

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne — 10 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

Mr R. Dalla-Riva, Minister for Manufacturing, Exports and Trade,

Mr H. Ronaldson, Secretary,

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

Mr J. Strilakos, Chief Finance Officer,

Mr D. Latina, Executive Director, Industry Development, Department of Business and Innovation.

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

The CHAIR — I welcome David Latina, executive director, Industry Development. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information relating to the budget estimates for the Manufacturing, Exports and Trade portfolio. You may proceed.

Mr DALLA-RIVA — Thank you, Chair. I see my role as Minister for Manufacturing, Exports and Trade to generate jobs and provide investment opportunities in this state. That is why the 2012–13 State Budget delivers on a specific policy commitment by this government to help revitalise the manufacturing sector.

Manufacturers, like a number of industries but more particularly, face multiple challenges. The high Australian dollar, the intense competition from local supply chains, the subdued consumer sentiment at home, falling productivity and the rise in energy costs are putting enormous pressure on manufacturers. We have seen the need for Victorian manufacturers to compete now better than they have been before in global markets. We have seen the need for them to be dynamic, for them to be innovative, for them to be world class in performance and productivity. Not only do we need to ensure that the manufacturers are the best and the most competitive in their own domestic markets, but we are seeing a need for us to encourage more and more of these businesses to equip themselves to compete with the best in global markets.

In the policy statement released on 19 December last year titled *A More Competitive Manufacturing Industry* the coalition government in Victoria set down the framework for a new and more effective approach to industry policy. The Treasurer announced this commitment in the budget on 1 May and reaffirmed it with a \$58 million package to help reinvigorate manufacturing. The priority of this strategy is to encourage a lift in productivity through innovation and smarter production processes. It is no wonder. When you look at Victoria's manufacturing sector, it employs around 310 000 people in Victoria. It generates in excess of \$110 billion annually in economic activity and produces \$30 billion annually in gross value added and \$15.3 billion worth of exports.

We know that the sector has undergone significant structural adjustments over the past two decades, and I have indicated before and I will say it here: productivity still lags behind the international benchmarks and other states. The economic modelling we did as part of that, undertaken for the Victorian government, shows that even a small improvement in labour productivity of just 0.1 per cent in the manufacturing sector would result in Victoria's gross state product being \$8.3 billion higher over a 15-year period.

A more competitive manufacturing industry focuses attention on barriers that have hindered the productivity and competitiveness of Victorian manufacturers. First, through a specialist manufacturing service to which we are committing \$13.7 million over four years, the government will assist manufacturers to identify practical solutions to drive productivity and to get products into new growth markets. Second, the strategy will seek to build collaborative networks between businesses and between businesses and research institutions at a cost of \$7.5 million. This will assist in the sharing of knowledge and insights across sectors to improve business performance.

Third, the strategy will move away from past practice of providing support for stock standard equipment upgrades and look to encourage instead the take-up of transformative technology with high growth potential, and the government will be committing \$24.8 million in investing in manufacturing technology.

Fourth, the strategy recognises that 90 per cent of manufacturers are small businesses. In fact there are 25 000 businesses in manufacturing, but 90 per cent of those are small businesses. For the first time we are committing to a focus on small manufacturers with \$9 million not only in helping them to keep up with the latest trends in manufacturing but also to encourage them to access government tenders and to assist in commercialising new ideas.

Fifth, the strategy will aim to assist businesses to find the skilled workers they need and to support displaced workers in industries in transition with financial counselling, outplacement services and retraining opportunities.

The strategy will also rely on a more direct dialogue between government and business, and to achieve this the Department of Business and Innovation is implementing and has implemented a new business engagement model to step up the scale and effectiveness of the relationship with industry.

We recognise as a government that a growing competitive economy needs a strong and dynamic export sector that generates wealth, drives productivity and innovation, and strengthens Victoria's connections to global

markets and supply chains. We are implementing a strategy to promote Victorian export strengths domestically and internationally. That is through the international engagement strategy, which is \$50 million on top of the \$58 million (for the Manufacturing Strategy). We believe that manufacturing capability needs to have access to goods and service exports in new and emerging markets. We have said that we have been to India, China, South-East Asia, Latin America, North Africa and the Middle East. We need to sustain and increase the value of exports and to ensure that Victorian industry has the necessary information and skill base.

We are also giving a focus on inward bound missions, which is very crucial to attract overseas investors to see what we have to offer here. The Baillieu government is confident industry in Victoria is up to the challenge of making the most of the new opportunities emerging from the shifting patterns of global trade and investment. We are telling companies, large and small, that we will be there to help them meet those challenges whenever we responsibly can. As I said, in February I was delighted to take part in a super-trade mission. Whilst I was privileged to be on that mission to accompany 17 of the state's top automotive makers, I indicated before some of the exposure in terms of the productivity improvements of some of those companies.

So in summary I can say that this government is not prepared to sit on the sidelines. We believe that there needs to be a strong manufacturing industry in Victoria. We are confident that the processes we have gone through in developing this strategy, coupled with the commitment of \$58 million in the budget, will be about ensuring that we have a long and sustainable manufacturing sector here in Victoria.

The CHAIR — Thank you, Minister. The remaining time available will be given over to questions, and I 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 this portfolio? In your response, could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas?

Mr DALLA-RIVA — The government recognises the best way to improve service delivery to Victorian businesses is by working closer with the individual enterprises. Firstly, it means a greater capacity to understand their concerns. It means we are able to improve their competitiveness and to help them to access new markets.

In the first year we identified the necessity for improving that relationship, and through the new business engagement model we have now more than doubled the number of business development managers — essentially in my day the field reps — who would be out there to assist businesses across Victoria to resolve enterprise-level productivity issues and to pursue growth opportunities. We have opened or are in the process of opening Victorian government business offices in Ringwood, Tottenham and the Melbourne CBD, as well as expanding office premises in Dandenong and making business support services more accessible to business.

We have improved the training and skills of BDMs, and I know that all the staff have been through that process, or the majority of them, where they have understood the new approach that this government has, and they have been equipped with the knowledge and the tools with which to help them deal with business. We have also more actively encouraged an uptake of communications and networking with the SMEs in the manufacturing sector, particularly those who have never had contact with government in providing assistance. We have also worked across a different approach — and that is, multisector. We have moved away from the singular sector. It has meant that they are able to work into industry and have an understanding across all sectors and are therefore able to assist companies move from one sector into another, or at least have an understanding of that.

The closer relationship with the individual businesses means that the government can better target support, using our resources more efficiently. For example, we are responding to the specific export needs of businesses by tailoring trade missions to their specific business needs. Through the business engagement the government is also gathering business intelligence that is informing policy development. We have set a target of 12 000 business engagements per year to ensure that business intelligence gathered is representative of the broader business community's views. Within that portfolio the implementation of the Victorian Manufacturing Council will be important in terms of providing advice across a broad range of issues affecting the industry.

The CHAIR — Minister, very briefly could you inform the committee what you consider is the likely impact on industry and community stakeholders of your portfolio initiatives?

Mr DALLA-RIVA — What this will do is provide an opportunity for businesses to have a more direct input into government policy. It will also mean that we are able to identify more directly with a range of stakeholders

and business groups that have never had or have not had much contact with business and innovation. It also means that the networking part of the strategy will ensure a greater collaboration between different sectors, different industry groups, but also between research institutions and the business community. I think if you look at some of the successes, the Victorian Centre for Advanced Materials Manufacturing is perhaps a good example of how working across different sectors and getting a relationship with research institutions can actually get a great outcome of commercialisation of products into the marketplace. I think this opens up the door for a lot more businesses to be engaged at a very sort of lower level than they previously had been.

Mr PAKULA — Minister, last Friday the Treasurer, in evidence before this committee, said that when the mining states do well the Victorian economy also does well. You have said today, and you have said previously, that the high Australian dollar is impacting on manufacturing. I think it is very well accepted by all and sundry that the mining boom is certainly contributing to the high dollar. The mining boom is also contributing to skill shortages and labour cost growth right around the country. Can you explain to Victorian manufacturers and exporters how it is that the Treasurer's claim is correct — the claim that when the mining states do well Victoria does well?

The CHAIR — Minister, do you understand the question?

Mr DALLA-RIVA — I do, and I did indicate before that definitely the resource states are doing well, when you compare them to other states. But I must say the Treasurer is correct, because if you look at the employment results today, there were three states that had a positive growth in employment numbers. They were: Western Australia, Queensland and Victoria. And it is no secret that we do have a significant strong manufacturing base. We have identified that there needs to be more of a direct involvement with the resources boom in those states. We have set in train the ICN to have a more direct engagement with Western Australia and Queensland. We have set forth a task for Peter Yates and his team to go over to Western Australia, to go to Queensland and try to get as much manufacturing, repair and engineering work as can be possibly available to ensure that we are part of the supply chain into the mining industries. I think that has been working quite well. If you look at the mining sector, it is quite feasible that if they are doing well, and if we have a strong, coherent manufacturing environment, then we will do well. But I can also say it is not only about the broader manufacturing base, it is the fact that we have, I think, two mining headquarters here: BHP and Rio. We also have Caterpillar — there is a whole range of companies that are based here that supply into the mining industry.

I will give you one example — and you would know them very well — Marand Precision Engineering. They are an award winner with the Manufacturing Hall of Fame as the large manufacturer of the year. When we went there — and I was there only two weeks ago — they had huge equipment there. They had one of the mining vessels, one of the mining rail trailers. What they were doing was providing all the support for the repair of all the wheels and everything else. They had a real uptake in terms of their manufacturing capability because of the mining industry, and they were working directly in there.

Hella is another one which you would be aware of. Hella, which is a major supplier into Ford, has also moved across into providing support to the mining industry. They have diversified into providing their lights into the mining industry. They see themselves as having differentiation in terms of new product. We have seen Hofmann Engineering, which has set up next to the Thales site at Bendigo. Again they are extracting a lot of work from Western Australia now in terms of repairs. In fact they tell me that it is cheaper to bring mining equipment over here to have it repaired and return it to Western Australia than it is to have it repaired in Western Australia, because of the skill shortages and the like.

Of course we do have other areas of defence — C4I defence, which is a command control manufacturer. They are coordinating the communications in the mining sector as well — again, a great innovative manufacturer at a high-end level that is providing into that area. There are some good examples of the mining industry being very supportive and assisting Victoria in employment.

Mr PAKULA — I have got no doubt that there are examples of residual benefits for Victorian companies from the mining boom, but this is important because when we are preparing our report for the Parliament, I just want to be clear about this. Do you think those residual benefits for some Victorian employers are greater than the negative impact of the currency fluctuation caused by the mining boom for manufacturers and exporters generally in Victoria?

Mr DALLA-RIVA — I said there are 25 000 manufacturing companies in Victoria, and I have probably given you a list of half a dozen. We recognise there are still significant challenges for the vast majority of manufacturing companies in Victoria, and what we are trying to do is to open up new markets — and I said new markets, and that was one of the key economic reforms of the government. To ensure that we can access markets in new and expanding areas in the mining industry is definitely one of those opportunities that prevails here in Victoria.

Mr MORRIS — I am tempted to go to what are the relative causes of the high Australian dollar — I am not sure the mining industry is entirely to blame for where we are — but I will not.

Minister, can we perhaps look at some of the detail of the manufacturing strategy? You refer to the specialist manufacturing service in your introductory remarks. I am wondering if you can indicate to the committee how that service will help manufacturers improve productivity and improve competitiveness?

Mr DALLA-RIVA — I thought I would bring the documents, not to demonstrate that I can waste paper but to demonstrate that the process of this strategy was a very detailed process. We set forward in opposition that we would undertake a review of the manufacturing sector. We said that we would reinvigorate the manufacturing sector, and we commissioned the Victorian Competition and Efficiency Commission within 90 days, as we committed in our election commitment, to review it. They delivered their report within six months, as they had committed.

They undertook a most rigorous and detailed examination of manufacturing in this country. It is interesting to note when you look at what is occurring federally and in other states that we are the only state that has a comprehensive manufacturing strategy. We released this on 19 December last year, and, as I said, there were five key policy initiatives that fell out of that. Of those five key initiatives, specialist manufacturing service is perhaps one that is unique in the sense that: how did it get to that?

The medium-sized manufacturers and those that we class as under 100 but more than 20 staff are those that fit within getting very little attention by government or getting no attention but they do have great potential in expanding their operations and growing. What we found, and certainly what the VCEC report found, was that to overcome the market barriers, to raise their productivity, to raise their competitiveness, they needed to do things that were different to what they previously have done.

We know, as I indicated before, that the many multinationals, the large major manufacturing companies, especially within the automotive industry, are now moving towards leaner manufacturing processing. They are demanding certification processes — I will get to the defence industry — but certainly in the automotive industry they are demanding certification for things like, as I mentioned before, six-sigma ratings, and this is an onerous protocol for manufacturers as it comes to reliability and quality of supply. It requires the supplier to demonstrate a capacity to produce defect-free products more than 99 per cent of the time. As I have said, putting in place the processes that will achieve those high-performance outcomes is no longer going to be optional for businesses competing in global supply chains.

I indicated before that in the recent super trade mission to India the component supply factory had not recorded one defective component in over three years of manufacturing. If Victorian firms are to compete at that level and to get the certification and be able to go into the global supply chains, because the automotive industry is moving towards that — GM, Ford and Toyota are moving on a global supply chain — it means they will not even get to the starting gate when it comes to tendering for supply. We have, as a result, provided \$13.7 million towards working with manufacturers to help them achieve that world-class service in supply standards, including areas such as certification. It applies, as I said, to the defence industry, where they now need certification to be able to get into the global supply chain as well. It is intended to focus on medium-sized firms, although there will be opportunities for perhaps some more innovative smaller firms with significant proposals to lift productivity where they can be considered, and the service will be delivered through the government's new business engagement model supported by a small number of in-house specialist staff who will also bring in the best service deliverers in Victoria from the public and private sector.

I have already spoken to a number of significant major manufacturers — which you would know many — who, on discussion, have said that they are willing to assist in this process because if it assists the major

manufacturers here, the OEMs and the primes, in their supply chain networks and the rail industry, for example, it then assists them to be able to compete on the world stage as well.

Sorry, it is a long answer, but it is a very important answer because it is about lifting productivity and about supporting manufacturers to that next level.

Mr SCOTT — Minister, I take you to the department's response to the questionnaire. In question 1.2, which refers to lapsed initiatives, if you go to the response to that question on page 3, it is clear there are a number of programs that provide support or have provided support to manufacturing that have been ceased. It is similar to a question I asked you in your last area of responsibilities. I would be grateful if you could outline to the committee any programs or grant programs which have supported manufacturing that have been cut, reduced or lapsed as part of this budget process — and their value, which is essentially what I asked you previously.

Mr DALLA-RIVA — We indicated at the time that there were 32 manufacturing programs that will be replaced by five initiatives, and we did that because not only was there a detailed review of manufacturing but we went out in the first year, and certainly in opposition, listening to industries try to explain that they did not understand the programs that were available. If we are fair dinkum about helping companies to become more productive and we are fair dinkum about assisting companies to understand what is available, then it needs to be a lot clearer than what it was. I do not move away from the fact that we were very focused on ensuring that the delivery of the programs was clear, that they were targeted and that they met the key objective of productivity improvement. That was a result of the inquiry, but it was also as a result of listening to people at round tables.

We spent a lot of time going through meeting industry groups across a whole variety of sectors, and the one telling meeting that I had was where one person said, 'It is a grants maze'. They did not understand, as a manufacturer, what opportunities were available for them to get into different markets. You also need to look at it in the context of not only are there the five initiatives but also the connection between export markets. I indicated that earlier with our \$50 million commitment to the International Engagement Strategy. It works very well together in providing support for manufacturers to be able to access new markets, which, I have said earlier, is one of the key economic reform agendas that the Premier and the Treasurer would have outlined.

We believed, and I believe certainly, that there were too many unrelated industry-specific strategies. If we were to talk about productivity improvement and being better in the way that we did business with business, then we needed to demonstrate that ourselves. We did that by bringing a more targeted suite of initiatives, and we believe that that is more productive for the manufacturers. We also went through a structural change of the business engagement managers — again a very targeted approach to lifting productivity of the department to ensure that they had capability of engagement.

I have got to say the uptake from the department has been fantastic. They have enjoyed it, because a lot of them were moving into now different sectors. They were opening up their minds to dealing with companies that perhaps they had never dealt with and across a whole variety of different industries. Attached to that was a very key focus on looking at new export markets. I have made it very clear, and I do not resile from that, that I think we should have as many companies involved in export and we should have as many companies involved in being able to access grants where it improves their productivity and keeps them competitive.

As to the detail, I am happy to provide that on notice because I think you do not understand the underlying principles as to why we have done that.

Mr SCOTT — By way of clarification, can I clarify what we are getting when you said you would provide that on notice? Because what I would like is the individual programs and the value attached to each of those programs — the ones that are ceasing, as discussed. The ceasing programs and their values — the list of all of those.

The CHAIR — We have taken that on notice.

Mr ANGUS — Minister, I refer to the budget overview document, and I note that on page 3 there is a discussion on a plan to strengthen the economy. Can you advise the committee of any other initiatives in this budget that will assist the manufacturing sector?

Mr DALLA-RIVA — The budget has delivered on a number of ways that will serve to assist manufacturing and business. The budget overview, page 3, as you rightly outlined, indicates that the coalition will reduce WorkCover premiums by 3 per cent, and this will help drive business costs down. But the reduction is part of the coalition government's commitment to supporting Victorian business during challenging economic times to drive economic activity, productivity and real jobs. The reduction will benefit almost 60 per cent of Victorian businesses, of which nearly 59 000 will have their premiums cut by more than 10 per cent. This reduction in workplace premiums will reward Victorian employers and industries that have been active in injury prevention.

Also, rail is an area of manufacturing that has large flow-on effects to the economy. The budget also delivers \$170 million to purchase additional rail carriages for the regional rail network. The additional rolling stock provided for in this year's budget will allow the coalition government to introduce new services as the regional rail link is completed by 2016. What is most important about this announcement in the budget is that this rail will be largely manufactured right here in Victoria. Not only will it benefit the global rail manufacturers but the wider supply chain.

I note that there also announcements of \$150 million towards the Dingley bypass, which will connect two of the great manufacturing hubs in Melbourne, connecting an arterial link between Moorabbin and Dandenong. All these budget announcements will support manufacturing. They all seek to boost productivity and competitiveness, and it is a strong plan to strengthen Victoria's economy.

Ms HENNESSY — To try and get a bit of a better understanding of the figures, I understand that with both the international engagement strategy and the manufacturing strategies we are talking about approximately 100 mill. Can you confirm for us whether or not the value of ceased or cut programs is more or less than \$100 million?

Mr DALLA-RIVA — Can I — —

Ms HENNESSY — Sure.

Mr HANNEY — Specifically, it is a significant increase in both combined. It is a significant budget increase in terms of the international engagement and the manufacturing budget, across the department. Combined across the department, Chair, they are both significant increases, both gross and net.

The CHAIR — We are talking about the net result. Is that what Ms Hennessy wants to know?

Ms HENNESSY — Is that taking into consideration the DBI cost savings of around 60 million? I think that is what you have identified in your questionnaire response.

Mr DALLA-RIVA — The DBI questionnaire? The secretary might know more.

The CHAIR — Can you just clarify the question? I am a bit at a loss, I have to confess. You are referring to the questionnaire.

Ms HENNESSY — Yes.

The CHAIR — What are you actually asking about the questionnaire?

Ms HENNESSY — The questionnaire figures are apparent on the face of the record, perhaps if we could just get the exact figures to which Mr Hanney referred.

The CHAIR — Right, so you are wanting to know the net result of the changes to the programs.

Ms HENNESSY — Yes.

Mr DALLA-RIVA — My understanding, just through some discussion, is that it is a whole-of-department question, so I may defer to Howard who, if he cannot answer it, I am sure he will provide it in due course.

Mr RONALDSON — We are happy to give you more detail, subject to the minister's approval, based on the data in the questionnaire.

Ms HENNESSY — Yes.

Mr RONALDSON — Is that what you — —

Ms HENNESSY — Terrific.

Mr DALLA-RIVA — Are you asking him specifically about the manufacturing strategy?

Mr RONALDSON — And international engagement strategy.

Ms HENNESSY — And international. Also, I am keen to see — we have that \$100 million, we know we have a whole-of-department 60 million cost saving, yet what we do not have particularised is the cut or lapsing or ceasing programs, and I suppose — —

Mr DALLA-RIVA — Can I answer in terms of the manufacturing strategy, for which I have responsibility: that is new money?

The CHAIR — Can I help here, because I am just trying to narrow it a bit: Mr Hanney said we have actually got a net increase — that is, new programs replacing ceased programs — with respect to the portfolio.

Mr HANNEY — So, Chair, if I can clarify, the question I was asked was in terms of international engagement and manufacturing.

The CHAIR — That is correct.

Mr HANNEY — There is a net increase to our budget position in the current financial year.

The CHAIR — In terms of detail, that is a question on notice, and we will get some more information.

Mr O'BRIEN — I would like to take you to budget paper 3, page 94 under the heading 'Trade and export facilitation', and ask you if you can inform the committee how you anticipate that the super trade mission to India will help boost exports and inward investment?

Mr DALLA-RIVA — I thank the member for his question. As I have indicated throughout my presentation, we see that it is very important that manufacturing have accessibility to export markets. I have also indicated in answer to one of the questions the importance of inward-bound missions. Recently we had an inward-bound mission during the grand prix week. That was an inward-bound mission that came from the United States to look at our high-performance automotive vehicles. We achieved great export outcomes as a result of that, because we do have substantial high-end, high-value-added, high-performance automotive parts — components — which are available for NASCAR and other automotive sports in the United States.

Can I also just say that earlier in February I travelled to India as part of the super trade mission where there were more than 200 organisations represented and over 260 delegates. We took over 17 prominent Victorian automotive companies. We were there to showcase the Victorian capability in automotive, clean tech and food areas. But on the issue of the automotive sector, without doubt Victoria in particular has high-end, world-leading capabilities in automotive design, engineering and materials applications.

On our visits to Delhi, Pune and Mumbai we obviously made a lot of connections with significant automotive manufacturers, including Tata Motors Maruti Suzuki, Ford India and GM India. We also met some of the peak bodies. We met the president of the Automotive Component Manufacturers Association of India, or ACMA. We also met with the Society of Indian Automobile Manufacturers, where discussions focused on India's expanding automotive industry and the significant benefits they might gain from collaboration between Victorian automotive suppliers and our leading-edge capabilities. We also participated, and I was a keynote speaker, at the automotive conference on future technology trends in the automotive sector, and there was networking with automotive industry leaders both from India and Victoria.

Can I say that the key message that we came away with was that there is significant growth in the Indian automotive sector. To give it some perspective, as I indicated before, Maruti Suzuki was pushing out a car every 12 seconds — on that day they were perhaps not as efficient; they were doing it every 18 seconds — but it demonstrates the amount of output that was being achieved. They estimate that by 2020 there will be nine million cars produced annually in India alone. While there are obviously great risks, there are great

opportunities for our automotive supply chain to get involved. It is the reason I argued before about ensuring that we have capability at the high-level to achieve our automotive supplies in the global supply chain.

Can I say that the mission proved a great success and, while the valuations are still being completed, participating organisations have reported immediate export sales, increases of \$3.28 million and an expected annual increase in exports of \$154 million, demonstrating the immediate and ongoing value of sustained engagement with India. I believe that we are on the brink of a new and exciting chapter in our relations between India and Victoria, and I think it is an opportunity that we cannot let go by.

The CHAIR — Thank you, Minister. I know that members are anxious to ask additional questions, so in the spirit of bipartisan cooperation of this committee, which has been on display this afternoon — —

Members interjecting.

The CHAIR — I will allow some very brief questions, on the understanding, Minister, that you may need to take them on notice.

Mr PAKULA — Just one very brief one, and I am happy whether the minister or one of the departmental reps deal with it. In terms of the international engagement strategy and the \$50 million which you have talked about and the press release which talks about the assistance to exports, in BP 3, the ‘Companies provided with export assistance’ performance measure has been deleted or is proposed to be deleted; ‘Businesses participating in export programs’ is down; and ‘Value of exports facilitated and imports replaced’ is down. When the performance measures say the opposite of what you are proposing in the media release, I am just wondering if someone can explain the apparent disconnect between the performance measures and the rhetoric around increased exports?

Mr DALLA-RIVA — I will be as brief as I can, but I do note the point on page 337 — that we were never given that opportunity when I was on PAEC to at least have a review of those discontinued performance measures. So that stands a bit in contrast to what was in previous PAECs. I do note that, and I think it is important, because previously it was just discontinued and that was the end of it.

Mr PAKULA — It gave you plenty of grist for the mill, though.

Mr DALLA-RIVA — There is at least now some scrutiny, Mr Pakula, in relation to performance outputs. I can take it on notice — but I will give you the answer, and that way you have got it. A core policy commitment of the Victorian government’s stronger industry, more jobs — that was our election commitment — was to work to revive Victoria’s export performance and support Victorian businesses to increase exports and explore new export markets. In the 2012 budget the government has introduced the target ‘Businesses participating in export programs’, which is on page 94 of BP 3, to measure substantive assistance provide to Victorian exporters. This replaces a number of previous export measures, including ‘Companies provided with export assistance’.

The new measure counts only businesses that receive in-depth assistance from export programs. The previous measures reflected all assistance given, including over the phone and by email, and did not adequately measure if real export assistance was provided. This reflects the government’s new approach to enterprise-level business engagement, which I spoke about before and as outlined. We will perhaps provide the rest on notice, but that is the reason why.

The CHAIR — Thank you very much, Minister. This concludes the consideration of budget estimates for the portfolios of employment and industrial relations, and manufacturing, exports and trade. I thank the minister and departmental officers for their attendance today. It has been useful. I think there are four questions on notice. We will write to you, Minister, and we would like the written response within 21 days. This concludes the hearing. Thank you very much to all in attendance.

Committee adjourned.