

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2018–19

Melbourne — 1 June 2018

Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

Witnesses

Mr Philip Dalidakis, Minister for Trade and Investment,

Mr Richard Bolt, Secretary,

Mr Justin Hanney, Head, Employment, Investment and Trade,

Ms Ylva Carosone, Acting Deputy Secretary, Trade, and

Mr Matt Carrick, Deputy Secretary, Investment and Economic Projects, and

Mr Tim Ada, Deputy Secretary, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Trade and Investment, the Honourable Philip Dalidakis, MLC; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Mr Justin Hanney, Head, Employment, Investment and Trade; Ms Ylva Carasone, Acting Deputy Secretary, Trade; and Mr Matt Carrick, Deputy Secretary, Investment and Economic Projects. In the gallery is Mr Tim Ada, Deputy Secretary, Industry Development and Innovation.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege.

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the public gallery cannot participate in the committee's proceedings in any way. Members of the media must remain focused only on the person speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Mr DALIDAKIS — Thank you, Chair. What I have done this morning is I have prepared a video presentation, as distinct, obviously, from the PowerPoint presentations that people are used to. So at this stage I ask the secretariat to play the video to begin.

Video shown.

Mr DALIDAKIS — Can I also, in closing out the time I have for the presentation, just reflect on something that I mentioned in the video — and that is, our women-only trade mission. The late Fiona Richardson, who, as everyone would know, was a dear friend of mine, came to me with the idea as part of the work that she had done in her portfolio. As people know, Fiona was pretty fierce and you did not often say no to Fiona. Fiona asked me whether I would go with her on that trade mission, and at that point in time I said to her no, I would not, because I did not think that it needed me, and I knew that she would have been able to undertake that trade mission and the opportunity that it provided, but also what it said to women that were export ready — that they were able to do it also.

I must say that it was slightly bittersweet when Minister Hutchins led that trade mission earlier this year, because obviously it was something that I would dearly have loved Fiona to be able to do. But can I put on the record my immense thanks to Minister Hutchins for the trade mission that she undertook, and to Lisa Rankin, our deputy commissioner in China, who facilitated the Chinese end of that trade mission. I think it was a wonderful statement for what we are trying to do and the women in business we are trying to support.

It is something that we are very keenly aware of, that we need to do better in government. We have about a 23 per cent to 30 per cent participation rate by women in our own trade missions and we have recognised that

we need to improve that — we need to increase that participation rate. My commitment to this committee and to the community is that we are actively working on that right now. That women-only trade mission by no means will be the only one. We will continue to support women-only trade missions to ensure that they have that proximity to the marketplace but also that focus on what they do and how we can support them, whilst we will also try to boost those numbers in our usual trade program. With that, Chair, I want to thank the committee for the opportunity to present and pass back to you.

The CHAIR — Thank you, Minister, for that presentation. I think that is the first video presentation that has ever been played at PAEC, so congratulations. We will have government questions until 9.53 a.m. Minister, I might lead off. The budget paper reference is budget paper 3, page 11. Under the ‘Trade and investment’ headline there is a line item ‘Globally connected investment and trade’. I am assuming this relates to the Investment Attraction and Assistance Program. Are you able to outline to the committee some of the work that this program has done this current financial year — I note there is \$55 million in 18–19 — and what you anticipate this program will involve in 18–19 and what that translates into in terms of new Victorian jobs, please?

Mr DALIDAKIS — The investment attraction program is one that obviously we have effectively operated across bipartisan governments for some years. What it is is an opportunity for Victoria to attract both talent in terms of individuals and also companies and also, as I indicated on the video, in a very strategic way. Probably the best or most recent example that I can give to you is the work that occurred over multiple number of governments in relation to the hydrogen project in the Latrobe Valley. I am very proud of that project for a number of reasons. It started under Premier Brumby. It continued under Premiers Baillieu and Napthine and obviously was able to be completed under Premier Andrews. It is a great example of Victoria as a jurisdiction punching above its weight, because it is Victoria that has led that project since its inception.

The amount that we provided was just over \$51 million, but there is an amount of over \$101 million provided for in the budget papers. The reason for that is we account for the commonwealth contribution into this project. What is significant again is that Victoria has led this project. It is a tripartite project between state government, federal governments — both the Australian and the Japanese governments are co-investors in this project — and of course the private consortia are from Japan. This is a great example of where we have worked together and been able to attract an investment that whilst initially is unproven, and that is why it is a commercialisation trial project, will create 400 jobs in the short to medium term for that project, and of course if it goes through to commercialisation, thousands upon thousands more and of course the potential to realise tens of billions of export dollars on top of that.

When we look at providing that investment, that is exactly the type of opportunity that we are looking for. The \$55 million that you identified is an ongoing budget allocation to footloose attraction, also other businesses that may be looking to move elsewhere. So we use that investment opportunity to try and be able to grow what we are doing. In fact in the last week alone we have had two wonderful examples: one is a company called Square. It is valued in excess of US\$7 billion. It is run by a gentleman by the name of Jack Dorsey, who is the co-CEO also of Twitter. What Square have done is they have invested in the first software engineering hub outside San Francisco and North America.

This is very significant for our local tech scene — recognition that our software engineers and other assorted roles that will go with it showcase Melbourne as being able to compete internationally. That would not have happened if we had not been able to attract Square in the first place, which happened about two years ago, soon after I had taken over as the minister in the portfolio. So you can see that something that we did two years ago has been able to build to where we are at, to create, as I said, the first engineering hub outside of North America. Then of course just earlier this week I went to Zendesk, an almost billion-dollar company out of San Francisco that was actually started in Denmark by its Danish co-founders.

The Premier and I launched their office into Melbourne some two years ago. The investment attraction program was again used. I can tell you that in terms of an excitement point of view but also a realisation of what we are attempting to do in the tech scene — and I will talk about that of course within my innovation portfolio area later this morning — Zendesk committed to a number of jobs across three years but they had already grown so quickly that they met their target within two. So again you can see that the opportunities that we are providing, the industries that we are building are built on the back of the ability to make this investment.

The CHAIR — Thank you, Minister. You did mention Square, and I noticed in the presentation there were a number of other companies you identified. Can you talk about the types of individuals that you are looking at who you think will likely benefit from this level of investment?

Mr DALIDAKIS — It really does range — it is the gamut right across the industry. Another investment that we have used via our IAAP is Bertocchi. I use that as a very different example to the ones that I just raised because there are a lot of manufacturing jobs involved, advanced manufacturing as well in terms of the processing, the way that you make salami and meats today is in some respects very similar to the way it was done probably 80 years ago but nonetheless there is a greater level of industrial involvement. So what we tried to do with Bertocchi is try to support another local, homegrown business looking to take their business elsewhere to ensure that they build, that they grow, that their identity remains Victorian, indeed remains Australian, so in that respect there is that opportunity as well.

Another one is JD.com. JD.com is an e-commerce platform into China. To tell you about the kind of size they are, they are probably the second or third e-commerce player in the Chinese market. Right now they have over 305 million customers on their platform in China alone. Again, to be able to build relationships with them, have their Australia-New Zealand head office here in Melbourne assists us to be able to get our businesses on boarded to their platform, giving them an opportunity to grow their own business, move into new markets and obviously increase their own profitability.

The CHAIR — Thank you, Minister. I am conscious of time. I might hand over now to Ms Ward until 9.53 a.m.

Ms WARD — Good morning, everyone. Good morning, Minister. Thank you for your video presentation, Minister. When so much of your portfolio is not based just in this state but based overseas it is really interesting to see the markers that you and your department are making and achieving, so thank you for thinking outside the square there and doing something innovative. I appreciate that.

Minister, can I get you to go to budget paper 3, page 143. A quarter of the way down the page there is a reference to ‘New Australian/international regional headquarters of firms and/or research development centres’. Can you please talk us through how they are working, how the regional bases are happening in Melbourne and what have been some of the key businesses that have been attracted here?

Mr DALIDAKIS — Thank you, Ms Ward. Again, I will just start but I will not talk a lot more about it. JD.com, which I was mentioning, is just one example already. Another example of course is alibaba.com. I am not sure that there is anybody in this room or outside that I really need to explain who Alibaba is to. Jack Ma came to launch their Australia-New Zealand head office here in Melbourne and cut the ribbon, as you saw on the video, with the Premier. That was pretty exciting. I am not sure that anyone around the world has done more to break down the barriers of international trade than Jack Ma. In fact what Jack has been able to achieve is nothing short of astounding. He has left governments in his track trying to catch up on bilateral and trilateral trade agreements in order to encourage that free flow of trade, which is what his platform built.

The reason I labour on Alibaba is because the Australian managing director is a woman by the name of Maggie Zhou. Maggie has her role as both MD and has also been a business ambassador for Victoria into the Chinese market, by the way. She very kindly accepted that from us. She has done a number of events down in the Latrobe Valley, where she has specifically worked with the local council down there, with local MPs as well, in order to assist businesses to understand the opportunity that they have not just in the Latrobe Valley, not just in the Victorian market, not just in the Australian market but in markets well beyond.

Other things we have done to assist that, for example, is that it is one thing to create the opportunities with the head offices, it is another thing to be able to train and support small businesses to take advantage of that. The third play is of course how they do it. So we have created a number of really innovative relationships with Australia Post in particular, which of course have some fantastic relationships of their own into China Post, into the logistics of being able to get into the China market in terms of both the clearing of customs, their bonded warehouses, their free trade economic zone warehouses as well, in a partnership with China Post. We have been able to take advantage of that. That was a joint venture or a partnership I announced on my most recent trip to China with their head of China, Stephen Foo.

Of course beyond that was the opportunity, Ms Ward, to reflect on the fact that two years ago, this relationship with Australia Post started when I signed an agreement with them about our small businesses accessing Tmall, which is a commercial retail site within the Alibaba platform. So it is a multifaceted approach. We must be doing all things to support all of our businesses as best we can, and of course this is just one component of that — having those head offices here, which facilitates that greater level of involvement and that greater level of investment.

Ms WARD — Thank you. In your response just then you mentioned assistance to small businesses that these major corporations can bring with them when they settle in Melbourne. Could you please tease that out for us a bit more?

Mr DALIDAKIS — Yes. Again, if I reflect on Alibaba, what Maggie has been able to do, by having her here in Melbourne, is have her in proximity to be able to run events. So Alibaba as a result have run events for small businesses, workshops, teaching them how they can actually access their platform and sell their goods overseas. Of course if they were located in a different jurisdiction in Australia, it would be far more challenging to be able to do that. Cost of flights, transport, accommodation et cetera would be a far greater requirement and investment of time, not just financial resources.

Ms WARD — So it has given Victorian small businesses the jump on everybody else in the country.

Mr DALIDAKIS — Well, there is no doubt about that. And of course that announcement that I made with Australia Post is a great example of that. That is an announcement that we have made. Of course it does not preclude Australia Post from doing those deals with other states, but it is nice to know that we have got in first.

Ms WARD — Absolutely. Minister, in the short time that we have got left, and we may come back to this when we have our next turn, can you talk about how this is also helping regional and rural communities?

Mr DALIDAKIS — I have probably spent the better part of the last 5 or 6 minutes talking about the Latrobe Valley, and I see Ms Shing is slightly smiling there at the thought of businesses in the valley. Of course it is not just the valley that benefits, Ms Ward, but of course small businesses right across the state. Of course Victoria accounts for 80 per cent of Australia's dairy exports, and as we know into the south-west —

The CHAIR — Order! Mr Smith until 10.04 a.m.

Mr T. SMITH — Minister, thank you for your intriguing video. How much did that cost?

Mr DALIDAKIS — Zero. The video was put together by our internal resources within the department— existing resources that we use to be able to put those types of videos together for our commissioners overseas, for our trade staff here at home, and I am very proud to be able to showcase the work that our department does before you as well.

Mr T. SMITH — Thank you, Minister. I refer you to budget paper 3, 121, which shows your trade budget substantially less than what was referred to in the 2015–16 budget, and that was budget paper 3, 123, from 15–16, which was referring to the 14–15 year at 37.3 million. And in your budget, your output spend 18–19 is 28.2 million. Why the substantial difference?

Mr DALIDAKIS — Well, far be it from me to suggest that this is groundhog day, Mr Smith, but I believe that question was asked in last year's PAEC and I will give you the same answer, which is that I am not going to agree with the assertion that it has been cut. Significant amounts of investment have been made in different programs, and when you add all those programs up together, this government has invested more within our trade and investment network and our trade program than ever before in Victorian government history.

Mr T. SMITH — Okay. Forgive me, it says 'Trade' here on page 121 in this year's budget, at 28.2 million. In the 15–16 budget it said —

Mr D. O'BRIEN — 14–15.

Mr T. SMITH — Sorry, 14–15 budget, it said 37.3 million. That is a substantial cut, would you not agree?

Mr DALIDAKIS — No, I would not agree, Mr Smith. So again, as you would recall, you are I being reasonably new to this Parliament, both having come in in the talent pool of 2014 —

Mr T. SMITH — Indeed.

Mr DALIDAKIS — of course the government changed, and of course as government changes so do not just priorities but of course the opportunity to shape what we are doing. So as you saw, we came in halfway through the financial year of 14–15, and I think what you saw is initially a reprioritisation according to what our election commitments were. But of course since that time you have seen a significant reinvestment within our trade and investment output, so much so that I think you can see in the current year's budget, of 2018–19, that it is nearly double the funding of 2015–16. Of course I, as the trade and investment minister, am hugely appreciative of the Treasurer's largesse.

Mr T. SMITH — Minister, I cannot actually see that because it is not there. The 15–16 budget, referring to what was spent in 14–15, speaks of \$37.3 million for trade and investment, and this budget speaks to some 28 million for trade. So you are correct to observe that you and I were elected at the end of 2014 and I do accept that you and I have been here for a mere three years, but if you could enlighten me as to the difference in those two figures, I would be greatly appreciative.

Mr DALIDAKIS — Well, of course one of the figures that you are referring to, Mr Smith, is the figure included, I believe, in running our trade and investment office network, and of course that network has grown significantly since we were elected. We have grown four new offices, one of which is in Singapore. There is Santiago in South America, in Chile; Boston as a growth figure in our United States North American offering; and of course Tel Aviv in the heart of the trade and innovation empire of Israel in Tel Aviv, with a focus by the way on bio. The chief scientist of Israel, Avi Hasson, is a friend of mine. He and I have spoken on a number of occasions about how we can collaborate even more closely on that area. So I think what we have seen is a real expansion of opportunity and growth.

Mr T. SMITH — If I could return to my question, Minister, and I am happy to put this to the secretary, there is a substantial difference in the funding for trade from the last year of the coalition government/first year of your government and indeed what is in this budget, and I am asking you to explain to me if that is not the case, show me the programs that you have initiated that are somehow differently, I suppose, reflected in this budget. If not, could the secretary perhaps explain the difference in the funding or the descriptions there of that funding?

Mr DALIDAKIS — I appreciate the question that you raise; I think it is in good faith, Mr Smith. But again, nor is this government responsible for a prior year budget that the coalition handed down in 2014.

Mr T. SMITH — But, Minister Dalidakis, I am not seeking you to answer for the 2014–15 budget at all. I am simply asking you to explain the difference in funding and why there is, on the face of it, a substantial cut?

Mr DALIDAKIS — Well, I am not sure that it was, because, as I said to you, Mr Smith, there was an aggregate increase in funding in the first budget in 2015 by Labor. That was across a number of programs, including the Premier's Jobs and Investment Fund, of course the Future Industries Fund —

Mr T. SMITH — I do not think that is accurate.

Mr DALIDAKIS — Well, with great respect, there are programs that the coalition was responsible for in their last budget that we, as I have indicated, did not pursue. But the aggregate funding when you include the Premier's Jobs and Investment Fund, when you include the Future Industries Fund, the aggregate investment in our trade and investment network, the aggregate investment that we have got in industry policy, actually increased. Whilst you may be able to identify one component, I am not sure that that is a —

Mr D. O'BRIEN — The trade output, Minister.

Mr DALIDAKIS — Well, Mr O'Brien, I am sure you will have your opportunity in a moment, and I welcome that. Can I say that it is nice to have you back because last year I missed you. It was a challenging time for you and your family.

Mr D. O'BRIEN — Flattery will get you nowhere, Minister.

Mr DALIDAKIS — No, no, I am being serious now. It was a challenging time for you and your family, and I am happy to see you back. On that, the Premier's Jobs and Investment Fund and the Future Industries Fund still targeted trade and still targeted investment. It was not as if those areas did not actually work in that space as well.

Mr T. SMITH — Minister, you have not answered my question in any specific form, so I am going to ask Mr Bolt if he could perhaps shine any light on why there is a substantial difference in funding for trade between 14–15 and now.

Mr DALIDAKIS — I am happy for Mr Bolt to answer, because the secretary of course has that opportunity, but I would just challenge —

Mr D. O'BRIEN — Actually the question was asked of Mr Bolt. You do not get the opportunity, I am sorry. According to the form of this committee, the question was asked of Mr Bolt.

Mr DALIDAKIS — But, Mr O'Brien, what I am saying is that I did answer the question. He just did not like my answer.

Mr BOLT — Thank you, Mr Smith. In the area of trade funding, while I have figures, I have not come equipped to really give you a reconciliation back to 14–15. I think it would be better if we took that on notice and provided you with a reconciliation —

Mr T. SMITH — That would be terrific.

Mr BOLT — that properly explains that there are complexities because of the way that trade funding occurs, sometimes within a particular program and sometimes across multiple programs. It would be better to do this properly rather than to attempt to do it on the fly now.

Mr T. SMITH — Fair enough. Thank you very much, Mr Bolt. If I could move on to budget paper 3, page 11, which allocates 55 million for globally connected investment and trade, I am just interested to note why there is nothing over the forward estimates in 19–20, 20–21 and the like.

Mr DALIDAKIS — That \$55 million is an investment by the Treasurer in that program. What happens is that as that is drawn down, the Treasurer will look to reinvest in the program. So, as you can see, in spite of the point you were trying to make about a lack of investment in this space, that is a significant one-year investment. Of course the other thing that I would say to you, Mr Smith, which I am sure you will agree with —

Mr T. SMITH — There was no motive behind my question, Minister. It was a simple question with regard to the out years of this budget.

Mr DALIDAKIS — There is no motive in my response other than to give you a very direct response. I think you would agree with me that given that we have an election on 24 November this year, should you be successful in winning that election, you would no doubt like the opportunity to shape with your election commitments and promises a forward budget as well. Given that is a sizeable investment that the Treasurer has made for this financial year, we have left you unencumbered, as we will when we make our election offerings and commitments to the electorate, and you will see what we have to offer at that point in time for future years.

Mr T. SMITH — If I could move on to VGBOs —

Mr DALIDAKIS — VGTIs — we changed their name: Victorian government trade and investment.

Mr T. SMITH — Is that right? When did that happen, Minister?

Mr DALIDAKIS — When we released the first trade statement in, I think, 13 years.

Mr T. SMITH — Thank you very much for enlightening me about that change in name, Minister. That is greatly appreciated.

Mr DALIDAKIS — It followed closely, by the way, off the back of the UKTI, where I got the inspiration for it.

Mr T. SMITH — Is that right? Minister, did we pay for you to go to the UK just to work that out?

Mr DALIDAKIS — No, I do not believe that you did, Mr Smith —

T. SMITH — Was it a simple Google search?

Mr DALIDAKIS — but I am sure you and I shared similar program experiences.

Mr T. SMITH — We did, actually.

Mr DALIDAKIS — We are very similar, aren't we, Mr Smith?

Mr T. SMITH — It was not paid for by the Victorian —

Mr DALIDAKIS — We both look after the wonderful community of Kew.

Mr T. SMITH — Indeed, we do, Minister.

Mr DALIDAKIS — And we both do an amazing job, don't we?

Mr T. SMITH — Minister, thank you very much for that compliment. It is delightful to hear such wonderful words from you this morning, Sir.

Ms PATTEN — Wow, that was something else. Good morning. I hope you are not hot and sweaty after that. I was very interested in your video, and I am interested in seeing Alibaba and JD.com coming to Victoria. I just had a general question. There has been much media around our internet speeds in Australia — or lack thereof — and I am wondering whether that has been an issue for some of the e-commerce companies establishing themselves in Victoria.

Mr DALIDAKIS — Ms Patten, I thank you for your question. This will be something that I go to in a much greater way within the innovation portfolio. As you could appreciate, there is no doubt that the level of connectivity is a limiting factor in some areas of Victoria for businesses be able to engage in e-commerce. You will see in my presentation later that there are a number of programs that we have undertaken to try to assist with that. I certainly would not like to speak to another portfolio area right now. Suffice to say that where we see the trade and investment space working hand in hand with the ecommerce space is in those examples like Alibaba and JD.com and relationships with Australia Post and with Tmall.

There is the opportunity in the most recent round of funding from the Treasurer in May of this year to provide support for our small businesses around Victoria as to what they need to do to be e-commerce ready — what they need to do to understand the opportunities but also to be aware of the threats. For example, we have seen a greater level of malfeasance in relation to cyber attacks and viruses et cetera proliferating. So part of that education program, believe it or not, is to say to a small business, 'When you operate your systems, don't operate one system where you have your customer data, your financial transactions, your email history and of course your supply chain logistics all on one computer or server', because that can pose a real threat should they come under attack themselves.

Ms PATTEN — Great. Given the announcement from Amazon last night that they are now declining to ship to Australia as a result of the GST limits being removed, do you think that is going to have an effect on Alibaba and JD.com's commerce here? I assume Australian customers are a very small percentage of inbound.

Mr DALIDAKIS — There are a number of responses to that. The first one of course is that the announcement by Amazon overnight only relates to their US website. As they have set up an Australian website with offerings through that, they will account for GST in the appropriate way. The concern that I believe they had was that the administrative costs for them were greater of course than what potentially the Australian government would be picking up on, and being a recipient of GST, of course we would like to see all organisations comply with the federal government legislation in that respect.

In response to the opportunities, though, for players on Alibaba and JD.com in particular, those websites have been established to sell into foreign markets, so those goods are effectively GST exempt, given that, and it will

be up to the suppliers to be able to claim the GST input costs. I sound a bit accounting geeky there. I do not normally acknowledge my former life as an accountant when I left university, but there you go. It is now —

Ms SHING — Probably the only thing that you and Barnaby Joyce have in common, Minister.

Mr DALIDAKIS — I think that is what you call friendly fire, isn't it, being referred to as Barnaby Joyce by one of my colleagues?

Ms SHING — No, I said it is the only thing you have in common — the only thing.

Mr DALIDAKIS — So, look, Ms Patten, I am not sure —

Ms PATTEN — So you do not think that it is —

Mr DALIDAKIS — I do not think that that will impact upon the ability for our businesses to sell overseas. Certainly for consumers looking to purchase overseas, that may be limiting.

Ms PATTEN — Okay, great. Just turning to budget paper 3, page 147, and looking at the actual export sales generated as a result of participation in government programs, in 16–17 we are looking at 648 million and in 17–18 a target of 450, although that looks to have been well and truly met. But then the target for this coming year is back down to 550. I am wondering why we are being so modest yet again with our targets, or was the last year a real highlight that we do not expect to ever achieve again?

Mr DALIDAKIS — It is actually a very good question because, in essence, in fact we have increased the target by over 20 per cent. So if you look at the 2017–18 target, it was 450 million, but we have increased that target to 550 million in 18–19. I must say that, despite the result that we have achieved in 16–17 actual and of course the expected outcome for 17–18, I was extraordinarily hesitant to actually increase the target regardless. The reason for that is that the Australian economy is a drop in the ocean in comparison to the world economy. We have often said that if the US economy sneezes, we will catch a cold; well, let me also suggest that if the Chinese economy catches a cold, we are going to catch pneumonia. We have also seen overnight issues with President Trump and issues in relation to tariffs, in particular for steel, and I listened with interest to the response by Prime Minister Trudeau in Canada. It is interesting to note that in fact the steel issue will have a significant effect on the Canadian economy because they provide 16 to 18 per cent of the steel used in North America, in the US economy.

Ms PATTEN — That is right. The car industry is most upset.

Mr DALIDAKIS — So the very real potential for what happens in a potential trade war, and noting of course that the EU is caught up in these sanctions, these tariffs —

Ms PATTEN — Thank you, Minister. In my limited time I think I appreciate the answer to the question. Thank you, you have answered it.

Mr DALIDAKIS — We are at the whim of the global economy.

Ms PATTEN — Yes, thank you. Staying on this, and you maybe putting on your previous accountant hat, could you give me an approximate —

Mr DALIDAKIS — I was such a good accountant that I am now a politician.

Ms PATTEN — Yes — an approximate rate of return for these government programs? So we are looking at these figures of 600 million. How much did we invest to receive those totals? So did we invest 50 million —

Mr DALIDAKIS — If we go back to the budget papers in terms of the figures that Mr Smith was quoting from — the cost of running our Victorian government trade and investment office network, the cost of running our trade team here in the department — these are all costs aggregated that will come to the cost of running programs and supporting our businesses on trade missions.

Ms PATTEN — That is right. So to achieve that 600 million, how much did we invest for that return?

Mr DALIDAKIS — Given that we have only got 15 seconds, what we will do is we will try and aggregate all of the data across the different spends, in terms of the network as well as our departmental costs, and provide that to you on notice.

Ms PATTEN — Thank you.

Mr DALIDAKIS — Can I also say, of course, there is also a huge amount of investment facilitation that goes on there, not just trade.

Ms WARD — Minister, I think I am going to have to start calling you the Tim Smith whisperer. I do not think he has had such a flirtatious exchange with any minister. Well done, you. Minister, you mentioned in your presentation that women only make up, historically, 23 per cent of international trade delegates, and I also appreciate the kind words you said about our former minister, Minister Richardson, and the efforts that she made in trying to expose Australian or Victorian women to the world.

Can I turn you to budget paper 3, page 147. That refers to clients engaged in export and trade programs and the delegation that you mentioned. Can you outline for the committee what female-led company has benefited from this trade exchange, from this visit, and how has it affected them?

Mr DALIDAKIS — Well, there are a couple that spring to mind. Most recently of course we showcased Catherine Cervasio on the presentation. Catherine has done an amazing job with Aroma Baby both as a business and also as an example.

Ms WARD — Can you tell us what Aroma Baby is?

Mr DALIDAKIS — So it has a range of products within the maternity, or maternal, space and with young mothers as well, and she has really grown her business. She was, when I spoke to her, quite glowing about the experience she had on the women-only trade mission, not because of the trade mission itself but the ability to network with other women who have been successful and have forged a pathway, often in sectors and industries that are, without being cute about it, largely male-dominated, and so I think that that also becomes as important as the actual trade mission itself.

Another one that springs to mind is B.box, which is another area. It used to operate out of Mr Dimopoulos's electorate and now works out of the Premier's — in Mr Andrews's, in Mulgrave. What B.box have done is that they have also manufactured products used within the newly born to the much later in the child's life space, from feeding products to other products as well. B.box have done an amazing job, and we have been, I am very proud to say, a part of their success.

Commissioner Stevens in Jakarta and through South-East Asia has helped them in their expansion in South-East Asia. Commissioner Dillon and his team in China have been supportive, as has Commissioner Cunneen in the Japan, Korea space. So what we try and do with our network is support all of our businesses of course, but the ladies at B.box have been, I think, probably one of our best examples. They won an exporter of the year award not just here in Victoria but at the national awards two years ago, when I was there with Minister Ciobo. That was quite exciting to see their excitement and the recognition for the hard work, the inspiration and, as I say, their perspiration as well.

Ms WARD — Terrific. Minister, you have mentioned two Melbourne-based companies. What is the government doing to help women in regional Victoria have the same opportunities?

Mr DALIDAKIS — Well, we again need to do better in this space, Ms Ward; I make no bones about that. That might be confronting for some, but we need to ensure that those opportunities are provided to businesses right across Victoria — north, south, east and west. So we work very closely with Regional Development Victoria, slightly separate areas within the department but the same department nonetheless, so that where we do not necessary have trade members, RDV do. So we try and ensure that those opportunities are there.

Ms Shing and I some time back — last year I think it was, although it might have been a little bit longer; the time sort of blurs together — visited a Gippsland Jersey. The Gippsland Jersey is another example whereby we have been able to take a dairy company, and they went on the trade mission to China as well, the female-only trade mission. This is a great example of what we can do and how we can do it, how we can celebrate that success. If I reflect, maybe there is something in that for us to advertise and promote those women that are

successful, to be able to demonstrate what they have done, how they have done it but also to encourage other women that are thinking about that opportunity as well.

Ms SHING — Just on that point, Gippsland Jersey is a company spearheaded by Sallie Jones that is also about providing better networks and better capabilities for women in industry to enhance and develop those export networks. Given that we do, by the evidence that you have given and on the face of it, have a significant number of challenges to address, how do we maximise the participation of women in developing those export opportunities where in fact it is very hard to get a foot in the door if you have not had a traditional linkage to those opportunities and those relationships?

Mr DALIDAKIS — Thank you, Ms Shing. I think the first part of that of course is to be able to promote what we can do. That is a first step. But it is also about talent identification as well. We have some very good links within our department right across the community. There are examples, by the way, where members of the coalition have come to me with businesses that they think need some assistance for entering overseas markets and where we have provided that assistance and supported those companies. I have done everything I can, regardless of the fact that it was the coalition that brought them to me, because I think that that is a great outcome. So my advice is that for anybody who has, I guess, knowledge of somebody in that space, bring them to our attention if they are not already, but also we need to ensure that that message continues to get out about what we can do, what we can offer and of course those opportunities that are provided.

The women-only trade mission to China was one where we provided support and effectively a subsidy, for want of a better term. That is something that I certainly support. We have removed that for all of our other trade missions, but in order to encourage more women to participate so that we remove as many barriers for them to be able to participate, I think that that is also an important step.

Ms SHING — One of the challenges is to actually build up the capacity for women to assert ourselves in the field of innovation and development of global markets. That is a thing that requires us to have a different dialogue around the options and opportunities that women have to pursue and how to go about doing that. You have referred to the women's trade mission. The other part of that of course is getting into boardrooms and into top-tier decision-making spaces to encourage better participation in an area which has not traditionally been as open or as accessible. So by reference to the women's trade mission, what are the further objectives around continuing with that momentum, given that we do get better economic and productivity outcomes and results where we do have a more inclusive framework?

Mr DALIDAKIS — Well, I think the first step is to highlight that we have an issue that we need to deal with, and I think that across government the women-only trade mission to China really put a spotlight on that and, as I indicated to the committee, that we had let ourselves down in that space. But I am happy and proud to tell the committee that we are doing much better already. We had a food trade mission to Japan recently where 21 of 55 exhibitors were women. We have BIO to the United States leaving shortly, and that mission has 36 of 86 companies that are women. So we are improving already in the short term, and with that continued focus from the top down — not just myself but the secretary, the deputy secretary of trade, Ms Carosone — we have an opportunity to continue that work and make sure that we meet it.

Ms SHING — It is a long-term prospect though, isn't it? I mean, this will take intergenerational change around developing the sort of input and participation from women at those top levels as well as on the ground to facilitate. So I would look to getting some confirmation around the achievement of that not being possible overnight but rather as a medium to long-term gain.

Mr DALIDAKIS — Well, should we be successful in the election in November of this year, should I be a minister and should I have the same portfolio — all very big 'shoulds' — I would hope that I can sit before you in 12 months time and tell you that across the board of our trade missions we have increased that to beyond 40 per cent. That would be a first step for us as a government. But certainly you are quite right: across the community there will be intergenerational periods of time before we can see that success.

Ms SHING — Excellent. Thank you very much for that confirmation. I am looking forward to having a minister come back before the committee next year to confirm that that work has made significant progress.

Mr T. SMITH — Minister, returning again to Victorian trade and investment offices, particularly the announcement made in February 2015 about a business office or investment office in Turkey. I am just

intrigued as to why that announcement has not been followed through with some concrete plans or indeed an actual office.

Mr DALIDAKIS — Again I thank you, Mr Smith, for that question. This is an issue that I have kept in the forefront of my mind for some period of time, and I believe the committee asked me that question last year as well. Can I say that the security of either Victorian staff in our trade and investment network overseas or indeed of locally engaged staff that work on behalf of the Victorian government is of paramount importance to us. Two years ago a bomb went off in Ankara where our Australian ambassador and his daughter were 200 metres away.

Mr T. SMITH — I recall this.

Mr DALIDAKIS — There have been a number of issues in Istanbul as well. As I think I explained to the committee last year, Austrade have reduced the number of their staff to a skeleton staff in both Istanbul and Ankara. We had determined that we would open the office up in Istanbul, and then I have put that on hold at the moment until the security briefings coming out of Austrade are different.

Mr T. SMITH — Well, that is very concerning, Minister, if the security situation in Turkey is so bad now that you do not feel that, based on your announcement in February 2015 — we did ask you this last year because there was that announcement made in February 2015, and we did ask you last year because I would imagine that having a trade office in Turkey is a good idea. If you are saying that you have got DFAT advice that it would endanger VPS staff to be stationed in particularly Istanbul — if I could clarify, because I would imagine our trade office would be in Istanbul and not Ankara — that is incredibly concerning. I understand the situation in Turkey. I was in Turkey briefly some years ago on my way to Israel, but if that is the case, you are saying that you have got advice from DFAT that Istanbul is too dangerous for a Victorian trade and investment office at this time.

Mr DALIDAKIS — The current DFAT advice in relation to Turkey, Mr Smith, is to exercise a high degree of caution. They, as I said, have acted with their own staffing arrangements within the country. Can I say that I enjoy a very warm relationship with the Turkish ambassador in Canberra and the Consul General here in Melbourne, and of course what people choose to do in their own travels or own business interests is of course a matter for them. When we make decisions about those investment opportunities from a government perspective of course the standard is a much higher one that we need to be able to satisfy, so this is not a commentary about the safety per se that people will experience themselves in Turkey, but nonetheless we are not in a position to move forward with the office at this point in time. But let me assure the committee that I do remain committed to establishing an office in Turkey in Istanbul, because to open a trade office in Turkey in Ankara would be like opening a trade office in Canberra here in Australia or indeed Jerusalem in Israel.

Mr T. SMITH — We will talk about that in a minute, Minister.

Mr DALIDAKIS — We can talk about that, but you want to open a trade office where there are trade and investment opportunities. So again we are committed to an office in Turkey but we are not in a position to move forward with that office at this point in time because of that security concern provided by DFAT.

Mr D. O'BRIEN — Minister, can I just ask on that, you indicated the DFAT travel advice — exercise a high degree of caution. I stand to be corrected, but I am pretty sure that is the same advice provided for Indonesia, for example, and we have a trade office in Jakarta.

Mr DALIDAKIS — Mr O'Brien, let me read to you the latest advice from DFAT, and then we can have that further discussion. The latest advice is that:

There is a high threat of terrorist attack in Turkey, particularly in Ankara and Istanbul. Attacks could occur at any time and at any place ... Be alert to possible threats to known terrorist targets and ensure you have a contingency plan ... The level of our advice has not changed. Reconsider your need to travel to Ankara and Istanbul because of the high threat of terrorist attack. Exercise a high degree of caution in Turkey overall. Higher levels apply in some parts of Turkey ...

So that is the current DFAT advice in relation to Turkey, and I am not sure that if you were sitting in my position, that you would open up an office there at the moment.

Mr D. O'BRIEN — But I am asking the question, and I stand to be corrected as I said, but I think very similar advice applies to Indonesia yet we have a trade office there.

Mr DALIDAKIS — In fact can I congratulate the coalition who opened that office up in Indonesia, in Jakarta, in the last government. It was a move that I strongly support and am encouraged by. We continue to do a range of threat assessments for our offices overseas, and we continue to monitor the situation where we have existing operations. Jakarta is one, and we continue to do threat assessments and to reassess security arrangements for all of our staff, as I said both locally engaged staff and also Victorian or staff employed by Victoria in those geographic locations.

Mr D. O'BRIEN — I guess the point I am making, and I can now call up the Indonesia advice:

Exercise a high degree of caution in Indonesia, including in Bali, Surabaya and Jakarta, because of the high threat of terrorist attack.

We have not shut down the office in Jakarta, and I suspect there are probably similar references elsewhere. I am just wondering whether you are actually using this as an excuse for not actually fulfilling your promise in Istanbul.

Mr DALIDAKIS — Knowing you as I do, Mr O'Brien, I am going to give you the benefit of the doubt with your comment there, because I cannot for a moment imagine that you are suggesting that we should put people at risk in relation to the threat assessment that I provided in Istanbul or Turkey —

Mr D. O'BRIEN — No, but I am highlighting that the same threat assessment applies to other offices around the world.

Mr DALIDAKIS — What I have indicated to you, Mr O'Brien, is that the office was already established in Indonesia, in Jakarta, by the previous government. It was a decision that I support and endorse, but what I will also tell you is, as I have indicated — and I will continue to keep myself to the remarks that I have provided — that we continue to do assessments, threat assessments, risk assessments, we continue to review the security arrangements around the professional premises that our staff are employed in as well as their personal circumstances. I am not sure that I am at liberty to expand beyond that for security reasons, but I can assure you that the safety and wellbeing of all of our staff around the world wherever they are is of utmost importance to myself and the government.

Mr T. SMITH — Sure. In 2015 when the announcement was made there was still a very volatile situation in Turkey, and I think what Mr O'Brien was quite correctly asking you, Minister, was that in February 15 the situation in Turkey was very delicate. It has deteriorated since then; we understand that. However, there was an announcement made knowing full well that Turkey is not, frankly, heading in the direction we would like it to be heading in; I think we would all agree with that in this room. We are just trying to get an understanding, knowing full well in 2015 that the security situation in Turkey was heading in a difficult and negative direction, why that announcement was made.

Mr DALIDAKIS — I appreciate that, Mr Smith. I think the critical point that you made yourself is that this was actually before February 15. This was an election commitment made in the election prior to November 14. But as you indicated yourself, circumstances have changed. The threat assessments, the rating or the level of the assessment by the federal government, has actually been increased, or downgraded depending on which we look at it, since that period of time.

Again as I have indicated, I am absolutely committed to opening up an office in Istanbul. It provides us with a huge opportunity into markets to the north of Turkey in particular. I would like to see us being able to do that as soon as possible, and if the threat assessments were changed by the federal government tomorrow, then I would look to make that investment the day after. But at this point I will not put anybody's life in danger for the sake of meeting an election commitment.

Mr T. SMITH — So what is the process that the department undertakes to decide where new business offices go? We had new offices announced in Boston and in Israel last year. I just want to get an understanding, and I will pick this up in our next round of questions, of what processes are undertaken, what risk assessments, what economic analysis is undertaken to decide where exactly those offices go —

The CHAIR — Order! Ms Patten until 10.40 a.m.

Ms PATTEN — In listening to your presentation and certainly looking at the medical industry and certainly the innovative areas, you mentioned CSL being a very exciting part of that. Invest Victoria's website mentions

that Australia is the world's largest legal producer of medicinal opium poppies, and certainly in Victoria we have started that industry. We know that there is an absolute shortage of pain medication around the world. In fact the World Health Organization estimates that there are 5.5 billion people who have no access to pain medication. We have also found that in Australia we have got a shortage of naloxone, which is also an opioid-related medicine. Is there anything in the budget to support this relatively new industry as part of trade and investment or trade and export?

Mr DALIDAKIS — It is actually quite ironic that you asking me about that, because of course about a month and a half back I was able to visit one of the top-secret locations here in Melbourne that does the extraction from the poppies and then exports it to Europe for processing. Can I again in a very bipartisan way pay tribute to the work of the Napthine government, who assisted in bringing that company in the investment attraction program we spoke of earlier — they brought them over from Tasmania and established their presence in Victoria. In fact Australia leads the world in legal, shall we say, opium production.

I would look to supporting the expansion of that. Indeed when I visited the facility I began discussions with the business about what we can do to support them through their expansion. I think there is an important role that we need to play, given we are one of only four places around the world that are able to grow poppies for medicinal purposes. I think it is important that we can continue that growth to also diminish the illegal trade in poppies accordingly, although it is used usually for far more nefarious processes, not commercial production for legalised medication.

But this is an area that is growing. It is an area where there is an opportunity for us with our regulatory settings, with our expertise within the biomedical and pharma precincts to be able to take advantage of and build that industry capability. That is an area, for example, that Minister Carroll and I work very closely with. I work to try to attract that investment into Victoria and then Minister Carroll takes it over from me and develops that industry. That is sort of the way that we work in well together.

Ms PATTEN — Thank you, Minister. If I can go back to budget paper 3, page 11, with the hydrogen energy supply chain — certainly that was in your presentation as well — and the considerable investment that this state has made as well on top of, as you mentioned, the tripartisan. This all is balanced on the success of the CO₂ sequestration —

Mr DALIDAKIS — CarbonNet, yes.

Ms PATTEN — in Bass Strait. What happens if that is not successful?

Mr DALIDAKIS — One of the reasons why I am such a strong proponent for this investment is because in the early discussions I had actually in Japan, in Tokyo, with the private consortia — not the Japanese government — J-Power and obviously Kawasaki Heavy Industries, they made it very clear to me that if the commercial carbon sequestration was not successful, they would walk away from the deal. That is why it gave me great comfort that this was a project that we could invest in, we could partner, we can support, because of course it is important for all of us to realise that we not only have to deal with the issue of carbon emissions locally but also globally.

The reason that the Japanese are so interested in this, as you would be most aware, is because of the tragic consequences of Fukushima. The Japanese are looking to change their energy mix up by trying to move away from nuclear power, and so they see this as a potential to have zero-emission technology without the consequence of nuclear.

Ms PATTEN — So going forward with the sequestration, if it is a successful pilot, the Japanese would then go on to pay for that sequestration in the future?

Mr DALIDAKIS — Part of the pilot project is of course the hydrogen component, the secondary obviously is carbon, and as I have indicated, both parts need to work for this project to move forward. There is a huge opportunity to not just secure Japan's energy future, but also to secure Australia's energy future at the same time and then be able to export that technology around the world. That is pretty exciting.

Ms PATTEN — It is. That is exciting. If indeed as you say this is successful, not only would we export this idea around the world, but would we also look at sequestering our own CO₂ emissions in Latrobe, for example?

Mr DALIDAKIS — Yes, of course.

Ms PATTEN — Yes. That's all.

Mr DIMOPOULOS — Good morning, Minister, and officers. I concur with committee members about your presentation. It was fantastic and what a way to give expression to the innovation part of your portfolio. I just want to go back to that presentation, where I found out that we are the world's third-best student city, and ask you a bit about the investments in this budget to support international students. I hate calling it a market, because they are human beings, but it is effectively a market. In relation specifically to the concessions for international students, I spent years in the multicultural portfolio of the public service, where this kept coming up every couple of years in reference groups and other forums. Budget paper 3, page 20, outlines that investment. Can you give us a sense of what the renewal of that investment is going to do for the market?

Mr DALIDAKIS — All right. Obviously, Mr Dimopoulos, I appreciate the question of course, noting that you are sandwiched between Monash Caulfield and Monash Clayton —

Mr DIMOPOULOS — And Deakin on the fringe.

Mr DALIDAKIS — I am happy to admit, although Monash University might censor me, that I am a Monash graduate from Caulfield as well — the international campus of Monash here in Australia. I must say that the iUSEpass, which you are referring to, did receive an additional contribution of \$5.5 million from the government to continue. I would like to see this pass continue beyond — let me explain. The pass offers a 50 per cent discount on annual public transport tickets for our international students. There are a number of institutions, in fact 15 is the number, that already offer this. An institution needs to be prepared to pay 50 per cent of that cost as well. That is why it is not necessarily an open scheme for everybody. The scheme itself is open to those institutions that are prepared to support it financially. They include Melbourne, Monash, Swinburne, Deakin, Victoria University, RMIT, La Trobe, ACU and the University of Divinity. There are three private colleges and a number of TAFE institutions, including Box Hill, Holmesglen and Chisholm.

The reason that I extend that is because obviously there are a lot of institutions that I did not read out, a lot of institutions that are not a party to this program. It is also important to note that to access this program they need to be undergraduates. So there is some further work that we should do about that postgraduate level as well. I have received a number of views from postgraduate international students about why they are not able to access this system. That obviously comes down to a budgeting issue that we face about what we do and how we do it. But I would like to see us in the future consider the expansion, not just to a 50 per cent subsidy — I would like us to consider the opportunity to expand it to 100 per cent, expand it beyond undergraduates to postgraduates and see what we can do.

We are, as we have demonstrated, a sector that employs 58 000 people across Victoria and that contributes \$9.1 billion to the economy. This is a sector that we need to continually reassess — what we do, how we support it and how we invest in it. Even though these people may not have been taxpayers in the past to contribute to the infrastructure which they use, they are certainly contributing significant amounts of money to their local communities and also to the institutions themselves. As the international education minister, I would like to see us be able to honour that investment they and their families make by supporting them as well.

Mr DIMOPOULOS — Thanks, Minister. I think you said on the video something to the effect that these things do not happen by accident. I do not think you were referring to this, but to another reality — that growth in business in Victoria is because of strategies and because of investment.

Mr DALIDAKIS — Sorry to interrupt —

Mr DIMOPOULOS — You will get there. We are in a global market for international education. People do not just come to Melbourne because we are fantastic. We work at being fantastic through improvements in infrastructure and a safe community and a vibrant community. In that context, what other investments are in the budget that support that market from that frame?

Mr DALIDAKIS — Again I appreciate the opportunity. A further student welfare initiative that we have undertaken, which I was keen to interrupt you to talk about, is our international student welfare program, which I think is second to none anywhere in Australia. We have invested \$4 million over four years to provide funding

to a range of organisations and programs, up to \$75 000 per program. This includes international student groups that support international students' needs. It can range from film festivals to actual support and programs for people to be able to culturally become more comfortable with their region, whether it be rural and regional, whether it be Bendigo or Geelong, whether it be down in the east at Federation Uni, whether it be anywhere in metropolitan Melbourne.

There are still periods of adjustment that an international student needs to be able to take. Climatic — of course if you come from Shanghai, whilst the winters can be cold, the summers are extraordinarily hot, and of course when it is our winter, it is their summer, so depending on the time of year that they come, it can be quite confronting for them. From a food perspective of course it can be difficult for them to be able to adjust. There are a whole range of issues that they need to adjust to. Of course to date we have provided 48 grants to 31 different organisations to support that student experience, that welfare, that mental health area. Can I also say that that support goes through a Study Melbourne centre, which we identified towards the end of the presentation. Study Melbourne does a terrific job in providing a support service to our students, where they can just rock up and seek advice.

We also provide support to our international students in relation to work. We had a successful prosecution recently to a business that took advantage of international students in relation to their pay and conditions. I am very proud that we are a government that sought to do that. So there are a range of areas that we need to support our international students.

Of course the most recent example of that, again which I spoke about on the video, was an issue that was raised by both the Chinese government and also by employer groups back in China. They felt that some of their students returning not from Victoria, I must say, but returning from Australia were not employer ready. We have looked at that and we have looked to embark on an international internship program to provide international students — not just from China, I might add, but all of our international students — the opportunity to have some kind of role in the employment workforce in order to make themselves more employment ready on their return to their native countries.

Mr DIMOPOULOS — In turn that enhances Victoria's reputation as a leader in the international education market.

Mr DALIDAKIS — I think we are very, very innovative in what we do and how we support the sector. I think also that focus on people should not be lost. These are not programs that we do just to enhance our offering; they are programs that we invest in to ensure that the people who participate are more well-rounded and better able to contribute not just to our society but also to theirs as well.

Mr DIMOPOULOS — Minister, just a final question from me: in your relationship with the commonwealth and other states or in national fora, to what extent does Australia represent itself as an international education market, as a united market, in these fora versus the pressure of Victoria wanting to be seen above and beyond just Australia? What is the relationship with your commonwealth colleagues?

Mr DALIDAKIS — We have a different relationship with different ministers across the gamut of the industry. I must say, I have not engaged in any significant way with Minister Birmingham, who has the responsibility at the commonwealth level. Whenever they have had their COAG meetings for education, they have only ever allocated 15 minutes to international education. I would like to see them allocate more — I have made that request — but at the same time there are a number of things that the federal government do that are supportive. There are a number of things that they do that are not as supportive.

Certainly in the way that we approach it, we are part of Team Australia, outside of the borders we live within, but be in no doubt that Victoria is very aggressive and looks to work into our own markets and support our own institutions to grow. Whether that is at the expense of London or New York or whether that is at the expense of Sydney or Brisbane is not my concern. My concern as a Victorian government minister being, I guess, remunerated by the Victorian taxpayer is to make sure that we are the best that we can be.

Mr DIMOPOULOS — Minister, but they are important, obviously. I remember on a trip to India one of the issues raised by the Victorian government trade officer there was pathways to permanent residency in a country, around the world, is a material consideration for a prospective student. That is not a lever we have, obviously.

Mr DALIDAKIS — I had this discussion with the high commissioner in India on one of my earlier trips. In fact probably the biggest challenge that we have within our international education market at the moment is the length of time that visa applications are taking to be processed. I have raised this with the commonwealth on a number of occasions, and that is obviously an area that I continue to lobby the federal government to invest in. It is an area that sits under Minister Dutton's portfolio, so when I raise it with my colleagues, whether it be Minister Ciobo or others, they correctly tell me that they will pass it on to their colleague, and that is where it lies.

Mr DIMOPOULOS — Thank you, Minister. On behalf of the community that I represent — there is a high number of international students, as you outlined earlier — these investments are well worth it and welcomed.

Mr DALIDAKIS — Thank you very much.

Mr T. SMITH — Earlier this week, Minister, the Premier made some commentary around our bilateral relationship with China. Do you receive advice from your department about not interfering in Australia's bilateral relationships, particularly with key trading partners like China? I note your comments before to Mr Dimopoulos about being on Team Australia — and I appreciate that sentiment — but I am interested to know about the advice you get about opining on international affairs, which is not necessarily within the remit of this Parliament.

Mr DALIDAKIS — It is an interesting question, Mr Smith, and I note that you were somewhat strong in your condemnation of the Premier having that point of view. I am not sure that you or I will probably agree on this perspective, because my view is that for anything that potentially damages the relationship within the Victorian jurisdiction we are right to be able to argue a specific point that benefits us in Victoria. At times that might come into conflict with the federal government. I do not seek fulsome advice or less fulsome advice from the department. As you can imagine, I have views on a range of issues, and I will express those that represent the Victorian government's position accordingly.

Mr T. SMITH — So there is a difference of opinion, dare I say it, between the advice you are getting and the advice that is provided by DFAT to you with regard to our bilateral relationship with China?

Mr DALIDAKIS — No. I can tell you, Mr Smith, that when I travel overseas, I seek to be briefed by my department on the areas in relation to my program. Beyond that I do not seek advice from them about what I should or should not say to represent Victoria's interests accordingly. Can I also say that when I do travel, there are times when I will meet with our consular or our mission staff around the world. Sometimes I will meet with an ambassador, sometimes I will meet with the consul general, sometimes I will not meet with them. It will depend upon my schedule, my itinerary, and what I can do in those markets.

Mr T. SMITH — You are mindful, constantly, of our important national relationships with these countries and not to say anything that could potentially undermine them.

Mr DALIDAKIS — Well, that is not necessarily the case, Mr Smith, because I can give you two examples, which may disappoint you, given the line of questioning, where I have very publicly questioned federal government positions. So, for example, in relation to our Latin American strategy, which I launched on Tuesday night, on page 4 of that strategy is my ministerial foreword. I donate a significant part of that strategy, that foreword in that document, to criticising the federal government position in relation to visa costs and also to the ability for us to have reciprocal visas for people from Latin America. In fact if you travel to Santiago, it is somewhat confronting for you, Mr Smith, because as you get off the plane in the hallway of the airport there are two signs: one sign says, 'Australians, go left' and on the other sign it says, 'All other international visitors, go right'. The reason for that is the Chilean government has sought to impose a significantly greater visa cost for Australians in reciprocity of the fact that their nationals are treated differently here in Australia to other nationals from around the world.

Given that we have invested in the Chilean market, given that we have invested in the Latin American market, I continue to very publicly, and also privately, ask the commonwealth government to reassess what they do, because it is not just visas, believe it or not, into this country; it is also transit visas that are affected as well. So that is one example where my Team Australia approach is certainly very Team Victoria oriented.

Mr T. SMITH — If I could move on to how you came to decide on your new trade offices in Boston and Israel, could you give us an overview of how that advice was provided to you about where those offices should be located and why the decisions were made?

Mr DALIDAKIS — So the Boston office came from discussions with Commissioner Kapel, and Commissioner Kapel had correctly identified that there was a huge market opportunity given the strength of biopharma in Boston and also the significant strength that we have here in Victoria. So Commissioner Kapel in a range of discussions with both myself and the Premier and then through the department identified that he would like additional resources provided to him in order to be able to tap into that growing demand, that industry growth and that opportunity in Boston. So that is how that investment in Boston came about.

Of course the investment in Israel, in our Tel Aviv office, came about from a number of opportunities. It came about from my trip to Israel when I had discussions with the chief scientist at the time, Avi Hasson, who I mentioned before — the work that we have done in collaboration on cybersecurity. We had undertaken an MOU between the Oceania Cyber Security Centre and the Blavatnik centre for cybersecurity at Tel Aviv University when Professor Isaac Ben-Israel was the chair of that centre, also the father of cybersecurity policy in Israel, having written it for Prime Minister Netanyahu when he first came back to government some eight, nine years ago, I think it was. So the discussions with them centred around bio and pharma and cyber —

Mr T. SMITH — Because I did not notice anything in last year's budget about opening an office in Israel. Were these conversations held post last year's budget?

Mr DALIDAKIS — No, as I indicated, that trip that I undertook to Israel occurred in excess of probably 20 months ago, I think it was — November 2016 if my memory is correct, Mr Smith. Those discussions have been going on for some time.

Can I indicate also that the MOU that we undertook with Professor Ben-Israel was he had come to Melbourne before that time — before that trip that I made to Israel with probably one of the largest trade delegations I have taken overseas. We had 34 people from 30 different cyber companies, some small and some large, including the CSO from NAB, amongst others.

Mr T. SMITH — Victoria and Israel have got terrific relationships, as I know, and as you know I know. What I am interested in though is how the process was begun to go to Tel Aviv in the first place and —

Mr DALIDAKIS — Tel Aviv is the natural place to put an office, Mr Smith, because it is —

Mr T. SMITH — You know I disagree with you about this.

Mr DALIDAKIS — I happily accept that you put on the record your disagreement in public, but in private anybody that trades in Israel, anyone that undertakes innovation and anyone that believes in cybersecurity knows that the centre for innovation and cybersecurity is in fact Tel Aviv, and if you —

Mr T. SMITH — If you want to talk about cybersecurity, Minister, you should go to Beersheba, you know that.

Mr DALIDAKIS — I have been to Beersheba —

Mr T. SMITH — As have I, many times.

Ms SHING — I did not realise this had turned into conversational hour between the two of you.

Mr DALIDAKIS — Can I point out that, yes, Beersheba is an amazing area for cybersecurity R and D, but again probably no-one would argue that the pre-eminent university in Israel is Tel Aviv University. Professor Ben-Israel, having been the father of cybersecurity for the Netanyahu government, having been the chair of the Blavatnik institute for cybersecurity —

Mr T. SMITH — I think the Hebrew University of Jerusalem might well disagree with you about that.

Mr DALIDAKIS — The university of Jerusalem might like to try to disagree with that, but I think you will find that that is fact.

Members interjecting.

Mr T. SMITH — I am engaging in a perfectly reasonable conversation with the minister. Please stop interrupting.

Mr DALIDAKIS — I welcome the conversation because I think what it shows is that there is a degree of again bipartisanship in relation to having an office in Israel. I think though that the coalition promise of opening up an office in Jerusalem is misguided, because you would not open up a trade office in Canberra if you wanted to do something in cyber or innovation — you would come to Melbourne.

Mr T. SMITH — Yes, but companies like OurCrowd do not exist in Canberra.

Mr DALIDAKIS — Can I strongly suggest to you, Mr Smith, that I would be very interested to know: are you are closing the office in Tel Aviv or are you opening an additional office in Jerusalem?

Mr T. SMITH — Minister, I am asking the questions here, sir, not you.

Mr DALIDAKIS — You are indeed, and I am just seeking clarification.

Mr T. SMITH — Minister, in terms of the office in Tel Aviv, is that staffed by locally engaged staff? How many VPS officials have been shifted to Tel Aviv?

Mr DALIDAKIS — My most recent briefing — and I have not been there since the Premier opened the office in Tel Aviv — is that we have locally engaged staff working in that office. As you may be aware, we have a pre-existing arrangement with the Israel-Australian Chamber of Commerce and with Paul Israel, who works on behalf of Victoria and Victorian interests when of course he is not undertaking his IACC responsibilities.

Mr T. SMITH — So essentially our office there, is it a subsidiary to London and then subcontracted to the chamber of commerce? Is that basically how it works?

Mr DALIDAKIS — No. It is indeed an office of the Victorian government trade and investment team. It reports to our commissioner for Europe and our agent-general in London, Commissioner Ken Ryan, and he undertakes an extensive number of trips to Israel to seek investment opportunities.

Mr T. SMITH — So it is a peripheral office to London, essentially.

Mr DALIDAKIS — No, I would not say it is peripheral at all. It is no different from, for example —

Mr T. SMITH — But there are no VPS staff.

Mr DALIDAKIS — No, we have staff, but the staff, for example, in our Santiago office —

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Trade and Investment, Mr Bolt, Mr Hanney, Ms Carosone, Mr Carrick and Mr Ada. The committee will follow up on any questions taken notice in writing and a written response will be provided within 10 business days of that request.

Witnesses withdrew.