

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Tuesday 6 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Mr Ben Carroll MP, Minister for Employment,

Mr Tim Ada, Secretary, and

Ms Laura Trengove, Executive Director, Employment Policy and Strategy Division, Department of Jobs, Skills, Industry and Regions.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2023–24 Budget Estimates. The committee's aim is to scrutinise public administration and finances to improve outcomes for the Victorian community.

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

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

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

I welcome the Minister for Employment the Honourable Ben Carroll and officers from the Department of Jobs, Skills, Industry and Regions. Minister, I invite you to make a 5-minute opening statement or presentation. This will be followed by questions from the committee.

Visual presentation.

Ben CARROLL: Thanks, Chair. It is great to be here with Tim Ada and Laura Trengove from the department as well. Chair, if I can begin just by talking a little bit about the labour market, it has, no doubt, performed incredibly strongly over the past 12 months. We have created some 400,000 jobs in just two years – ahead of schedule. Victoria has historically low unemployment at 3.9 per cent, underemployment at 6 per cent and a high labour participation rate at 67.3 per cent. Many Victorians have benefited from our strong labour market. In particular, the youth unemployment rate is at a record low of 8.3 per cent. This is the lowest it has been in some 36 years. The women's participation rate is at 62.6 per cent, a historic high. But we must not allow these strong headline figures to make us complacent; we still have a lot of work to do. Despite record low unemployment, in some cohorts unemployment is still above average, including young Victorians, recent migrants, people with disabilities and Aboriginal and Torres Strait Islander peoples. Our government has and continues to support disadvantaged jobseekers in Victoria, building work readiness and resilience and removing barriers they face when it comes to finding work.

Chair – next slide – our sick pay guarantee scheme is the Victorian government investing in the health and wellbeing of casual and contract workers by providing 38 hours of sick and carers pay at the minimum wage. Over 66,000 workers have registered for the Victorian sick pay guarantee to date, with some 75,000 anticipated for the full 2022–23 financial year, and 121,000 claims, valued at \$28.6 million, have been approved, with 92 per cent of these approved within five business days. Many casual and contract workers are forced to choose between a day's pay or their health. The sick pay guarantee scheme enables these workers to stay at home while they recover. One hundred per cent of surveyed participants said that the program had helped them to recover more quickly than if they needed to go to work.

Our Major Projects Skills Guarantee helps Victorians starting their career in the construction industry by providing more opportunities to receive on-the-job training. It requires government suppliers to invest in our future and workforce skills, supporting a strong and resilient economy. Since its introduction in 2016 the Major Projects Skills Guarantee has applied to 400 projects, which have committed some 21.4 million contracted

hours for some 6212 apprentices, trainees and cadets. This includes commitments to employ 810 apprentices, trainees and cadets across 104 regional projects throughout our state. The Major Projects Skills Guarantee includes projects like Barwon Health North healthcare facility, the penguin parade visitors centre and the Melbourne Park redevelopment.

Next slide, please. The Victorian government is continuing to provide targeted supports to Victorian young people, workers and communities. The local employment transition service provides tailored and place-based support for workers facing retrenchment and industry transition events. The Victorian government supports social enterprises through delivering actions under the social enterprise strategy. The Victorian government is also advancing Aboriginal economic development by continuing to implement the *Yuma Yirramboi* strategy.

Finally, Jobs Victoria performs a pivotal role in supporting disconnected and disadvantaged jobseekers get connected, who face multiple and complex barriers to work, and putting them into meaningful employment. Jobs Victoria's effective employment service system has delivered positive outcomes for many Victorian jobseekers as well as employers. Since Jobs Victoria was established in October 2016 it has supported more than 64,000 people into a job, including more than 54,000 since mid-2020. Over 70 per cent of people placed into jobs through earn and learn initiatives were still in employment after six months. Over 1300 Aboriginal Victorians have been placed into work through Jobs Victoria since it began in 2021. Many of you will be aware that Jobs Victoria was a program that grew significantly during the pandemic, and as well it did a lot of work to complement many of the Commonwealth government's employment programs. The committee may not be aware that it was created in 2016 in response to service gaps in the Commonwealth government's employment program. Jobs Victoria will continue to deliver a number of smaller targeted programs such as the youth employment scheme, work learning centres and community revitalisation, as well as supporting industries and employees that are going through transition. That is the conclusion, Chair, of my presentation.

The CHAIR: Thank you very much, Minister – almost on time. Mr McGowan, you now have the next 7 minutes for questions.

Nicholas McGOWAN: Thank you. Mr Ada, on page 13 of the department's budget questionnaire you advise the department's expenditure blew out from \$2.8 billion to \$4.3 billion, almost a \$1.5 billion blowout. How did you manage to blow out the budget so badly?

Tim ADA: Thanks for the question, Mr McGowan. The 2023–24 DJSIR total output cost is \$4.4 billion, which is \$1.28 billion higher than the 2022–23 DJPR output cost of \$3.125 billion. This is largely to do with the impact of machinery-of-government changes that have been progressively implemented over the last six months – specifically the fact that the training and skills and higher education portfolio has joined the department, with \$2.46 billion, and partly offset by a number of other portfolios that have left the department, principally agriculture at \$504 million. So the net effect is that we have had portfolios with greater output costs join the department than we have leave. That principally accounts for the difference.

Nicholas McGOWAN: Thank you, Mr Ada. Can you provide a list of all departmental programs and outputs that exceeded their budgets in the 2022–23 financial year?

Tim ADA: I would have to take that on notice, but I can, Mr McGowan, yes.

Nicholas McGOWAN: Thank you. I would appreciate it. At page 20 of the questionnaire it states that the department has zero initiatives to create any revenue for government. Is that correct – that the department generates zero revenue for the government?

Tim ADA: There are some small fees and licence fees associated with a small number of portfolios and functions in the department, including for example a number of fees in the outdoor recreation portfolio related to fishing licences and those sorts of things. I could provide that information on notice. But relative to other departments this department collects a very small amount of revenue for those reasons.

Nicholas McGOWAN: I appreciate that, Mr Ada. If you could provide that, that would be much appreciated. At page 71 of the department's budget questionnaire you advise the department will be required to find savings and efficiencies of \$11.3 million in the 2023–24 financial year. Given the Treasurer wants to reduce the public service to prepandemic levels, will these efficiencies include staff terminations, and how many people do you anticipate will lose their jobs in your department?

Tim ADA: Thanks for the question, Mr McGowan. We are still qualifying the specific workforce implications of the lapsing programs in the department, recognising that there are a number of programs that conclude. There are also a number of programs that are reduced into 2023–24. We are working through, as we speak, the detailed service planning for the next financial year.

With regard to the specific savings that have been allocated to the department, which you noted in the questionnaire, again, we are still working through the specific implications of that, noting that we have the requirement to provide a detailed implementation plan to government, which we have not yet done. We are also waiting on some further advice from a whole-of-government perspective about industrial relations policy settings. Lastly, in the budget the department has been allocated the best part of \$1.2 billion worth of output and capital commitments to deliver over the forward estimates, which will have some resourcing implications and create new opportunities for staff. The long and the short of that is I am not yet in a position to tell you exactly what the staffing impact is on the department, but I think it is fair to say that the department will be smaller next year than it has been this year.

Nicholas McGOWAN: Have you been advised when you should provide an outline of what you propose?

Tim ADA: The implementation planning reports back some time, from memory, in the next four to six weeks – of that order.

Nicholas McGOWAN: Four to six weeks. With implementation you would propose a time line for that, I would imagine.

Tim ADA: My understanding is that the implementation of those efficiencies should largely be achieved during the next financial year, Mr McGowan. That is my working assumption.

Nicholas McGOWAN: And you have a full-time equivalent workforce of 2093, would that be correct?

Tim ADA: That is right.

Nicholas McGOWAN: Okay. And what would you anticipate you would lose of that workforce?

Tim ADA: For the reasons I have said before, I just do not know yet, Mr McGowan.

Nicholas McGOWAN: Has the department made any provision in its budget for voluntary forced redundancies in 2023–24?

Tim ADA: No, it has not.

Nicholas McGOWAN: Okay. So how would it finance those, if it were required?

Tim ADA: I think, as I mentioned, we are waiting, like other departments are waiting, on some central industrial relations policy guidance which may go to that matter, Mr McGowan.

Nicholas McGOWAN: Okay, thank you. On page 129 of the questionnaire, you state that staff wages will rise by at least 3.5 per cent when the new enterprise agreement is negotiated later this year. Can you advise how much in dollar terms this will cost the department in additional employee expenses?

Tim ADA: I would have to take that question specifically on notice. I do not have that here today.

Nicholas McGOWAN: Thank you, I would appreciate that. In budget paper 3, page 237, the outputs table states that funding for the creation and maintenance of jobs will be cut by more than 55 per cent. This equates to \$216 million less being spent on job creation. Why is the government cutting funding for job creation when the budget also forecasts unemployment will rise?

Tim ADA: Can you please just give me the budget paper reference again, Mr McGowan?

Nicholas McGOWAN: Yes, sure. It is page 237 of budget paper 3, outputs table, and it states the funding for the creation and maintenance of jobs will be cut by more than 55 per cent.

Tim ADA: This largely, as I understand your question, relates to the fact that there has been a substantial reduction into the next financial year for employment services, which the Minister outlined in his presentation. The government allocated substantial resources during the pandemic years to support the Jobs Victoria suite of services that the Minister outlined in his presentation. From 2023–24 onwards the scale of those services returned to a prepandemic policy setting, and that largely accounts for the substantial reduction into the next financial year.

Nicholas McGOWAN: Okay. The same table states that \$557.4 million was spent on jobs creation output, which is \$168 million more than was budgeted in the 2022–23 budget. How do we account for the \$168 million variation from the 2022–23 budget amount?

Tim ADA: I am just looking for that specific reference, Mr McGowan. Which line –

Nicholas McGOWAN: It is the same table – the table at page 237.

Tim ADA: I might ask Ms Trengove to answer that, if that is okay.

Nicholas McGOWAN: Sure.

Laura TRENGOVE: I am happy to. So the difference there relates to some release of funds in contingency for the Jobs Victoria Fund and also the pandemic leave payments.

Nicholas McGOWAN: Right, okay. At the bottom of the table – and you might be able to answer this question for me, if you do not mind – it shows the department spent \$6 billion on outputs last financial year, which is a billion more than was budgeted. Why did the department spend over a billion more than its allocated budget?

Laura TRENGOVE: I believe that is the answer.

Tim ADA: Yes, that largely goes to, as Ms Trengove mentioned more generally, two things: the release of some funding during the financial year for essential contingencies, so –

The CHAIR: Apologies, your time is up. I am going to hand over to Mr Galea.

Michael GALEA: Thank you, Chair. Minister, I would like to ask you about the sick pay guarantee pilot program for casual and contract workers, referencing page 241 of budget paper 3 as well as your presentation. Could you please outline for the committee an overview of the first year of the pilot.

Ben CARROLL: Sure. Thanks, Mr Galea. The strong purpose of the sick pay guarantee scheme is really to stop people going to work because they cannot afford to lose a day's pay. It has had really good results, and we know again that a lot of the evidence that came through the once-in-a-century pandemic highlighted that many Victorian workers, for financial reasons, were still compelled to work even though they were unwell. The sick pay guarantee is delivering sick and carers pay to industries with the highest rates of casual and contract workers. It is the first of its kind in Australia, a \$245.7 million pilot which is nation leading and has been fully funded by the Andrews Labor government. The pilot has made steady progress since it was launched in March 2021 and has assisted over 66,000 Victorian workers to make that really important decision that so many face regularly: do you go to work sick, or do you have the opportunity to stay at home and get better and not spread the illness at work? It can have a real impact, particularly if it is a small or medium-size enterprise. We have also targeted it, Mr Galea, at those workers that are eligible that are casual and contract, so retail assistants, hospitality workers, aged and disability care workers, supermarket workers, supermarket supply chain workers, cleaners, laundry workers, security guards, food trade workers and also food preparation workers – bakers, kitchen hands et cetera. To be eligible for the scheme you must be 15 years of age or older, and payments are made at the national minimum wage of \$21.38 an hour. We have seen this scheme – interestingly, demand did increase over winter. No surprises there, but we are still working through. We are doing regional roadshows on the scheme through Mildura, Bendigo, Ballarat, Shepparton and Wodonga. We are trying to have a really important focus on promoting the scheme and ensuring that many people sign up to it and do not go to work sick.

Michael GALEA: Thank you, Minister. Could you also please expand on any sorts of insights that you have gleaned over the first 12 months or so of this trial?

Ben CARROLL: Look, it has been really important. Most people, Mr Galea, that are signing up to the scheme are essentially – the vast majority – casual employees, for a range of reasons given their working conditions. Just over half of the people that signed up to the scheme were also aged between 15 and 25, so a younger, more casualised workforce are the people that are signing up to it. Seventy-two per cent have been women, 25 per cent identify as coming from a CALD community and we have had 1 per cent identifying as Aboriginal or Torres Strait Islander. In relation to the sectors that have been the most prominent under the sick pay guarantee scheme: aged and disability care, 79 per cent; supermarket workers, about 30 per cent; and security, hospitality and retail, also about 30 per cent. In relation to the lowest components of the scheme, it has been people that have been involved in the food preparation business, food trades et cetera.

Take-up has been strong across different sectors, but we are really wanting to make sure that in different regions, whether it be Melbourne's west in the City of Brimbank or whether it be the Mallee, we make sure everyone is aware of this scheme and we really ensure that we get the best value for this pilot that we can and take any learnings from it that we can for potential advocacy to the Commonwealth government as well.

Michael GALEA: That is very interesting – thanks, Minister – especially about almost 50 per cent being under the age of 25; that is particularly interesting. As well as those figures you have given that are industry-specific, are there any particular cohorts for which you can give an example about how this program has benefited working Victorians?

Ben CARROLL: Yes. Many of the cohorts have been women that work in the care economy, in particular the disability sector. Many of these occupations qualify, but what has been really important is that these have been people – women – that have been able to make that really important decision to stay home. I have got a case study here: Maria, a worker who had benefited as part of the pilot. She came to Australia to learn English, hoping that would improve her career. She was a casual worker as a cook assistant at a restaurant in the Docklands area. She heard about the sick pay guarantee scheme through Facebook and decided when she was sick that she would sign up to it. She ended up sick for two weeks and she was able to make the claim. The good thing is for Maria, she stayed home, did not spread the illness but also was quite sick and got better at home. She was a vulnerable casual worker, and if it was not for this scheme, she possibly would have gone to work in a restaurant hospitality business, not only putting her fellow employees at risk but also customers coming in for meals. So Maria and people like her sort of symbolise why this scheme is so important and why we need to continue to advocate for it.

Many overseas jurisdictions in Europe, the sort of leading social democracies, have sick pay guarantee schemes. It is why I have put on the record even in the Parliament my advocacy to the Commonwealth to take a role in this. The Andrews Labor government should be commended for working with a range of unions and important members in the social sector for this scheme because it is the first of its kind in Australia. It is going to give us a lot of important evidence going forward, and we need to do a lot more work in this area to ensure people coming out of the pandemic do not go to work sick if there is another alternative, which is what the scheme is all about.

The CHAIR: Thank you, Minister.

Michael GALEA: Thank you, Minister.

The CHAIR: Mrs McArthur, you have 7 minutes from now.

Bev McARTHUR: Thank you, Chair. Mr Ada, budget paper 3, page 70, states that Jobs Victoria will receive \$35.1 million in funding in the next two financial years, but there is no money for Jobs Victoria from 2025–26 and beyond. Is the government's intention that it will cease all funding to Jobs Victoria and wind it up at the end of 2024–25?

Tim ADA: Thanks for the question, Mrs McArthur. Yes, \$35.1 million is allocated over the next two years. I mentioned in my previous question that the level of investment over the next couple of years returns, broadly speaking, to the level of investment for these sorts of services prior to the pandemic. Obviously future funding beyond the two years supported in this budget is a matter for the government as part of future budget deliberations. Minister Carroll did mention the fact that there is quite a bit of work underway. At the Commonwealth level there is the employment white paper review and there is a Workforce Australia review; both of those reviews are due to report towards the end of this calendar year, as I understand it.

Bev McARTHUR: So you are trying to get money out of the feds for this. It is not going well for the Commonwealth Games funding.

Tim ADA: As Minister Carroll said, the provision of employment services has historically been a Commonwealth responsibility. It will be interesting, no doubt, to see where those reviews land later this year and how that informs future Victorian government decision-making.

Bev McARTHUR: Budget paper 3, page 241, has output measures for the government's sick pay guarantee. How much of the \$132.8 million that was allocated to this program in the 2022–23 budget has been spent?

Tim ADA: The most recent figure I have, Mrs McArthur, is that over \$40 million has been paid to date in claims.

Bev McARTHUR: The budget for this program is \$80 million for 2023–24. What happens when the funding runs out?

Tim ADA: The minister might wish to add to my comments, but I understand the government and the Treasurer have previously made some comments that the intent of this program was a two-year pilot with the expectation that the outcomes of the pilot would be evaluated and then, depending on that evaluation, the government would form a view about next steps beyond that.

Bev McARTHUR: And would those next steps potentially include Victorian employers being slugged with a new tax to pay for the sick pay guarantee when the pilot finishes?

Tim ADA: I understand the Treasurer made some remarks to this committee on Friday, Mrs McArthur. I have got nothing further to add to the Treasurer's comments that options remain on the table.

Bev McARTHUR: Perhaps the minister can enlighten us. Are employers going to be slugged?

Ben CARROLL: Mrs McArthur, I have been to Canberra.

Bev McARTHUR: Well, what a wonderful thing. How did that go?

Ben CARROLL: It actually went very well – very well received – because Canberra are also looking at Victoria for some of our innovative policy. They have seen what we have been able to do through the Jobs Victoria program – that tailored approach, working with different vulnerable cohorts, as well as –

Bev McARTHUR: Can you rule out whether employers will be slugged?

Ben CARROLL: We are advocating to the Commonwealth. This is a pilot, Mrs McArthur.

Bev McARTHUR: Got that.

Ben CARROLL: It is a pilot, and it is the Victorian government that is funding this program, not employers. There is no intention to be slugging employers. We are focused on getting vulnerable –

Bev McARTHUR: Definitely the employers –

Ben CARROLL: I just made it very clear: our intention is to do the pilot and get the evidence base. I just read out a great case study of a lady who works at a restaurant in Docklands who used the scheme to her benefit and her employer's benefit and got to return to work. We will do this pilot, not only on behalf of the state of Victoria but really on behalf of the whole nation, on what sick pay guarantee can mean. We will also continue to advocate, as employment is predominantly a Commonwealth responsibility, that the Commonwealth government should very much look at not only our Jobs Victoria tailored approach but also the work we are doing through the sick pay guarantee scheme. The pilot –

Bev McARTHUR: So the taxpayer might pick up the option.

Ben CARROLL: The pilot has not concluded, Mrs McArthur, except to say the data we have so far has been incredibly valuable at targeting vulnerable women and casual employees that do not have the security of tenure in work, who are predominantly under 25, to give them that really important choice of being able to stay

home and recover. Otherwise you go to work and infect your fellow employees or also the customers. Most of these roles are customer-facing roles, as I outlined with the sick pay guarantee scheme, so it is really important –

Bev McARTHUR: Bearing in mind, Minister, that casual employees get paid a premium for being casual employees, so they do not get these allocations. But perhaps Ms Trengove –

Ben CARROLL: I have been a casual employee myself, and I know I would have wished this scheme was there when I was a casual employee.

Bev McARTHUR: So would you have given up the loading that you had? You want the loading plus sick pay.

Ben CARROLL: No. That loading was also fought for on behalf of my trade union very hard, so I was appreciative of the loading. But I would prefer, if I was sick, to be able to have that choice to stay home and get better and not infect my fellow work colleagues or indeed any of the customers.

Bev McARTHUR: Ms Trengove, perhaps you can help us. Of the 121,000 claims that have been approved – nearly 180,000 days of sick pay – how many provided a medical certificate?

Laura TRENGOVE: I would have to take that on notice.

Bev McARTHUR: That would be good. Mr Ada, coming back to budget paper 3, page 70, where it states the government is spending \$3.2 million on its expanded migration program, how many additional migrants are projected to arrive in Victoria under this program?

Tim ADA: In the current financial year, Mrs McArthur, Victoria expects to have facilitated about 15,000 skilled migrants. As part of a well-established annual process, the state has made representations to the Commonwealth around its share of a national skilled migration allocation. We have not yet had that confirmed by the Commonwealth government.

Bev McARTHUR: Okay. In budget paper 3, page 70, \$6 million is going to be spent on supporting Ethical Clothing Australia. Will any of this ethical clothing be manufactured in Victoria?

Ben CARROLL: The short answer, in the 3 seconds that are left, is yes.

Bev McARTHUR: Great.

The CHAIR: Thank you, Minister. Your time has expired. We will go to Ms Kathage for the next 7 minutes.

Lauren KATHAGE: Minister and officials, just picking up on your previous comments, I was quite amazed to see the high percentage of disability workers who have taken advantage of the sick pay guarantee. My brother with a disability was just released from hospital yesterday after a week in ICU with pneumonia, so I just want to say I think this is a fabulous thing to keep people safe who are vulnerable and in supported accommodation. I think it is fabulous.

I will go on now to Jobs Victoria, budget paper 3, page 240. There are lots of vulnerable cohorts amongst us. Can you talk a bit about how Jobs Victoria is supporting vulnerable cohorts to find meaningful employment, Minister?

Ben CARROLL: I certainly can, Ms Kathage. Jobs Victoria is something we should be very proud of. Again, it was founded back in 2016 – I think Minister Allan was the employment minister at the time – and it really does look at cohorts that do not qualify for Commonwealth employment services. They might be refugees. They might be different types of people – migrants. It is very big on the disability sector as well. We have worked very hard to focus on disadvantaged jobseekers. In this budget the \$35.1 million over two years is focusing on the Jobs Victoria mentor services to support jobseekers facing barriers to work, whether they be particular barriers. Often the barrier is also at the employer level. It is because the jobseeker may have a disability. It may be, sadly, the colour of their skin. It may be something else that we need to work with. Often we find with our Jobs Victoria participants they do not like working front of house. And when you do that

tailored interview process, it might be back of house, the food preparation, that they are better at rather than the customer interaction at the front. So the mentor service is at the heart of the Jobs Victoria program, and it is about instilling confidence and making sure that individuals that have not been employed or have had some gap in their employment history are well and truly confident and work ready but also know that they will have support from a mentor right through that transition to employment. We are very confident that we will continue to work with a range of stakeholders in Jobs Victoria. I meet regularly with stakeholders such as the Jesuit Social Services and the Brotherhood of St Laurence. They are major partners. They are at the coalface, and it is really important for us as a government that we support those social services at the coalface getting people that opportunity and dignity of work.

Lauren KATHAGE: Thank you, Minister, and I can see that the scope of the program has changed when looking at the budget papers. Are you able to talk about how you see the future of the program and the links to the Commonwealth?

Ben CARROLL: Yes, certainly. The program began in 2016 and was funded at similar levels to what we are funding it at in this budget, but there is no doubt that during the pandemic, given the once-in-a-century pandemic that we faced, there needed to also be a really strong focus on employment. Also there was a different Commonwealth government in office at the time, so a lot of the heavy lifting fell to the states, particularly when it was around supporting industry, supporting employment and supporting workers. As I said in some of my statements to Mrs McArthur before, I have been and met with Julian Hill in Canberra, who is very much running the Commonwealth government's full review of employment services. They are very interested in the Jobs Victoria tailored approach and the model we do for our employment. I think the Commonwealth themselves realise they have got a lot of work to do to fix some of the gaps they have in their employment programs, and we know that at the moment we certainly have a willing partner in Canberra. I, with Secretary Ada, have had some really good engagement at the Commonwealth level. We believe that with the Workforce Australia employment service, which is being reviewed at the moment, and the work we are doing in Jobs Victoria there is a real opportunity to work more closely and ensure the Commonwealth government do do a lot more of the heavy lifting when it comes to putting people into work. We will continue to support people. We will continue to work with our major stakeholders. I think we are all very focused – not just me as minister and our department but the Jesuits, the Brotherhood of St Laurence and a lot of people that work in this space – on the Commonwealth really changing the dial when it comes to employment services.

Lauren KATHAGE: Thank you, Minister. I have met one of the achievements of the program – a woman called Sandra in Whittlesea, an old woman in her 50s – who was very proud of the job that she had secured, but can you speak more broadly on some of the achievements of Jobs Victoria to date?

Ben CARROLL: I certainly can. It is really important. 1300 Aboriginal Victorians have been placed in work through Jobs Victoria since 2021. Jobs Victoria has delivered more than 10,000 secure jobs for people from priority groups, including 12-month earn and learn jobs in priority sectors that have faced workforce shortages. Over 70 per cent of people placed into a job with earn and learn initiatives are still employed after six months, which is a great thing. They have been placed into that job, and they are still there when we go back to survey, see how they are going, check in on them and use our mentor services. It is really, really important.

Like me, many of you would have seen the ABC series *Employable Me*. That is one of the great strengths of Jobs Victoria – working with people when they are neurodiverse. We know people with autism. There are some great partnerships we have with the banking sector. Wearing my public transport hat, there are some great opportunities there for people with neurodiversity to work in train, tram and bus timetabling. So we really ensure, Ms Kathage, that we get the runs on the board, get the evidence and then work with our stakeholders but also continue that advocacy to try and get the Commonwealth to do a bit more of the heavy lifting as well.

The CHAIR: Thank you, Minister. We will now hand over to Mr O'Brien for the next 7 minutes. Your time starts now.

Danny O'BRIEN: Thank you, Chair. Minister, can I just go back to your comments about the sick pay guarantee. Now, correct me if I am wrong, but I thought you said there is no intention to slug employers. But on Friday the Treasurer said:

We indicated at the time that we announced this package that were it to go beyond the trial stage, the government would look to see whether business should make additional payments to indeed continue to fund that trial.

Who is right?

Ben CARROLL: Look, we are working through a pilot, and as the Treasurer said and I have said, at the moment it is in a pilot stage, Mr O'Brien, and there is no intention to change the parameters of the pilot, there is no intention for the government to do anything other than complete this pilot, get the evidence and work with colleagues and work with the Commonwealth on then looking to take this scheme potentially nationally.

Danny O'BRIEN: So you are hoping that by the end of the pilot, the feds will come in and rescue you from introducing another tax on Victorian business.

Ben CARROLL: No, I reject the premise of your statement. It is not about rescuing anyone, it is about ensuring that people that are sick get afforded that opportunity not to go to work and get to recover. And look, Mr O'Brien, I have met businesses on the ground that are part of this scheme – small and medium-sized enterprises – and they themselves have told me – this is employers – that this scheme has benefited them. They have ensured that their workforce has been able to stay at home, get better and come back to work.

Danny O'BRIEN: So what you are saying very strongly is that you support this going forward, so it is going to continue. The question is: who is going to pay for it?

Ben CARROLL: No. There is a pilot in place that needs to be –

Danny O'BRIEN: No, but I am listening to the rhetoric, from the questions you are being asked, from what the Treasurer said and from what you have said. You cannot say how wonderful it is and then in two years time say, 'Oh, well. No, we didn't think it worked, so we are going –

Ben CARROLL: But the overseas experience, Mr O'Brien, shows it has been essentially a sick pay guarantee scheme. The Victorian government deserves some credit here, and the Premier does, because it is nation leading. But if you look at sick pay guarantee schemes in overseas jurisdictions, it is not the subnational government that is running them, it is the national government that is running sick pay guarantee.

Bev McARTHUR: They might not have any subnational governments.

Ben CARROLL: They do, some of them.

Danny O'BRIEN: There is no question about what is happening overseas. The question is about a new tax on Victoria. Can I perhaps just check. Maybe Mr Ada might be able to tell me. There is \$132.8 million in the budget for it this current financial year and another \$80 million next financial year – that is correct – so \$212 million. You have got 121,000 claims. Have you yet assessed what the ongoing cost of a program would be?

Tim ADA: I mentioned before to the question that \$40 million of claims have been made to date. That would suggest that not all of the money allocated in this year will be required, and my understanding is the government will look to reallocate that into the second year of the pilot, Mr O'Brien. I do not have a good sense beyond what is published in the budget papers around the targets, about exactly how many claims we will get during the remainder of the pilot.

Danny O'BRIEN: So, going back to what you just said, of the \$132 million this year, \$40 million has been paid out and you are saying the rest will be rolled forward?

Tim ADA: That is my understanding, to the second year of the pilot.

Danny O'BRIEN: Okay. So there will be lots of money for the second year. Thank you. Can I ask, Secretary, also: at the outputs by departmental objectives, on page 237, there is a 55 per cent cut to the jobs output. Why are you cutting jobs funding at the moment, particularly in a situation where we have got a timber industry being shut down and areas in regional Victoria that will be crying out for jobs?

Tim ADA: Just remind me of the budget paper reference, sorry.

Danny O'BRIEN: 237 – that is your departmental output summary. See in the column at the very top, there is a 55 per cent reduction in funding on jobs.

Tim ADA: Yes, and this largely went to the question that came up before, Mr O'Brien. That largely is accounted for in the reduction in appropriation allocated to Jobs Victoria services over the next two years relative to what was allocated in recent years during the pandemic. That largely accounts for that reduction.

Danny O'BRIEN: So is Jobs Victoria being wound up?

Tim ADA: No. I think Minister Carroll has just spoken in some detail to the fact that it is returning to a, broadly speaking, prepandemic level of service, recognising that the circumstances facing the economy and the labour market now are different than what they were during the pandemic. The government has made an investment in an additional two years of services.

Danny O'BRIEN: Okay. Minister, I mentioned the timber industry. As well as being the employment minister, you are the Minister for Manufacturing Sovereignty. The first thing that you are going to see in overseeing the manufacturing sovereignty portfolio is the loss of sovereignty of the white paper production in Australia – so the last Australian white paper production plant has gone out of service under your watch, and indeed due to the policies of this government. How do you justify your position – manufacturing sovereignty – when we are actually losing sovereignty in the first six months of your portfolio?

Ben CARROLL: I reject the premise of your question, Mr O'Brien. If you read the statement that Maryvale put out when they announced their decision about the paper mill, they said themselves that they are looking to transition and take up other manufacturing opportunities, which is why in my portfolio of industry we also have \$35 million in support for supply chains. I want to give credit to the agriculture minister, Minister Tierney, who on the day the budget was handed –

Danny O'BRIEN: For shutting down the timber industry?

Ben CARROLL: No, no. On the day she fronted up with the regional development minister and went to the Latrobe Valley –

Danny O'BRIEN: To Morwell. She did not go to the mill. She did not go to Heyfield.

Ben CARROLL: and we have now \$35 million for supply chains. This will ensure that where we can support businesses, whether they are a window manufacturer, a staircase manufacturer –

Danny O'BRIEN: Minister, the Premier said these jobs were secure till 2050 just as recently as 2019 after the industry package had been announced. Now there are 130 redundancies already from that mill this year, and there are more to come as the production winds down. How is that delivering manufacturing sovereignty and employment to our state?

Ben CARROLL: Well, we are delivering manufacturing sovereignty.

The CHAIR: Apologies, Minister. The time is up.

Ben CARROLL: We discussed before the mRNA opportunities, and we will continue to diversify our manufacturing base.

Danny O'BRIEN: That will help workers at the paper mill!

The CHAIR: Order! The next 7 minutes will go to Mr Hamer. Your time starts now.

Paul HAMER: Thank you, Minister. Thank you, officials. I would like to refer back to your presentation on the Major Projects Skills Guarantee. You put a brief snapshot up there on the presentation, and I was just wondering if you could expand on that a little bit and how it is helping give Victorians the opportunity to start their career on major projects.

Ben CARROLL: It is another really important initiative, Mr Hamer. The great thing about the Major Projects Skills Guarantee under our local procurement policies is that it mandates in all of our big and medium-sized contracts that the employer that gets the job or the contract needs to put on so many predominantly young trainees, cadets and apprentices. What is really good is when you go out to some of these projects you see the young female electricians, you see the workers on site. Whether it is the Big Build Metro Tunnel, whether it is

redeveloping the Footscray Hospital, they feel like they are not only shaping their own futures by getting this opportunity through the Major Projects Skills Guarantee but they are also getting an opportunity to shape the future of the state, whether it be our legacy in transport or our legacy in health care. There is no doubt it is really important for them, their confidence. I mentioned before Minister Tierney. Minister Tierney as the skills minister works very closely also with the Major Projects Skills Guarantee rollout. She does a lot of work making sure that our TAFEs are prepared, that we have the right free TAFEs and that our registered training organisations and everything are working the way they should. It is really important what the Major Projects Skills Guarantee has been able to do under procurement. So you have got the two strands: you have got the skills component of procurement and then you have got the local content – steel, glass, electrical and those things. They both go hand in hand, and they are both very complementary.

Paul HAMER: Thanks, Minister. What would you see being some of the achievements of the Major Projects Skills Guarantee, particularly in the last year, say?

Ben CARROLL: The major achievement has been 365 projects worth a combined \$153.8 billion. As at the end of the calendar year last year, 63 Major Projects Skills Guarantee projects had been completed. That is literally a young person on the job with their TAFE training certificate who has basically gone right through and, through the Major Projects Skills Guarantee, graduated from their traineeship or apprenticeship – but also too being generally there start to finish on the job. Contracts have supported some 5894 employment opportunities. There have been some 19.5 million hours committed and nearly 6000 employment opportunities, so it is really going very well, and it is something that we need to continue to promote and continue to highlight.

Paul HAMER: Thanks, Minister. If I could apply that to, say, a specific project: we have spoken a number of times about the level crossing project in Surrey Hills and Mont Albert that was recently completed, in my electorate. I was just wondering: the Major Projects Skills Guarantee – what would that mean for projects such as this?

Ben CARROLL: Well, I know you are very proud of that project, Mr Hamer, the level crossing removal at Union–Mont Albert – and you should be proud, because the feedback has been very strong on your own personal involvement in the project and supporting people and businesses through it. Through our level crossing removal south-eastern program alliance contract at Laing O’Rourke, they operated a female apprenticeship program. Three of the apprentices worked on the Union–Mont Albert construction blitz supporting a number of activities, including water carts, refuelling, operating telehandlers and supporting night-shift operations. One of the apprentices said, and I will quote here:

If I didn’t participate in this program I may not have got a chance in this industry.

It really does change lives, the Major Projects Skills Guarantee. For many of the apprentices, they might never have thought about working in the transport sector or thought about a career in engineering or electrical engineering, or apprenticeships. It is really important, and I know the Premier and the Deputy Premier and transport and infrastructure minister really love, like I do, getting out and meeting these young people who are getting these opportunities and shaping their own future while they also get to shape the future of the state.

Paul HAMER: No, you are right, and you certainly see that around the workforce at that construction site. Could you just also explain: why is it so important for the government to use its purchasing power to give apprentices and trainees opportunities on projects such as these?

Ben CARROLL: In a nutshell, Mr Hamer, it gives them real-world, real-work experience, and it is something they can be proud of. One day they might be able to take their own kids past the level crossing, past the Metro Tunnel or past the Footscray Hospital and say, ‘This is where I started out, and this is where I got my job, and I’m so proud to have been able to have completed that project.’ The dignity of work, the dignity of employment, is so important. What I like is seeing so many people of diverse backgrounds and different genders all signing up to become an apprentice or a trainee or a cadet on one of our projects. We will continue to invest because we know we have got a very big pipeline of infrastructure – nation leading, the biggest infrastructure pipeline our state has ever seen – and we want to continue to make sure we have got the TAFE sector and the registered training organisations working hand in glove with Minister Tierney, me and the transport and infrastructure minister, making sure we have got that steady pipeline of young people coming through, and also people who just want a change of career direction.

The CHAIR: Thank you, Minister. Ms Sandell, you now have 7 minutes.

Ellen SANDELL: Thank you, Chair. I also want to ask about cuts to Jobs Victoria. We are looking at budget paper 3, page 240. The second item down in the table says ‘Disadvantaged jobseekers who gain employment with the support of Jobs Victoria’. This year you had over 13,000 people access this service, and you are expecting in future for it to be about 10 per cent of that – 1500. I understand the reasons you have given – that you are waiting for the Commonwealth and seeing the design of their programs – but do we really expect that only 10 per cent of disadvantaged job seekers will try and access this service? Won’t we still have disadvantaged jobseekers who need this service into the future?

Laura TRENGOVE: I am happy to answer that question. So the funding in the budget provides for continued services in parts of the state where there is the most entrenched disadvantage, and what we are doing is we are looking to commission those services so that they are up and running later this year, in October. In the meantime we will be providing support to people who are already part of our service system through a transition phase across the state with our existing providers, and we anticipate that at least that number of people will receive support as provided in the budget papers. It is a smaller number, but those will be the most disadvantaged people in the places that are most vulnerable.

Ellen SANDELL: But are you really expecting a 90 per cent cut is going to cut it for disadvantaged jobseekers? Won’t a lot of people miss out?

Laura TRENGOVE: So if people are in areas where we do not have services going forward, we will be providing referrals to TAFE skills and job centres or the Commonwealth employment supports.

Ellen SANDELL: My understanding is that federal employment services have been found to be quite significantly lacking, which is why Jobs Victoria entered the system in the first place. Do you see that a 90 per cent cut to this service will have such a profound impact, especially if in some parts of the state there are no services and you are referring them to federal services that have been found to be lacking?

Tim ADA: Ms Sandell, I might just make a couple of comments. So the substantial increase to Jobs Victoria services – I think it was in the 2020–21 budget – largely related to obviously a period of significant uncertainty where the state and the nation were not confident where employment was heading. That largely underpinned the government’s decisions to significantly increase the services. Obviously the economy and the labour market are now substantially different beyond the pandemic period, which talks to a sort of return to a pre-pandemic service level. As you will have seen in the budget papers, you know, there was a target this year and the expected outcome is substantially more than that. Obviously our target setting goes to projected levels of demand based on the level of resource that we are allocating. Again, if there is substantial demand in those particular priority areas, be they geographic or based on sort of priority cohorts, we may see a more significant number of people being supported. So that is our best estimation of those disadvantaged jobseekers that will be supported, but that well may be exceeded like it was this year.

Ellen SANDELL: I understand that, but it is almost double what you expected in the last year. So you expected 6000 people to access the service; actually 13,000 did. Now you are expecting only 1500, 90 per cent less than actually accessed it last year. I mean, surely 1500 is not a realistic target.

Tim ADA: Well, the thing I think I would say, Ms Sandell, is that the 1500 is broadly proportionate to the 6000 target in the prior year in terms of the funding that has been allocated. But you are quite right; it is notoriously difficult to set targets based on, you know, demand when obviously the economy is highly dynamic. So it is our best attempt 12 months out to sort of define what the target is, but that may well be exceeded for the reasons that I have said.

Ellen SANDELL: I just want to also ask – thank you – about the sick pay guarantee. So this year you are expecting 75,000 workers to access the system. Next year the target is 55,000. Why are we anticipating 20,000 fewer people will access the sick pay guarantee next year?

Laura TRENGOVE: Yes. So I think about 150,000 casual workers are estimated to be in those industries that are currently eligible for support through the sick pay guarantee. So the estimated number of workers who are expected to register this year is 75,000. We have seen 66,000 register to date, and so by the very nature of

that there is a smaller pool of people who are still yet to register for the scheme. So that is why there is a smaller number next year. That is based on the number of occupations that are currently part of the scheme.

Ellen SANDELL: So, sorry, I do not quite understand. So it says it reflects the current scope of eligible occupations that you expect.

Laura TRENGOVE: That is correct.

Ellen SANDELL: But there is not a reduction in the number of eligible occupations.

Laura TRENGOVE: No, there is not, but once you are registered, you are registered. You do not need to re-register next year. So we will have 75,000 people already registered by the end of this financial year, and we are estimating a further 55,000 to register next year. And that is based on an assumption that there are about 150,000 people eligible for the scheme in those current occupations.

Ellen SANDELL: Has there been any assessment done of other industries and occupations that actually might be most in need of this? I am thinking about arts workers, where there is a notorious level of insecurity around work.

Laura TRENGOVE: Absolutely. It is a pilot scheme, and the first phase has the eight occupations that the minister referred to earlier. We are continuing to monitor uptake of the scheme with those occupations as they are, and we will continue to assess opportunities going forward.

Ellen SANDELL: Okay. I also want to ask about the 3000 to 4000 Victorian public service workers that are estimated to lose their jobs or be retrenched under this budget. What kind of support is the Victorian government going to be providing them?

Tim ADA: As I mentioned, Ms Sandell, in response to an earlier question, our department is awaiting some central advice from a whole-of-government perspective about those industrial relations policy settings. So I am not yet in a position to answer your question in full, because we are still waiting for that guidance.

Ellen SANDELL: Thank you.

The CHAIR: Thank you, Ms Sandell. Your time is up. I am going to go to Mr Hilakari for the next 7 minutes.

Mathew HILAKARI: Thank you, Minister and departmental staff. I really appreciate your time today. I want to take you to the presentation, Minister, particularly outlining some of the really great and terrific employment outcomes that we have seen across the state and that strength of the labour market. What has the government been doing to assist in this matter?

Ben CARROLL: Thanks, Mr Hilakari. It is quite incredible, the statistics of the labour market at the moment. It does really speak to the work of the Andrews Labor government that since the national unemployment rate peaked at 7.5 per cent at the height of the first wave of the pandemic, we now have an unemployment rate in this state of 3.9 per cent. You look at some of the commentary around our regional unemployment rate – these are the multiple-decade lowest unemployment rates ever. However, it does not mean that we should rest on our laurels. That is why programs such as Jobs Victoria having those targets like the ambitious goal of 400,000 people getting into employment by 2025 and being able to achieve that two years ahead of schedule is really important. The orthodox economic notion is that full employment is any number below 4 per cent in Victoria. We are currently under that threshold, but to what Ms Sandell said before, there are still cohorts, whether it be the arts sector or different cohorts in the care economy, that we need to focus on. We also need to focus on not only the employees but the employers just as much, because there are people out there that have a job but want to work more hours, and we need to ask ‘Well, what’s the barrier there at the employer level?’ to see how they can work more hours as well. It is pleasing to see the number of hours worked increasing. In the data we get month by month that has increased by 3.6 per cent in April, and that is 10.4 per cent higher than one year ago, reflecting the strong economic activity. But there is certainly more we can do, and regional Victoria, Mr Hilakari, is a really important focus for us.

Mathew HILAKARI: I might just take you up on that. Can you just outline some of the profile of regional Victoria and how we are doing related to unemployment there?

Ben CARROLL: The Andrews Labor government has always been about governing for the whole of the state. I mentioned before that while the budget was handed down here in the Legislative Assembly our upper house members were out in regional Victoria talking to communities that were doing it very tough and talking about government support and what we can do with them. We have always been very careful that the needs of Spring Street are not the same as the needs of our regional and rural communities. That is why we have seen employment in regional Victoria rise by some 12,400 persons to 848,700 persons in April 2023 and the unemployment rate in regional Victoria decrease by 0.2 per cent in April to 3.4 per cent. This was the third lowest amongst the states, and we have seen the participation rate in regional Victoria increase so much. A great example I always point to is the more than 100-year-old Ballarat manufacturing facility. The government putting a train order through sees an old, dilapidated facility that manufactured trains 100 years ago about to manufacture trains again. It boosts the whole community up in Ballarat. It gets the schoolkids coming through, it helps the TAFE sector, and it shows that we are not just looking at Dandenong for manufacturing, we are also looking at Ballarat and other regions.

Mathew HILAKARI: Fantastic. And just such record lows of unemployment, or at least in our lifetime, is just an incredible thing to see – and for a sustained period, particularly coming out the back of a pandemic. What are the next steps? What is our focus going forward from here around employment across the state, and what can the government be doing about it?

Ben CARROLL: Yes. It is a good question, Mr Hilakari. For so many years – indeed decades – it was the youth unemployment rate that was always the hardest one to tackle and reduce. I spoke a lot about the Major Projects Skills Guarantee. It has been done particularly for youth. To think that youth unemployment has dropped 2.4 per cent in the last year really shows, despite high participation rates and record low unemployment, we are doing a lot in this area. But we also need to look at how we can help people from different CALD communities. Whether it be people from South Sudanese backgrounds getting an opportunity on some of our major projects, whether it be people with disability or Aboriginal or Torres Strait Islanders, we are very committed to working through with all of our different cohorts to make sure that they have the mentorship and the confidence and to continuing to give them that tailored approach and also do whatever we can to pull those levers of government to give that opportunity to someone. We know the best medicine, as they say, is a job, and that has always got to continue to be our mantra.

Mathew HILAKARI: I just want to take you to underemployment and how that has changed over time, because I see in your presentation that the rate dragged down about 2.5 per cent across the course of April 2023 compared to March 2020. That underemployment, can you just go into what that means for people?

Ben CARROLL: Yes, exactly. The underemployment rate, where people are not working as many hours as they would like, has also trended down some 2.5 per cent. One of the lessons of the pandemic was the vulnerability that so many workers in insecure work face. It is why again the sick pay guarantee scheme, choosing to stay at home rather than having to go to work and infect your fellow employees and particularly the customers, is so important, so that we ensure that people that want to work more hours get access to working more hours. I think, Mr Hilakari, it is still a bit of a study. We know coming out of the pandemic the hybrid working week changed things, and in my other portfolio, public transport, I get to see the data on that very much, but we will continue to work on underemployment.

Mathew HILAKARI: Thank you.

The CHAIR: Minister and department officials, thank you very much for appearing before the committee again today.

The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is now going to take a short break before beginning its consideration of the public transport portfolio at 11:05 am.

I declare this hearing adjourned.

Witnesses withdrew.