we had growth in the public sector greater than population growth. The government has made a policy decision that this budget will be rectified, and we will have a surplus and build budget capacity. I am sure every minister is very concerned about individual programs and is very committed to their own area, but in the end the government's priorities must prevail. We have budgetary priorities, and that is what we have gone on.

You are correct; there were two tranches of savings. The first was that raft of election commitments we made in terms of government advertising and in terms of ministerial staff — and, again, I am still sitting in an office at 121 Exhibition Street with empty desks everywhere and a massively curtailed staff because we made commitments to cut back on ministerial staff. So we had that first tranche of cuts we had identified in the run-up to the election as unnecessary expenditure, and we cut that.

In terms of the savings that the government has been asked to provide, yes, there is \$14.7 million in 2012–13 in addition to those savings last budget. If you want to do it over the forward estimates, it is \$27.6 million. There were a number of programs, such as Connecting Victoria, which is in Gordon Rich-Phillips's area, Science Awareness, Skills for Growth and Time to Thrive, which I should have mentioned in answer to Mr Scott's earlier questions. Time to Thrive was the Labor Party-branded small business policy. It is a new government, and we want to do our own thing. I do not think that is an unreasonable thing as programs lapse: for a new government to want to do our own thing.

The Science Awareness program, which is where some of the savings have been made — I suspect most members will know the science awareness program even though it will not be top of mind. It was the presiding officers Science Awareness program. Mr Chairman, you will recall this, I think. There used to be a members information day run at lunchtime. It was always on a sitting day. There was a scientific speaker who used to come along from one of the universities, and the Speaker used to preside. Members of Parliament used to come up — I think to this room, from recollection — and some sandwiches would be served for lunch, and then there would be a speaker. I recall one on desalination and I think another one on greywater. I have attended these things. They are nice — it is a nice idea to inform MPs — but in the current budgetary circumstances it is not a high priority project for the government. The government has other priorities, so that is an example of a program where there are going to be savings.

Mr PAKULA — Minister, just to follow up, I have an appreciation of the rationale behind the savings. I suppose what I am trying to understand is the impact of them and how it can be done — such a large amount in one financial year — without an impact on front-line services, particularly given that your own questionnaire shows at page 26 that in the last financial year you have had a \$7 million increase in spending on contractors and a point one increase in spending on consultants, so clearly the savings are not there.

It is \$63.7 million in one year, Minister. It is not about the 'why'; it is about the 'what'. What is going to happen in terms of DBI's ability to help maintain economic growth and jobs in an environment where the cuts are so severe?

Ms ASHER — I think in your figures that you calculated, which obviously I cannot go through, but I will on the transcript — —

Mr PAKULA — It is your questionnaire.

Ms ASHER — I think what you have done in that is not count in the new money or the rephasings. If I can help you, on page 88 of budget paper 3, if you count in rephasings and new money, the savings target for DBI is 7 per cent. So whilst there have two tranches of savings, some of the savings in the second tranche are just some office savings in 121, but as I said, I have given you an example, and I have given Mr Scott the small business savings. I think if you factor in the resavings and the new money, the cuts are not as severe as that figure you have put up — which you say is in the questionnaire, is it?

Mr PAKULA — It is in the questionnaire that was provided by your department.

Ms ASHER — All right. Let me update this by the budget itself. I think it would be more accurate to say that it is a saving of 7 per cent, which I believe DBI met. I believe DBI will still be able to perform its functions.

The CHAIR — Minister, can I suggest, given the lack of clarity, that we take that on notice and perhaps have a response to clarify the circumstances?

Ms ASHER — Sure, I am happy to help. I am only here to help you.

The CHAIR — Yes. Thank you very much.

Ms ASHER — I have to help the committee. I used to be a member of this committee. I have very fond recollections of it.

The CHAIR — We can understand why, Minister.

Ms ASHER — I remember being locked in here for two weeks. That is why I am being sympathetic.

The CHAIR — Fifty-four and a half hours actually, which is longer than the Speaker presides over question time in a year.

Mr O'BRIEN — Following on from your previous answer in relation to science education for MPs, one program that is being expanded is the Victorian Endowment for Science, Knowledge and Innovation, or VESKI, fellowships, which notes an increase of up to six fellowships in this year for science, knowledge and innovation scholarships as well as delivering mentoring services for secondary school students. Minister, could you please advise this committee of the details of this commitment?

Ms ASHER — This is yet another election promise that we have delivered on in this budget. Unfortunately VESKI is not a household word, but it is the Victorian Endowment for Science, Knowledge and Innovation, and it is a terrific endowment. I suspect that Mr Pakula, given previous responsibilities, may be aware of it. It was established in 2003, and 16 VESKI innovation fellowships have been awarded to date. I regard this program as a very, very good one. The new funding is going to enable VESKI to offer at least six additional innovation fellowships, commencing in 2013 and targeting a number of areas of strategic importance. Again, in the time since I have been appointed as minister I have been able to present these awards on a couple of occasions.

The idea behind this is to, if you like, address the brain drain that we have here. The idea is to have outstanding Australian ex-patriots come to Victoria to bring knowledge, technologies, networks and capabilities to the state. I regard that as a very, very valuable program. We are going to work with VESKI to determine the most appropriate number and level of fellowships in the mix, but we have said in the budget at least six. We think there might be some capacity to work on the funding that has been available to get the maximum possible benefit.

Mr O'Brien mentioned the VESKI mentor program. Again, we have also allocated half a million dollars over three years, from 2013 to 2015, to enable VESKI to work with schools, teachers and students to encourage participation in science and to improve the knowledge and expertise of science teachers. The mentoring program is aiming to pair participating VESKI fellows with schools. Again, one of the problems we as a society face is that probably not enough students are studying science.

If I can go back, the shortage of women in this area is, I think, most unfortunate. I have asked VESKI if it could try to look at the issue of getting more women involved in science, and this mentoring program is going to try to encourage young people, in the face of a mentor who has enormous expertise, to take up science.

Mr SCOTT — Minister, I would like to refer you to budget paper 3, page 92. There is a performance measure there, 'Value of film, television and digital media production supported by Film Victoria', and there is a decline, obviously, in that figure. Could you give us some information about what the state of the industry has been for the last 18 months or so and how that will affect the industry into the future?

Ms ASHER — In terms of film production in Victoria, our high dollar is providing some challenges. I think that is the way we put things these days: ‘some particular challenges’. I expect that you have at your fingertips a very, very high figure, which happened under the previous Labor government, and I think you will find that high figure included one very, very large production that happened at the time, but you know, hats off to you in that, good on you — credit where credit is due — but I think that was *The Pacific*. That was the particularly high-value one, so we are being realistic on this.

In terms of an update, Victoria has a very, very good reputation for film production. The studios, obviously, are well received, notwithstanding my comments in opposition about them being late and over budget and whatever. Now they are functioning film studios. I think it is fairly clear that both local TV producers and international film producers like the studios. They are close to town, which means that obviously international actors can stay at all the city hotels and get out there quickly. In fact I toured the set — a foreign term for me — recently for the production of *I, Frankenstein*, which was a production this government was able to secure using moneys under the investment support program.

Members interjecting.

Mr SCOTT — There are too many interjections. I will leave it.

Ms ASHER — I actually mentioned this in Parliament, if you recall, in the Legislative Assembly, and there was much hilarity, but I went out of my way not to make any imputations about who was Frankenstein; it is simply a film called *I, Frankenstein*. Again, given that you have asked the question about an update, since December 2010 the government has supported over 40 film and television productions, and they are expected to generate more than 200 million in production expenditure for the state. So, if you like, that is the performance since December 2010. As I said, we have secured *I, Frankenstein*.

I, Frankenstein was actually, in all seriousness, a very, very important film for us to secure, because it sent the message out internationally that Victoria was still interested in the big-scale international productions and was prepared to provide some support for that. As you would be aware, we have got very, very aggressive competitors now in Premier Barry O’Farrell and now Premier Campbell Newman, and Victoria needs to make sure that when we pitch, we pitch in a very sensible manner and do not get spooked by our coalition colleagues — much as I am absolutely delighted that both of them have won their elections, do not misinterpret that, and a bit of healthy competition is good.

We have attracted *The Pacific*, *Save Your Legs!*, a TV series *Conspiracy 365* and the mini-series *Howzat!*, a TV series based on Packer and World Series Cricket. Those of you who are my age may have even been out to Waverley, Chairman, and seen World Series Cricket — Mr Pakula is nodding — and I did too. A TV production has been made on that, and some of the actors were outside Parliament in 70s gear just as we were arriving. I did not notice anything unusual, but my younger staff did. *Ghost Rider — Spirit of Vengeance* is another one. It is the record Australian dollar. There is enormous competition for screen projects, there is competition interstate.

Given the circumstances I am reasonably relaxed about things. You have got to be realistic, you cannot be silly in terms of the targets you set. The first Indian Film Festival is going to be held mid this year, and Vidya Balan is the ambassador for the festival. Indeed I was there when the Premier announced that. She is a household name in India, I believe, and she is going to be an ambassador for the Indian Film Festival. We are doing a range of things to try to support the film industry. Many of these businesses in the film industry are quite small, and we are doing the best we possibly can under these circumstances with where the dollar is to support them.

Mr SCOTT — Considering the number of things I could say, I will pass on this one. I think I would not help myself if I did — —

The CHAIR — Thank you, Mr Scott, for reserving your observations, because it is an interesting subject. Minister, I refer you to BP 3, page 13, relating to the granting of at least six scholarships to Victorian researchers for overseas science research positions. I would ask you to inform the committee on the details of this commitment.

Ms ASHER — Again, as I said, there are a number of election promises delivered in this budget by the coalition — and important promises for encouraging excellence. With these research scholarships the

government has allocated \$1.8 million over three years for Victorian researchers to take up science research posts overseas to gain experience for these particular scientists. We are expecting at least six, as you said in your question, to be offered. These scholarships will put our scientific researchers in the labs of leading researchers to expose them to world-class research entrepreneurial skills and global networks.

As part of the conditions for this the recipients of scholarships will be required to return to Victoria once their overseas placement has been completed. This is not just something to participate in the development of one particular individual, although clearly the one particular individual will be developed as a consequence of these scholarships. The idea will be for these people to return to Victoria and to impart the skills, knowledge and connections developed overseas. Again, this is one of the items in the budget that encourages science. These three new scholarships will fund tuition and living expenses. As I said, they will require recipients to come back to work in Victoria after the scholarship has been completed, and they will probably be offered in partnership with a Victorian research agency or a research company. Again, we have made this election commitment and delivered at least six in terms of the budget this year.

I will not wind the clock down, because I can see that you think I am going to do that. I am going to allow either a follow-up question from the Chair by truncating my answer or allowing another question from the Labor Party.

The CHAIR — In fact we are going to take a break, given that we are about to move on to your other portfolio. I would like to thank Mr Straw and Mr Hanney for their attendance today.

Witnesses withdrew.