

PROOF VERSION ONLY

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 21 May 2015

Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Dr Rachel Carling-Jenkins

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

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Witnesses

Mr Adem Somyurek, Minister for Small Business, Innovation and Trade,

Mr Richard Bolt, Secretary,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group,

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

Dr Amanda Caples, Acting Deputy Secretary, Innovation and Technology, Economic Development,

Employment and Innovation group, Department of Economic Development, Jobs, Transport and Resources.

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

The CHAIR — Good morning. I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Small Business, Innovation and Trade, the Honourable Adem Somyurek, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group; Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group; and Dr Amanda Caples, Acting Deputy Secretary, Innovation and Technology, Economic Development, Employment and Innovation group.

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

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

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

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I now invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

Visual presentation.

Mr SOMYUREK — My portfolio has responsibility for small business, innovation and trade. Small business is focused on helping Victorian small businesses to be more competitive and productive by providing small business with access to information and support services they would otherwise struggle to afford. Innovation establishes government support systems that foster high-growth potential start-ups through a \$60 million start-up initiative aimed at helping start-ups get off the ground. The ICT strategy: the development of a digital action plan will be part of the ICT strategy. Trade is about promoting business growth opportunity by connecting Victorian businesses into the global economy and priority markets.

Slide 3 is the small business sector snapshot. Victorian small business statistics are as follows. As at 30 June 2013 there were over 500 000 active small businesses operating in the state of Victoria. Non-employing microbusinesses comprised 59 per cent of those businesses — that is, zero employees. Some people might be surprised at the number of those non-employing microbusinesses. Second was the employing microbusinesses, with 26 per cent and employing between one and four people. Then it is the other small businesses at 8.9 per cent, employing between 4 and 19 employees. Then the last two measures are for the medium-size sector, which employs only 2.3 per cent, and the large businesses, surprisingly to a lot of people, are only 0.2 per cent.

If I can just correct myself, Chair, I might have said that medium-size businesses employ 2.3 per cent — no, that is the number of those businesses. The definition of a medium-size business is the employment of between 20 and 199 people.

On the same slide, the next graph is a snapshot of the broad range of industry sectors that the Victorian small business sector actually operates in. As at 30 June 2013 the greatest concentration of Victorian small business was in the sectors of: construction, at 16.1 per cent; professional services and scientific and technical services, at 12.1 per cent; and third was rental, hire and real estate services, at 10.4 per cent.

Slide 4, innovation portfolio: Victoria is a world-class location, which is something we all know, for advanced technologies from ICT digital technologies to biotechnology, design and advanced manufacturing capabilities. These technologies underpin a high-value jobs and skills base. The slide contains various statistics demonstrating the strengths of our innovation sector, so I will not go through all those for you in the interests of time. I think we should move on to the next slide now.

Slide 5, trade portfolio: this slide demonstrates why the government recognises the critical role that international freight plays for our economy and for the ongoing prosperity of us as Victorians. In the 2013–2014 financial year Victorian businesses exported goods and services to the value of \$37.45 billion. If we look at the other section of the slide, China is by far the largest export destination, accounting for a massive 18.6 per cent of all Victorian merchandise exports. Victoria's single largest export is international education, which was valued at \$4.7 billion in 2013–2014.

Ms WARD — The education state.

Mr SOMYUREK — Yes, we are, if I can just take up Ms Ward's interjection; although looking at that slide you would not think that it was education. If I can just sort of make a note on the slide, for those of you who are thinking that what I am saying and what the slide is saying do not match, I am referring to the single largest export — that is, education services. There, in your graph, it shows food, and food is obviously an aggregate exporter. So we are not comparing apples and apples. We are comparing apples and pears.

Mr D. O'BRIEN — We are comparing apples actually, Minister.

Ms SHING — We are comparing apples with the teaching experience.

Mr SOMYUREK — That is right. If we can please move on to the next slide on major achievements in 2015, in my small business portfolio we launched the second small business bus, we have taken preliminary steps in the establishment of the Victorian Small Business Commission and we have invited expressions of interest for the Small Business Ministerial Council.

In terms of innovation, we have consulted with the major synchrotron stakeholders, as we said we would. It was an election commitment to review the funding arrangements of the synchrotron, and we have done that. We are currently in negotiations with the commonwealth with respect to the future funding arrangements of the synchrotron.

Through the budget we have provided for \$60 million over four years for the start-up initiative. There has also been health care innovation, and a trade mission to Japan and South Korea was delivered. We hosted a delegation of ICT life science and health companies in March 2015 and signed an MOU with Telstra for a joint bid to the commonwealth government's \$100 million black spots program. If successful, regional Victoria will see a significantly greater investment in mobile infrastructure, with service outcomes to improve economic developments and certainly public safety as well.

The CHAIR — Can the minister look at concluding his presentation?

Mr SOMYUREK — These ones for trade are listed in the slide, so I will not go through them. If I can just make the point, Mr Chair, that I have effectively got three portfolios, so if I could have a little bit of latitude, but nevertheless I will endeavour to go pretty quickly.

Moving on to election commitments for small business, they include the Victorian Small Business Commission and a Geelong member for the Small Business Ministerial Council. In innovation there is the Start Up initiative, a plan for innovation and the digital economy action plan.

For trade we have got an inbound trade mission delivered, establishment of new VGBOs and development of a VPS scholarship program.

The CHAIR — Sorry, Minister. I am conscious that we are now at 8 minutes.

Mr SOMYUREK — Sorry. Can I just wrap up in 30 seconds?

The CHAIR — Thirty seconds — the time starts now.

Mr SOMYUREK — Thank you, Chair. In summary, we are helping Victorian small businesses be more competitive and productive by providing small businesses with access to information and support services that they would otherwise struggle to afford. In the area of innovation, we are establishing government support programs that will foster high-growth potential start-ups, whilst in trade we are promoting business growth opportunities and connecting Victorian businesses into the global economy and priority markets.

The CHAIR — Thank you, Minister. We will lead off with questions. I might kick off with the first question, if I may. In the context of the 2015–16 budget and your own portfolio responsibilities, can you inform the committee how this budget acquits Labor’s financial statements please?

Mr SOMYUREK — Chair, this budget delivers on our election commitments in the areas of my portfolios of small business, innovation and trade. With your indulgence, Chair, I will take you through each individual portfolio and the commitments. In small business this budget is in recognition of the fact that small business is indeed the engine room of the Victorian economy with respect to creating jobs. The budget delivers on our election commitment to establish the Victorian Small Business Commission, and this budget provides \$10 million over four years in order to achieve that goal. This will fund the first steps to the establishment of the Victorian Small Business Commission, which seeks to create a more competitive and fair operating environment for the massive Victorian small business sector. In addition, we are cutting the costs of running a small business by removing stamp duty charges on special mobile plant equipment. The stamp duty exemption will apply to all Victorian small businesses from 1 July, saving operators up to \$3 million a year.

The Labor government is also committed to promoting more opportunities for small businesses to provide goods and services to government departments and agencies, and achievable contracts to smaller firms, and we are also committed to making sure that payment periods for low-cost contracts are kept short. There is no reason why our government departments and agencies should not be paying SMEs in time and in the most efficient manner.

In terms of my innovation portfolio, a key election commitment is the provision of \$60 million over four years for the establishment of the start-up initiative. The initiative will promote entrepreneurship and improve the potential opportunities for new market growth. As I said in the presentation, we are currently reviewing the financial arrangements for the Australian Synchrotron to ensure its long-term viability, and we will be providing \$4 million towards the operational costs of the synchrotron for 2015–16. That is in the budget. I can report that we are currently negotiating a long-term solution with the commonwealth government.

We will also establish the Innovation Expert Panel to be led by Victoria’s lead scientist, and that will be comprised of leading researchers, industry figures and entrepreneurs, and Victoria’s chief technology advocate will advise the panel on matters of innovation.

The Andrews Labor government is also committed to increasing the number of science, technology, engineering and maths — otherwise known as STEM — graduates, and particularly amongst women. I will be working with my colleagues the Minister for Education and the Minister for Training and Skills in order to get a more robust STEM system up and going in Victoria.

The Andrews Labor government is also committed to developing a new ICT industry strategy to address the economy-wide demand for ICT infrastructure, skills, products and services. A strong ICT industry is essential to provide the skills and capabilities required to drive growth across the economy, especially within the six priority sectors that the Andrews government has elected. ICT is critical amongst those because it is a strategic enabler. Planning is in the initial stages, and I look forward to making further comments about that.

In terms of trade, Victoria’s international trade performance is critical to the long-term prosperity of our state. Consequently we have committed \$5.97 million in this budget over four years for our election commitment to establish three new Victorian government business offices in three locations across the world. These locations are high growth and strategic, and they are Turkey, Singapore and South America.

We have also allocated in this budget \$1 million over three years to establish a China and India scholarship program, which will provide public servants involved in trade and investment with the opportunity to engage with Asia and to build on Victoria’s capabilities. We have allocated \$12 million over four years to deliver an inbound trade mission program. These missions will bring international buyers, investors and key influencers to

Victoria so that our businesses can showcase their goods, services and products to these international buyers firsthand.

The CHAIR — I ask the minister to conclude his answer.

Mr SOMYUREK — In short, Chair, and in conclusion, the budget delivers on our promises. We are supporting our small business community, we are supporting our innovation ecosystem and start-ups in particular, and we are providing more opportunities for Victorian SMEs to be able to export their goods and services.

Mr MORRIS — Budget paper 5, page 88, is the reference. Minister, as you are responsible for public holidays in Victoria, can you advise the committee of the additional cost to your department and your agencies of the grand final eve 2015 public holiday, both in dollar terms and as a proportion of base funding. Chair, if I might add, just for clarification, we are not seeking commentary on all Victorian public holidays, simply the grand final public holiday, which was identified in the LFS, somewhat ironically under the heading of 'Jobs and growth'.

Ms WARD — Recycling questions again?

Mr MORRIS — We are asking that in the context of this minister being the minister responsible for public holidays.

Ms SHING — Just as a point of clarification, Mr Morris, you are on budget paper 5, page 88. Which line item are you talking about?

Mr MORRIS — Hang on. I think I have it here. It is actually budget paper 2, page 88.

Ms SHING — Okay. You said five.

Mr MORRIS — My apologies if I have — I have a photocopy in front of me, so I did not — —

Ms SHING — That is all right, as long as I can find the budget paper reference.

Mr D. O'BRIEN — We all know the issue anyway.

Ms SHING — I just want a budget paper reference in terms of what we are looking at.

Mr MORRIS — Sorry. That is the output expenses for the minister's department.

The CHAIR — So what page number are we talking about, Deputy Chair?

Mr MORRIS — The reference I gave — page 88.

The CHAIR — Page 88.

Mr D. O'BRIEN — Employee benefits.

Mr MORRIS — That is my reference to the base funding.

Ms SHING — Employee benefits, you are talking about?

Mr MORRIS — Yes, in the context of the cost of running the department.

Mr SOMYUREK — Sorry, I was looking at the wrong budget paper and the wrong reference. I think I have it here. Just to confirm, it is page 88, table 3.1.1, and employee benefits; is that right?

The CHAIR — Yes.

Mr SOMYUREK — I get that. I thank the member for his question. Chair, can I just say that this was an election commitment, and I think we have been pretty consistent as a government that we will fulfil our election commitments. The Andrews government will continue to talk with a range of stakeholders about its programs,

initiatives and election commitments, it will conduct in-depth consultation with a broad range of stakeholders and it will also inform the analysis as part of the regulatory impact statement.

In terms of the cost to government, rather than the cost to the economy, for the grand final, and I think that is what the member's question was about, you have probably had this answer before. Funding required to deliver this election commitment has been dealt with as part of the budget process, and wages costs are a normal part of the base funding for departments. Adjustments are made to base funding from time to time to reflect changes in cost structures. The total cost of public holidays varies each year, as holidays in some years fall on weekends, as was the case this year when the Anzac Day public holiday fell on a Saturday, and therefore there was no additional holiday granted.

Mr MORRIS — On a point of order, before we move to the supplementary, the question clearly identified two things which have not been referenced in the answer: the cost to the department, and I asked about the percentage of base funding. I also referenced *Labor's Financial Statement*. I do not think I said page 7; I said under the heading of 'Jobs growth', which identifies an amount of 22.04 million. I asked the minister what the cost was to his department and the proportion of base funding, and none of that has been addressed.

Ms SHING — Further to the point of order, the question has been put in relation to what the costs are and what the percentage is of that base funding. I note that you have also referenced LFS. However, what the minister has done is provide you with the same answer that other ministers have provided you with in relation to this figure forming part of the base funding. Again, it may not be the answer that you are after in terms of the gotcha moments for the purposes of this hearing and this committee, but having said that, if you do not like the answer, it is not — —

Mr T. SMITH — On the point of order, Chair, we are simply asking for a number. I am not going to be lectured by Ms Shing. We want a number!

The CHAIR — Order!

Ms WARD — Do you regularly have hissy fits?

The CHAIR — Order! Members of the committee are entitled to raise a point of order, and they will be heard in silence, Mr Smith. I am happy to come to you — —

Mr Smith interjected.

The CHAIR — Order!

Ms Ward interjected.

The CHAIR — Order! Ms Ward! Ms Shing is to continue without assistance.

Ms SHING — On that basis, and despite the howls of dissent from the other sides of the table and the chest thumping that is going on now, the question has been asked and answered. I would seek that the Deputy Chair now be invited to ask a supplementary if he is so inclined.

Mr MORRIS — It would be handy to actually get an answer to the substantive question first.

The CHAIR — Through the Chair! The minister has answered the question. I invite the Deputy Chair — —

Mr T. SMITH — He has not answered the question.

The CHAIR — The Deputy Chair on a supplementary question.

Ms Ward interjected.

The CHAIR — Order! Ms Ward!

Mr T. Smith interjected.

The CHAIR — Order! Mr Smith!

Mr T. SMITH — He has not answered the question.

Ms Ward interjected.

The CHAIR — I ask all members to desist. The Deputy Chair on a supplementary question.

Mr MORRIS — If he has answered the question, the answer was: ‘I don’t know’. Minister, can I refer you to comments you made regarding the grand final eve public holiday. In particular, and I am quoting from recent correspondence signed by you in relation to Grand Final Friday:

Victorians are working harder every day and at present there is not a public holiday between the Queen’s Birthday holiday in June and the Melbourne Cup holiday in November.

I also refer you to reported comments or comments in which you are reported to have said that the two public holidays were the decision of one person and now we are lumped with it. Minister, can you advise the committee of the reason for the grand final public holiday? And who was the person who made the decision?

Mr SOMYUREK — Sorry, could I have that part again about two people and the decision? I did not quite get that.

Mr DIMOPOULOS — On a point of order, Chair, if the Deputy Chair is saying that the minister is purported to have said something, I think that is a bit of a stretch for this committee — —

Mr MORRIS — Reported, not purported. Reported.

Mr DIMOPOULOS — Still, I think he should reference — —

The CHAIR — Could the Deputy Chair cite his references?

Mr MORRIS — The minister is reported to have said it. We are not a court of law. There is a reported quote.

Ms WARD — Reported where?

Mr MORRIS — This is a repeatedly reported quote.

Mr Somyurek interjected.

Ms SHING — Sorry, Minister, as a witness you are not in a position to make comments while we are having these discussions about points of order.

Members interjecting.

The CHAIR — Order!

Mr MORRIS — Is the minister denying that he made those comments?

Mr DIMOPOULOS — It is a really dangerous precedent to start allowing someone to say that the minister is reported to have said X, Y or Z. I do not think that we have got that far in the last 10 days in this place, and I do not think we should start now. I think you should reference it, Deputy Chair; otherwise do not say it.

Mr MORRIS — Comments are comments.

Members interjecting.

The CHAIR — Order!

Ms SHING — Again, I come back to the point of relevance: quotes that are sought to be attributed to the minister without a source are not in and of themselves directly relevant to the decision to declare a public holiday as part of the election commitments by the then opposition leading into the election process last year. Again, if there is some direct tie to the budget papers and to the substantive question, then that might be a useful way to proceed.

Mr MORRIS — I thought I made it clear from the first quote that the quote is from a letter signed by the minister.

Ms WARD — From where, sorry?

Mr MORRIS — The second quote is from meetings with regional committees.

Ms WARD — And again, without actually seeing any sort of formal minuted document that confirms that that is what was said, it is hearsay. It does not contribute to the debate.

Mr MORRIS — So we have got to the point in this committee that unless we can produce documentary evidence, then we are not even going to ask the question. This is an investigative committee. It is about asking — —

Ms Shing interjected.

Ms WARD — You are putting words into people's mouths, Mr Morris. We need to know where it is coming from.

The CHAIR — Order! The Deputy Chair can finish his point of order, if he is making a point of order.

Mr MORRIS — I am making the point, Chair, that this is an investigative committee, the nature of which is to ask questions and to try to get to the facts of the matter. This is not a court of law where we are bound by the rules of evidence. This is an investigative committee seeking the facts. I am asking the minister the question. If he did not make those comments, then — —

Members interjecting.

The CHAIR — Order!

Mr MORRIS — The comments have been reported to me from a number of sources. So what I am asking — —

The CHAIR — Mr Morris, I understand the point you are making.

Ms SHING — Further to the point of order, where the minister is being asked after he has been sworn in as a witness to this process — —

Mr MORRIS — He has not been sworn in.

Mr T. SMITH — He has not been sworn in at all.

Ms SHING — Witnesses are under oath.

Mr T. SMITH — No, they are not. They are not sworn, and they are not under oath.

Ms SHING — Witnesses are required to tell the truth.

Members interjecting.

Ms WARD — They are held accountable if there are mistruths.

Ms SHING — So you are saying that witnesses are not required to actually tell — —

Mr MORRIS — It is parliamentary privilege. It is not sworn evidence.

Ms SHING — I have a fundamental problem with the way in which a question is asked that seeks the minister to confirm or deny whether he has ever made a statement, in the terms alleged by you, in this proceeding, where he is not in a position to actually respond to it. If I were asked if I had ever made a statement in the course of my entire life, I could not say hand on heart whether I had or not. It is not actually providing him with a reasonable opportunity to respond, whether to the substantive question or to the supplementary. I am

not seeking to make this into an overly onerous procedural matter, but if you have a supplementary to ask which relates directly to the grand final holiday, without doing that, without asking the minister whether he has ever made comments of the nature being alleged by you, which have not been sourced and which have not been attributed, then again it would probably be useful if you could rephrase it and ask it again.

Ms WARD — Was this at a backyard barbecue or in the *Herald Sun*?

The CHAIR — I am happy for the Deputy Chair to ask a supplementary question in relation to grand final Friday. I think there are two issues here. There is the issue that Ms Shing raised earlier about whether the supplementary question could be asked. I am happy for that supplementary question to be asked in relation to grand final Friday. Because I can see there is official correspondence from the minister, I am happy for the Deputy Chair to quote that correspondence because it is sourced and it is cited. I am uncomfortable about asking the minister to comment on different conversations that you have heard in your travels because I do not think that puts the witness in a fair position. If the member could rephrase his question, referencing the letter from the minister in relation to grand final Friday, I am happy for the question to stand.

Mr MORRIS — Chair, I am conscious that the clock is ticking. I think that the point is a critical one in terms of the committee. I would hope that at some point we can come back and have a sensible discussion about this. I will move on at this point, but under protest. Without disputing your ruling, I am happy to move on under protest, but I think the question of not being able to put propositions to witnesses is a very dangerous step for an investigative committee — —

Ms WARD — It is a proposition, Mr Morris — —

The CHAIR — Order! Mr Morris, I am comfortable for you to use that quote, and I am happy for you to talk about, in a general sense, something that you may have heard as a preamble, as a context around that. But I think that to try to tie down the minister to hearsay — —

Mr MORRIS — I am happy to move on, but at a less heated time I think we should come back and have a serious discussion about it, because if that is a precedent, we are limiting the role of this committee — —

Ms WARD — The precedent is to have sources, Mr Morris, plain and simple — —

The CHAIR — Order!

Mr MORRIS — It is a precedent that means we are all wasting our time being here. Minister, can you advise the committee, given the quote, and I will, just for — —

The CHAIR — Yes, that would be helpful, Mr Morris.

Mr MORRIS — It states:

In relation to grand final Friday, Victorians are working harder every day and at present there is not a public holiday between the Queen's Birthday holiday in June and Melbourne Cup Day in November.

Minister, can you advise the committee of the reason for the decision to declare grand final eve a public holiday, and who made that decision?

Mr SOMYUREK — I would like to thank the member for his question. Can I say, Chair, the government makes the decision; that is how it works in Westminster parliamentary democracies. It was the government that made the decision. The government is also committed to making the Friday before the grand final a public holiday to allow more Victorians, especially those in regional areas, to participate in grand final celebrations or to take advantage of tourism and events arising out of the proposed long weekend.

The introduction of public holidays will provide opportunities to increase tourism across Victoria and better leverage the economic benefits associated with the grand final Friday public holiday. We all know that the grand final is a big economic benefit to the Victorian community. What grand final Friday public holiday is about is actually spreading that benefit to more people, to more regions, of Victoria, and that is exactly what the grand final Friday public holiday will do. The whole day is about families. It is about bringing people together;

it is about bringing families together, bringing communities together and bringing friends together, and it is also good for Australian Rules football too, by the way.

Dr CARLING-JENKINS — Hello, Minister. Thank you very much for your presentation; I really appreciate it. I understand that this is a very broad portfolio. I would like to just draw your attention to small business for my question and particularly to payroll tax. That is in budget paper 5, page 27. I speak to many small business owners over the course of the work I do, and I was interested in page 3 of your presentation — the various definitions of small business. I guess what I am referring to is to employing microbusinesses of one to four workers and other small businesses that are employing 5 to 19 workers — so quite small.

Many of these small businesses were hoping for some extra concessions around payroll tax in this budget, and I acknowledge in your presentation and in the budget that limited relief is provided for small businesses through the Back to Work scheme. But I am interested in what kinds of relief small businesses that are struggling to retain their current employees receive through this budget. I am wondering if you could outline for the committee what financial relief or incentives are available for these businesses.

Mr SOMYUREK — Thank you, Dr Carling-Jenkins. That is a good question about payroll tax. You have alluded to the payroll tax relief fund. The very first piece of legislation that we passed in this Parliament was the Back to Work Act, which provides payroll tax relief of \$1000 per employer, or company, that hires at-risk workers — the long-term unemployed, youth unemployed and retrenched workers. Retrenched workers are very topical these days due to our auto industry going in 2016 and 2017. I should not say the auto industry is going; let us be more nuanced than that. The OEMs are going, but we still have a large supply chain and our challenge is to keep a lot of those supply chains and hook them up with the international supply chain.

What we should be focusing on, and what we are focusing on, is creating jobs and working with the small business sector. We can talk about the \$508 million Premier's jobs and investment fund, and the panel will be comprised of Victoria's leading industry leaders and economic leaders. Hopefully there will be a small business representative on there; that would be good if we could do that. The \$500 million Premier's Jobs and Investment Panel will be advising directly to the Premier on strategic investment of money from that fund. I think the small business community will certainly benefit from that fund.

There is also the \$200 million Future Industries Fund. That fund will provide grants of up to \$1 million to Victorian companies that are operating in the six targeted industries. They are highly innovative industries, and highly innovative industries tend to be populated by the types of industries that you mention: the microbusinesses, and the employing microbusinesses in the other section too. We have got the start-up initiative; again, that is overly populated by microbusinesses as well. If they are businesses in regional and rural Victoria, we have got the \$500 million Regional Jobs and Infrastructure Fund. That fund will allow regional businesses of the variety that you are talking about to access those funds, in particular, if they want to export. The fund is also for Victorian businesses who would like to expand out into regional Victoria. With a combination of the funds I have just mentioned and the payroll tax relief fund, there is some good news for small business.

The CHAIR — Dr Carling Jenkins on a supplementary question.

Dr CARLING-JENKINS — No, that is fine. I welcome the Back to Work fund, and the small businesses will be looking forward to exploring the grants options that you have outlined.

Ms WARD — Minister, can I start by saying that I am very glad there is a small business workshop in my community today, the business networking seminar, which will be fantastic. It is a great innovation, having the department go around and help small businesses to construct their businesses and their plans. Referring to your presentation, can I ask you to also look at budget paper 3, page 123, and the line item, 'Industry and enterprise innovation', in table 2.2. Can you explain to the committee how does the budget contribute to the growth within the small business sector? As you have acknowledged, it is a very important part of our economy. It is very important in my community, I have a lot of small businesses, and I am very interested to know what you have to say.

Mr SOMYUREK — I thank the member for her question. It is a very insightful question indeed. The small and medium enterprises sector will be at the forefront of job creation opportunities under the Andrews Labor government. Growth in the SME sector will be achieved through our small business plan and the plans that I

have just outlined in my previous response — so I will not go through those again in the interests of time — but also through things like the \$12 million inbound trade mission program. The substantial infrastructure investment pipeline coupled with strong, robust local content requirements is very important for local SMEs. You can do infrastructure investment, but if you do not focus on local content requirements, you are basically exporting a great many of those manufacturing jobs overseas. You might keep construction, but you will be exporting manufacturing jobs overseas. The bit that we are reforming and making more robust will certainly promote opportunities for Victorian SMEs in our infrastructure projects. Also, we have a robust innovation and skills agenda.

There is plenty of good news in this budget for the small and medium sized enterprises sector. There is no doubt that our SME sector, as I said, will receive a big boost from this budget. Small and medium enterprises, as I said before, make an enormous contribution to the prosperity of our economy and of our people. There are currently over 525 000 active small businesses operating in the state of Victoria, representing 97 per cent of all Victorian businesses. These active 525 000 small businesses contribute about 30 per cent to Victoria's gross state product, and they employ almost half — that is, 47 per cent — of Victoria's private sector employment.

You can see from those statistics just how large and important the small business sector is. What is more, and significantly — because I know we have regional people here today — 28 per cent of the small businesses are actually located in regional Victoria. That is 28 per cent; it is a big figure. These enterprises are at the heart of rural and regional development, and provide employment which sustains stable communities. These statistics also demonstrate that business plays a pivotal role in underpinning our state's economy. Successful small businesses are productive, efficient, innovative, and most importantly they generate high-paying, high-skilled and innovative jobs.

Accordingly, the Victorian government is committed to building an environment in which the small business sector not only survives but thrives. Put simply, the Andrews government is supporting small business in recognition of the fact that the small business sector plays a key role in driving our economy and creating jobs. As I said at the outset the Andrews government recognises that SMEs will play a significant role in our commitment to assist in the creation of 100 000 jobs over the next two years, and we will be very much working with the small business sector in order to help achieve that outcome. For that reason, and over and above the initial initiatives that I mentioned at the outset, the Andrews government also has a comprehensive plan for the small business sector, and if I can just go through that plan — —

Mr T. SMITH — No, Chair.

The CHAIR — I think you are pushing up against your time limits, Minister. If you could maybe do it in 15 seconds; is that feasible?

Mr SOMYUREK — I would not be doing justice to our plan, so I will not do that.

Mr T. SMITH — Minister, budget paper 3, page 140, outlines a KPI for 500 visitors annually to visit Victoria under the government's new inbound trade mission program. The KPIs include 'to reflect the government's commitment to inbound trade missions'. Page 19 of the same budget paper outlines 3 million per annum of funding for these trade missions over the estimates period, equating to 6000 per foreign visitor visiting under this program. Given the stipulated KPI is merely quantitative rather than appreciable trade benefits — that is, it only refers to bums on seats — can the minister advise what kind of scheduling arrangements and meetings the government intends to set for attendees as well as how the government intends to rationalise and evaluate the tangible value of expending \$6000 per industrial tourist under the inbound trade mission program?

Mr DIMOPOULOS — Chair, can I ask Mr Smith to repeat the second half because he talked very fast.

Mr T. SMITH — Can the Minister advise what kind of scheduling arrangements and meetings the government intends to set for attendees as well as how the government intends to rationalise and evaluate the tangible value of expending \$6000 per tourist under the inbound trade mission program?

Mr SOMYUREK — Thank you, Chair, and I thank the member for his question. As I understand it the member is referring to the performance measures about actual versus projected; is that right?

Mr T. SMITH — No, on page 19 you budgeted for —

Mr SOMYUREK — And if you would please give me some time to look at it.

Mr T. SMITH — three million on page 19, budget paper 3, and on page 140 there is 500 international delegates, apparently, coming to Victoria under this program.

Ms SHING — Your question is about what the evaluation will be while they are here?

Mr T. SMITH — What are they here for, yes.

Mr SOMYUREK — Thank you, Chair. I am not sure that I did understand the question correctly. You are saying that we have identified a target of 500 delegates — —

Mr T. SMITH — You are bringing 500 people here; it is in your budget. You are bringing 500 people here for \$3 million. That is about six grand per head.

Mr SOMYUREK — Yes, that is right.

Mr T. SMITH — What are you going to be doing with them?

Mr SOMYUREK — In March we had an inbound trade mission. In that case let me talk to you about the inbound trade mission for a second, and that might help the situation. The purpose of the inbound trade mission is to bring out to Victoria international business leaders so that they can see for themselves the internationally renowned and world-class goods, services, technology and indeed the clean and green produce that the Victorian government has to offer. We did that in March. We had our first inbound trade mission in March, and that was a roaring success. We had more than 200 international business leaders — 200 delegates — meeting various SMEs throughout Victoria. That was a roaring success.

In fact there are some real-life examples of contracts being made due to local SMEs partaking in this program. I think there is a company called Red Lion that actually now has got some work with a Chinese automobile manufacturer overseas. The government, like I said, is committed to delivering the trade mission program. There are significant economic gains made by bringing international decision-makers to Victoria. Inbound trade missions will showcase, as I said, Victorian goods and services to — —

Mr T. SMITH — Chair, on a point of order, there has been enough context now. I am after scheduling arrangements, meetings the government intends to set for attendees and how the government intends to evaluate the tangible value of this program.

Ms WARD — So you are directing the minister on his question?

Ms SHING — Further to the point of order, the minister is getting to what happened in March in relation to what the specific examples were, and that includes — —

Mr T. SMITH — Okay, so — —

Ms SHING — Sorry, I allowed you to be heard in silence — —

Members interjecting.

The CHAIR — Order!

Ms SHING — The minister is getting to the content of what happened in March in relation to the scheduling, the meetings and the arrangements, which I think goes to the heart of your substantive question.

The CHAIR — I think, Mr Smith, there are two parts to your question, as I understand it. There is how the money is being expended.

Mr T. SMITH — Yes.

The CHAIR — Then there is the question of how it is being measured from a performance measure.

Mr T. SMITH — Correct.

The CHAIR — There are two components to your question. The minister is providing a bit of background and context in terms of the way in which the inbound trade missions are operating. I think he is coming to that point, and he is using the March trip as an example. If the minister wants to provide a bit of further elaboration on that and any comments he may want to make in relation to the trade — —

Ms SHING — The scheduling, you are saying. That is what your question goes to — the scheduling.

Mr T. SMITH — Are you going to evaluate the money per head, which is 500 people?

The CHAIR — There are two components to your question. The minister is talking about the way in which the inbound trade missions are structured and organised. He is providing some background and context around it. I will let the minister talk about that in a little bit more detail. Then the minister may wish to comment on the way in which these performance measures will be evaluated into the future, given the fact that they are now new measures.

Mr SOMYUREK — Chair, I was actually getting to my point before I was interrupted. I think the member's question — and I was getting to this — is how we are actually facilitating outcomes for local SMEs, and that is what this program is all about. It is all about showcasing Victoria — showcasing what we have got to offer to the rest of the world. Our goods, services and technologies are world class. We have got some world-class goods, services and technology, and we have got the internationally renowned clean and green produce, which people across the world understand we have. Our food products and produce are seen as high quality, and that is what we need to be doing as a country. We need to be competing on value rather than on price with the rest of the world. It is difficult for us to compete on price, but it is easy for us to compete on value. These are the objectives. When we bring people out here, people actually see the quality of our goods, services, technology and clean and green premium products.

Mr T. SMITH — What are you talking about?

Mr SOMYUREK — I have just begun talking about the international reverse trade mission in March earlier this year. That was a success. I went through an example. Let me go through that example because I think I was cut off when I was going through that example. The Victorian company Red Lion Engineering secured a contract that will see it supply leading-edge automotive engineering services to Chinese automobile manufacturer Geely. This company actually took part in this trade program, and they benefited. That is what we are trying to do.

We also have a wine mission next week. I think these inbound trade missions have been very successful.

The CHAIR — Is there a point of order?

Mr T. SMITH — Yes. Could we possibly just have the answer on notice — —

The CHAIR — Mr Smith, if you want to raise a point of order, the process is that you say 'point of order'.

Mr T. SMITH — Chair, could I perhaps have this on notice, if that helps?

Ms SHING — In relation to the scheduling — —

Mr T. SMITH — Correct, yes.

The CHAIR — Is the minister happy to come back to the committee in due course with some further advice in terms of the way in which the inbound trade missions are scheduled or structured?

Mr SOMYUREK — I thought I answered it. I am fine to provide any information that the member requires, but I thought I answered the question.

Mr T. SMITH — Can the minister advise of an inbound trade mission, be it in Victoria or elsewhere, that the government exemplified in its deliberations as an ideal prototype that delivered measurable trade outcomes

and good value for taxpayers? What other examples, evidence, business cases and consultation with trade and industry groups did the government rely on in conceiving the inbound trade mission program?

Mr SOMYUREK — We have spoken to many peak bodies. We have spoken to many stakeholders in the trade sector, and I have to say it is being roundly applauded by the key stakeholders.

Mr T. SMITH — Who?

Mr SOMYUREK — VECCI, AIG — these people are all in support of it. They think it is a great thing, as does the winemakers' peak body. If you have any particular stakeholder that you think is — —

Mr T. SMITH — You are the minister.

Mr SOMYUREK — You are asking the question.

Mr T. SMITH — You do not know what you are talking about. That is the problem.

The CHAIR — Order! Mr Smith, the minister is answering your question.

Mr SOMYUREK — I am happy to take that on notice. If you have got any particular body that is against this, I am happy to sit down and chat with them.

Mr T. SMITH — That is not the point.

Mr SOMYUREK — It is. I think I have answered the question.

Mr MORRIS — Chair, the question was about what prototypes — what other examples, business cases and consultation with trade and industry groups — the government considered in conceiving the trade mission. The minister has basically said — and without seeking to verbal him but trying to paraphrase — a couple of groups, VECCI and AIG, think it is fantastic, but the substance of the question has been nowhere near addressed.

The CHAIR — Does the minister wish to either provide a bit more context around that, or maybe one of the officials may wish to comment?

Mr SOMYUREK — The only comment I will make on that — and I think I have answered the question sufficiently — is that we are doing this new on a large scale, but this has been done ad hoc before, including by the former government. I think maybe that answers their question.

Mr D. O'BRIEN — Chair, just a point of order: we have been going nearly an hour, and we have done five questions. I ask if we could hurry things along a bit with both the questions and the answers.

The CHAIR — Yes, and it is probably also helpful if we do not have multiple points of order as well, Mr O'Brien.

Mr DIMOPOULOS — Good morning, Minister. Unlike the other side, I think the inbound trade missions are a fantastic idea.

Mr D. O'BRIEN — Now who is verballing us!

Mr DIMOPOULOS — People often have a go at trips overseas, but this is bringing foreigners here for investment purposes. Without any mention of a gravy train, I think it is a fantastic idea.

Can I just bring you back to trade. I know you have tried to answer comprehensively on trade despite the objections from the other side. You talked about international students, and you talked about the inbound trade missions. I refer to budget paper 3, page 123, the output in relation to trade and how the government will support trade. I just want to get a sense from you what countries the government feels are the countries of growth for Victoria in terms of trade, and also specifically the industries beyond international students.

Mr SOMYUREK — I thank the member for his question. The Andrews government recognises that international trade and in particular a strong performance in international trade is vital to Victoria's ongoing prosperity as exports revenue growth provides substantial economic, employment, business and social benefits

for Victorians. Many of these benefits are measurable, such as higher sales for firms, increased levels of productivity and greater revenue for governments and indeed more jobs for Victorians.

There are also benefits that are not as tangible, such as the energising effects of new ideas and customers on business innovation, a greater resilience for the Victorian economy to fluctuating global demands and global economic conditions, which includes demand obviously, and the intrinsic benefits such as the cultural benefits of engaging in trade with other countries and other cultures.

Over the last decade Victoria's exports grew by 31 per cent; 31 per cent of this growth was driven by services exports and only 15 per cent was driven by Victoria's traditional merchandise or goods exports. This shift in Victorian exports is in line with the shift in the Victorian economy away from the traditional goods manufacturing sector towards services and knowledge-based industries and food production and technology. Each year the rapid economic expansion of emerging economies across the world, particularly those in Asia, creates millions of new, more affluent potential consumers for Victoria's high-end, high-value goods and services. As I said before this includes the high-value goods and services that will be produced by the six priority sectors identified by the Andrews government's *Back to Work* plan.

The Andrews government understands that the government has a key role to play in supporting businesses to access opportunities in these emerging markets — emerging, and I should say rapidly growing markets as well. We understand the government has a responsibility to attract investment and trade into Victoria in order to diversify our economy and also to boost exports — boost the economy.

For more than a decade successive Victorian governments have built up a strong international trade mission program to engage with our key trading partners in Asia, Europe, the Middle East and the United States of America. The Andrews government is also committed to this very important program, which helps to facilitate access to new and emerging markets for our highly innovative SME sector. The Andrews government understands that Victoria's international trade engagement approach cannot afford to be static; it just cannot afford to be static. It needs to be dynamic and it needs to be constantly evolving so we can capture new opportunities and in fact deal with challenges as they come so we can improve our international trading position.

Having acquired over many years the expertise and the insights into collaborating and engaging with our major trading partners the Andrews government is now embarking on the next phase of Victoria's international trade agenda. In this next phase the Andrews government plans to capture further benefits for Victoria by deepening our established relationships, connections and networks with priority export markets.

Mr D. O'BRIEN — I refer you to budget paper 3, pages 19 and 26, which reference the Premier's Jobs and Investment Fund. On page 26 it expands the output initiative, including the start-up initiative, which will see a panel provide direct advice to the Premier on how to invest the \$500 million to create high-skill, high-wage jobs, including the start-up initiative. Minister, can I ask specifically about the panel to administer the start-up Victoria fund? What will be the procedure for selecting this panel that will be giving the Premier advice on investment?

Ms SHING — Will you answer, Minister, or one of your officials?

Mr SOMYUREK — No, I will take it, and if the members are not satisfied, I will ask the officials to give further information — if the member asking the question is not satisfied with the answer I am about to provide.

The CHAIR — Thank you, Minister.

Mr SOMYUREK — Thank you, Chair, and I would like to thank the member for his question. The Victorian government is committed to growing Victoria's economy and creating jobs. As part of our election platform the government announced a key initiative to support entrepreneurs to develop high-growth innovations, innovative businesses, that have potential to add significant economic value to Victoria. The \$60 million initiative for start-up enterprises enhances Victoria's entrepreneurial ecosystem and supports the scale-up of high-potential businesses. Work has commenced to determine arrangements for the establishment of this very important initiative. This initiative will sit alongside the other key parts of the government's economic strategy, outlined in the *Back to Work* plan.

We are currently going through an investigation on the various models. The term 'start-up' is a pretty nebulous concept so at the moment we are trying to scope exactly what would be the final sort of objectives and design — the correct word I was looking for was 'design' — of start-up initiatives, so we are currently looking at various options there. When we land on those we will have more to say about the start-up initiative.

Mr D. O'BRIEN — Could I ask the minister to come back to the procedure for appointing the panel? That was the question.

Mr SOMYUREK — The panel has not been determined as yet. It sits with the Premier's Jobs and Investment Panel, and we will have more to say about that very shortly.

Mr D. O'BRIEN — The description on page 26 indicates that the panel will be supported by the Premier's jobs and investment fund, so I just ask: will the members of this panel receive any payment, and, if so, how much?

Mr SOMYUREK — We are currently determining all those matters. It is a good question. All those matters are currently being investigated and, as I say, as soon as we land on design, as soon as we land on some of those sorts of issues, we will update the people of Victoria.

Mr D. O'BRIEN — On a point of order, Chair, I am somewhat perplexed. This is listed in the budget. It actually says, 'The panel will be supported by the Premier's jobs and investment fund'. I would have thought this is actually a fairly straightforward question.

Mr SOMYUREK — I mean, it is — —

The CHAIR — Order, Minister! We have got a point of order before the Chair.

Ms SHING — On the point of order, Chair, the minister has indicated in his supplementary answer that the matters are currently being considered and that people will be apprised as soon as there is a landing on those issues in relation to the supplementary, which was whether members would receive any payment, and, if so, how much.

Mr D. O'BRIEN — I am making the point, Chair, that we are nearly seven or eight months into this government. This was an election commitment. The budget has been outlined.

Ms SHING — If it has not been resolved, it has not been resolved. The minister's answer — —

The CHAIR — Through the Chair, Ms Shing.

Ms SHING — Sorry, through the Chair. If the minister has indicated that it has yet to be resolved, then — —

Mr D. O'BRIEN — It is a fairly fundamental question, though.

Ms SHING — That is the answer.

The CHAIR — I am satisfied the minister has answered the question. The reality is that the budget has been handed down and there has been an indication that money will start to flow in the course of the 15–16 financial year. The minister has indicated that the government is working its way through the process in terms of identification of who will sit on this panel and the way in which they may or may not be remunerated. The minister has very generously indicated that he is happy to come back and report to the committee once those matters have been finalised, so I am satisfied that — —

Mr D. O'BRIEN — I would ask that they be taken on notice, and when those declarations are finalised if they can — —

Mr SOMYUREK — I will do that, but can I just say that when I say it sits with the Premier's Jobs and Investment Panel, when that panel gets established — and I indicated in my response to the question from Dr Carling-Jenkins that that panel would be formulated fairly soon, and I indicated not particular persons but

industry representatives, economic leaders, will be making up that panel — that panel will then have something further to say in terms of detail about the start-up initiative.

Mr D. O'BRIEN — If that could be provided, Chair, when that is available, that would be appreciated.

The CHAIR — That is fine. As with a lot of these things where there are questions on notice, the secretariat will follow up with the department afterwards.

Dr CARLING-JENKINS — Minister, I note, taking you back to your answer to the Chair on an earlier question, you alluded to procurement and in your presentation on page 7 that seems to come under innovation and the election commitments made around that. I would like to tie this into innovation in the area of employment for people with disabilities in small businesses. As we know, people with disabilities make a significant contribution in Victoria. Mainstream employment is not always available and so thousands of Victorians with disabilities are employed within disability enterprises, and they have the capacity to expand if there was work available for them. However, they compete in a highly competitive market, which you have described quite a lot in your comments today. I commend the government for the commitment to making the procurement processes to support local jobs and businesses, and I wonder if I can ask you just to describe for the committee procurement processes or reforms that this government is undertaking which may benefit people with disabilities employed within disability enterprises.

Mr SOMYUREK — I thank the member for her question. If I can just say a few words on procurements, noting that I am not the Minister for Industry — and that is where the procurement angle falls — I acknowledge the small business angle which the member raised in the question. Procurement does fall in within industry, but I am happy to make a few comments about procurement.

The Victorian government procures \$15 billion of goods and services a year. That makes the Victorian government the biggest, largest procurer of goods and services in the economy. The Andrews government believes it is about time that local SMEs start to profit from that big, massive spend, and it also sends a strong message to the market too that the people of Victoria and the government of Victoria are really interested in local jobs.

In that context there are various things you can do with procurement mechanisms. The big ones I have been talking about in terms of local jobs are obviously local content weighting, local content targets et cetera, but what we need to do is get those perhaps on the other side and maybe some people in Treasury — I am not sure; I do not wish to malign anyone — out of the culture of interpreting value for money as being the least cost alternative. Value for money is not the least cost alternative; value for money equals a range of benefits to the economy. A range of things should be taken into consideration, such as durability of a product, such as the fit-for-purpose nature of a product, such as the longevity of a product and such as technology and skills transitions of government purchasing. This is not government policy, but in that context maybe some of the disability issues that you talk about can be looked at. There is some scope for further discussion on that certainly.

As I said, I am not the Minister for Industry; I am just trying to respond to your question from a small business perspective. For too long we have been looking at value for money as being the least cost. It is not that; it is far more than that. If you look at government as a purchaser and compare it with an individual as a purchaser, you would not go and buy a product that will last you a week or two weeks. You will pay a little more money and buy a product that is more durable, because in the long term it will be more beneficial for you to pay a few more dollars for a product that is going to be more durable. That is what rational consumers do, and that is what rational governments should be doing. It is not about the short-term, immediate consequences of the purchase; it should be more that medium and long-term thinking needs to go into these things.

Dr CARLING-JENKINS — I certainly agree with your comments on value for money. I gather from your answer that government purchasing arrangements at this stage are under review. Would that be fair to say?

Mr SOMYUREK — Yes, there will be a review of the purchasing arrangements of the Victorian government. The Victorian Government Purchasing Board will be conducting a review of its own arrangements, concentrating on this very fact, and making sure that it is not just about least cost. Other factors need to be taken into consideration when governments are making a decision on purchasing.

Dr CARLING-JENKINS — Excellent. Thank you very much, Minister.

Ms SHING — Good morning, Minister. Good morning, departmental officials. Minister, can I take you to budget paper 3, page 123, and the output summary that contains the output for industry and enterprise innovation, which is a 125.8 figure for the 14–15 year, which then continues across the line. Could I ask you to outline the role of innovation in the overall policy objective of creating jobs for Victorians. I note that you touched on this in your presentation and also in responding to a number of questions from all sides of the table, but if you could focus on how innovation fits within this particular output, I would be grateful.

Mr SOMYUREK — I can assure the member that innovation has an absolutely key role to play in fostering the jobs of the future for our state, driving economic growth and boosting productivity and competitiveness. Under the Bracks and Brumby Labor governments Victoria led the nation in innovation, as it invested heavily in our state's science and research infrastructure, establishing centres such as Bio21 and the Australian Synchrotron.

Victoria's leadership in the innovation space has unfortunately begun to be eroded, in particular over the last four years, as other states are pursuing a more aggressive innovation strategy, and they have been doing this unfortunately at Victoria's expense. The Andrews government will ensure that Victoria will once again lead the nation in generating innovation and research activity, because the Andrews government recognises that innovation is a major driving force for economic growth, productivity and competitiveness in Victoria, as it is in all other developed economies throughout the world. All advanced economies are in our position. They understand the value of innovation, and in order to stay as advanced economies they need to compete and produce high up the value chain, and Victoria is no different.

The Andrews government recognises that innovation is a major driving force of economic growth. Innovation and R and D have traditionally been an important competitive advantage for Victorian SMEs competing in the international marketplace due to Victoria's internationally renowned and world-class innovation ecosystem and innovation infrastructure.

With the rapid structural decline of Victoria's traditional industries, in particular over the last four years, it is clear that innovation and research and development are the pathway to Victoria's future economic prosperity as we seek to compete on value rather than price. The Andrews government recognises that the key to competing on value is dependent on its ability to innovate. It is all about innovation. Innovation transforms good ideas into thriving industries and rewarding jobs, in turn driving economic growth, lifting productivity and improving competitiveness.

To this end the Andrews government will implement Labor's innovation plan, which will increase investment in science, technology and engineering to support firms operating in the six target high-growth sectors of the economy, thereby creating high-skill and high-wage jobs. Through the initiative contained in *Labor's Plan for Innovation*, the Andrews government will invest \$60 million over four years to establish the government's Startup initiative, an independent statutory body that will provide a one-stop service that will match our best and brightest entrepreneurs; investigate the use of supporting innovative ideas and businesses by rewarding companies that develop and market patented inventions; and establish an innovation expert panel, to be led by Victoria's lead scientists and comprised of leading researchers, industry figures and entrepreneurs, with the chief technology advocates providing guidance and advice on matters of innovation.

We will review the Victorian government funding to universities and agencies to create a strong emphasis on industry engagement and commercialisation. Commercialisation is very, very important in Victoria. We have got a dearth of VC capital in this state — and in this country, mind you. It is not just a state matter; in fact it probably needs a national approach to fix that issue of bringing ideas to market commercialisation. We have got a real problem with that. That is one of the barriers to innovation in our state at the moment. As I said, it will probably need a commonwealth approach, but there are a few policy tools that we have at our disposal that we are trying to implement through this budget.

Mr MORRIS — Minister, I refer you to budget paper 3, page 123. That page contains the summary of the output 'Access, industry development and innovation', and I am particularly interested in the innovation aspect as part of your portfolio. As you would be aware, the previous minister had responsibilities in gaming — in the game sense, not the gambling sense — and film, which now appear to have been transferred to the Minister for

Creative Industries, and the previous minister also had responsibility for science and research, which have now gone to the health portfolio. Can you outline to the committee what responsibilities you have left in this portfolio and what new initiatives have commenced since you have been in this position?

Ms SHING — Is that from the presentation?

Mr MORRIS — I have referred to the presentation, and I cannot see much in it. That is why I am asking the question.

Ms SHING — That is fine.

Mr SOMYUREK — I would like to thank the member for his question. If I can just get some clarification, are you referring to the split between health and innovation?

Mr MORRIS — I am asking what is left in the innovation portfolio after those things have come out of it and whether there have been any new initiatives in your tenure?

Mr SOMYUREK — Thank you for the clarification there. The government is reforming the way in which it promotes economic growth and creates jobs. As part of the 2015–2016 budget, the government has established the Premier's Jobs and Investment Panel — \$500 million over five years, including the \$60 million Startup Victoria to provide strategic advice to the government on drivers of jobs and growth; the \$200 million Future Industries Fund, including \$20 million for the New Energy Fund to support high-growth, high-value industries; and the Regional Jobs and Infrastructure Fund, 500 million over four years to support regional development in regional Victoria.

These programs and initiatives will support the transition of the Victorian economy through increased focus on the development of the particularly high growth sectors and by building strong regional communities. New mechanisms for government support to innovation will be included within these initiatives. For example, the government is committed to providing ongoing support for the medical technologies and pharmaceuticals sector as one of six high-growth industries identified for their potential for creating high-value, high-skill jobs and export revenues.

Alongside the Future Industries Fund the government continues to support scientific research and its translation into economic outcomes through a number of fellowships and prizes, including the Victoria Prize for Science and Innovation, recognising excellence and achievements in science; the Victorian Postdoctoral Research Fellowship program, supporting science researchers and inventors to undertake overseas study; the Premier's Award for Health and Medical Research, recognising outstanding research undertaken by an early career Victorian medical researcher; and the inspiring women fellowships and internships to support women in STEM.

I have talked about some funds there that belong in medical, so I have basically talked about the health portfolio as well. If I can just go through the split between the health and medical, that might be of assistance, and then I am happy to go through some programs if you wish, if that is going to be of assistance as well to you. There have been machinery-of-government changes, and it will be helpful for the committee to actually get an understanding of what is happening.

The innovation and health portfolios will continue to work together to ensure that both economic development and health system objectives are met. Activities relating to industry and economic development will remain the primary responsibility of the innovation portfolio. Activities related to healthcare systems improvements are the primary responsibility of the health portfolio, so a number of activities will be relevant to both portfolios. Now this can get a little bit tricky. Ms Hennessy and I will be working together, therefore, on such matters.

In terms of innovation: biotechnology, medical technology, pharmaceuticals industry-related activity. This is in the context of the split between health and innovation, but then again medical technology is a priority sector for the government and the Minister for Industry also has some jurisdiction over that as well. In the pharmaceuticals industry-related activity, again the same applies there, and in Medical Research Commercialisation Fund grants management and in research infrastructure — i.e., the Australian synchrotron. Health has carriage over the Operation Infrastructure Support program, the Aikenhead centre and the Premier's Award for Health and Medical Research.

So anything that is sort of industry-based in this space is more likely to be mine. Has that answered your question?

Mr MORRIS — I have a supplementary, but yes.

The CHAIR — The Deputy Chair, on a supplementary question. This will be our last question.

Mr MORRIS — I thank the minister for his clarification of the role of the Minister for Health in this space. Minister, given that the Premier has effectively, on the basis of your answer, restricted your portfolio component in regard to innovation to the business and trade area, is this because the government is not interested in innovation strategy beyond those areas or is it simply because the Premier has lost faith in your capacity as a minister?

Ms SHING — On point of order, again, the Deputy Chair is asking for the minister to express an opinion in relation to what the Premier may or may not think about — —

Members interjecting.

The CHAIR — Order! We do not have to have the supplementary question. We can call time.

Members interjecting.

The CHAIR — Order! Ms Shing is right in terms of the question from the Deputy Chair. Would the Deputy Chair like to rephrase his question, or shall we call time?

Mr MORRIS — In fact I was not asking the minister's opinion. I was asking whether it was a matter of fact that the Premier has lost confidence in this minister.

Ms WARD — That is a matter of opinion.

The CHAIR — Order! Again, it is not up to the minister to — —

Members interjecting.

Mr MORRIS — Do you want to rule it out of order?

The CHAIR — I will rule it out of order.

Members interjecting.

The CHAIR — I would like to thank the witnesses for their attendance this morning: the Honourable Adem Somyurek, the Minister for Small Business, Innovation and Trade; Mr Bolt; Ms Eddy; Mr Hanney; and Dr Caples.

Witnesses withdrew.