

TRANSCRIPT

LEGISLATIVE ASSEMBLY ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into sustainable employment for disadvantaged jobseekers

Warragul—Wednesday, 11 December 2019

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WITNESS

Mr Cameron Spence, Program Manager, GROW Gippsland.

The CHAIR: Welcome, I will kick it off. All evidence taken by this Committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you say it outside or put it on social media, you may not be afforded that privilege. Hansard is recording your evidence today, and you will be provided with a transcript for you to tick off on. If you want to give us a 5-minute presentation, then we will ask questions as we go along.

Mr SPENCE: Sure. Great, thank you. Thanks for the opportunity.

The CHAIR: Pleasure.

Mr SPENCE: I will give a quick introduction because I think we are the fifth GROW program that you have spoken to.

The CHAIR: Yes.

Mr SPENCE: So I think you are all well familiar with the GROW model. So I will just give a bit of detail around GROW Gippsland. Obviously GROW Gippsland does pick up on the great work of GROW G21, and that is where the GROW program started, in the G21 region, with the—

The CHAIR: Yes, my area.

Mr SPENCE: Yes? G21 Regional Alliance and Give Where You Live, who we are still heavily connected to.

So GROW Gippsland was the second GROW program to kick off. They started early last year—February 2018. It really came on the back of, I guess, the establishment of the LVA, and I am sure everyone is familiar with the reasons and the background behind the LVA, with Hazelwood and Carter Holt Harvey closing, obviously transitioning the workforce in the valley particularly, and also the broader social and economic challenges across Gippsland, particularly in the valley, which I think are well-documented.

The LVA had feedback from the community, particularly around: how do we ensure that money spent in the region stays in the region? So the LVA looked to programs that were available and existing in other areas and looked to GROW as a good conduit to deliver those outcomes. That is why GROW was put in place in Gippsland. So the LVA is the backbone organisation for the program, which is a bit different from the others, so it is a bit of a nuance there. It has been more in community-based organisations like Give Where You Live or committee for Shepparton in Shepparton as an example. So it sits with the LVA at the moment, which I think has been great. I should say that we are consultants. We have been engaged by the LVA to help support the delivery of the program.

In terms of where we are, we are nearly two years into the program. We spent the first six months or so really looking at what the challenges were in the region and putting together a regional plan identifying a number of key areas that we wanted to focus on. The areas that we identified—and there is a whole range of actions that fell under these—were leadership and commitment so really getting organisations involved in the program; inspiring local action, I guess the principle that everyone can have an impact on local employment and social outcomes; and fostering collaboration, which is a really big part of what we do. I think GROW is really a connector. I was looking at Leanne from Shepparton's transcript, and I think she explained herself as a connector as well. We really do play a conduit role in many regards.

Then getting into some of the specifics, we do a lot of building procurement capability—obviously social procurement is a significant lever at the moment, and that is probably something I would like to talk about a little bit more; working with local suppliers around supplier visibility—how do we make them more visible to both local businesses but also contractors coming into the region who are delivering the big pipeline of project, and we have done a lot of work in that space; and then supplier capability as well—so we know that local suppliers are very good at doing what they do, but they are not necessarily that good at responding to procurement opportunities so how do we build that capability and how do we make them understand government regulations, government requirements, which is a challenge for anyone, not just in Gippsland but across the whole state at the moment.

We are working on building inclusive employment pathways, so really working with businesses around building their capability to be inclusive employers, and then social enterprise and Aboriginal business development. We have particularly done a lot around Aboriginal business in Gippsland. There is not a lot of social enterprise in regional Victoria as a whole, which is a bit of a challenge, I think, with the Social Procurement Framework. So we have done a lot of work identifying Aboriginal businesses, with some of them getting them classified as an Aboriginal business under the Framework, so it is through Kinaway or Supply Nation, and then measuring the impact of the program, I guess. They are the areas that we are working across.

We have got 73 businesses involved at the moment. We have got a great mix of businesses, so I think for 20 months that is a great commitment. We have got State Government departments and agencies from Melbourne and locally, we have got all six councils involved, we have got the big energy companies, so Energy Australia, AGL, Alinta. And then what really excites me and I think where we have really made a difference is we have got companies like CPB, John Holland, Boral, BMD, who are delivering the projects in the region, involved as part of GROW. The reality is that these suppliers are going to come and deliver projects in the region, so when they do, how can they try and create employment outcomes in the region, how can they do more to engage local businesses to deliver social impact, and that has really been an exciting part of the program from my perspective.

I guess just to touch on that a bit more broadly, when we did the research around GROW, we knew that there was significant investment in Gippsland. The Rail Projects Victoria project is the biggest project, about \$600 million. We looked at the data. At the time when we started there was about \$1 billion of investment from the state, and we looked at the data and we knew that every 10% of that spent locally through local businesses creates \$180 million of economic impact and 400 jobs in the region, using the economic multipliers. We have really, I guess, taken that opportunity and seen that as a real lever to try and drive change in Gippsland to create more employment, to build a stronger economy and to provide opportunities for people with barriers to work. So we have done a lot of work in that space. We have really worked closely with Rail Projects Victoria on the Avon River bridge, which is the first component of their package of works, and now we are working with them closely on the main project. Really I think that the Social Procurement Framework—the timing of GROW Gippsland is perfect because it really aligned with the Framework—but to me it is a great lever for really addressing disadvantage and unemployment issues in regional Victoria, and it is something that we are really keen to continue to tap into.

The CHAIR: Excellent. Just in relation to social procurement, we had the Latrobe Council and the Baw Baw Shire in before and they gave us a comprehensive report about their policies that they have got, which is really impressive. I am just wondering: we as a state obviously have a social procurement policy in place; how does that work for both state and local government and what can be done better?

Mr SPENCE: Local government can certainly do it better. I do not want to contradict what you heard earlier. My background was at the MAV, the peak body for local government, until February last year so I have got pretty significant experience in local government. The Victorian Government Social Procurement Framework is really the leading piece of policy in Australia around social procurement, so we are coming from a fairly high bar I guess. Local government does not have any specific consistent policy. Individual councils will develop their own policy. It tends to sit within their procurement policy. It is not particularly well defined. Do not get me wrong, there are some councils that do this better than others. But I actually think that social procurement is a huge opportunity for local government. If you look at the political nature of local government, it is the closest connection to the local community. To me, my personal opinion is that it should really resonate with local councillors to be driving social outcomes through councils' procurement spend. I would love to see more effort from local government in the social procurement space. Local government is harder, because unless it is in the Act, it is kind of hard to regulate like a framework because it does sit at an individual council level. But there is a significant opportunity.

The State Government framework to me is working very well. There are some challenges with it of course, it is a new framework, but if you look at it kind of as a summary, suppliers are responding to it. So the consequence that was intended, putting requirements in tenders—and the issue that you hear with a lot of people, like local government, is, 'Our suppliers can't respond to this'—what we are seeing with the Framework is suppliers will and can and have the appetite to respond. It is just taking the step really, sometimes, of actually putting it in

there and having a crack, and you will actually get the outcomes because people want to win the business, and it is achievable. It is a huge lever. It is really an untapped opportunity, I think, in local government.

The CHAIR: What about Federal Government?

Mr SPENCE: I think—Federal Government—their Indigenous procurement policy has been very successful. Obviously there is a specific focus on Indigenous, but they went from a 3% target, which was achieved—which I think everyone thought was unattainable at the time—and that was 3% of contracts, not contract spend, and now they have moved to 3% of contract value across Federal Government, with a stepping up to 2027 to get to the 3%. So that obviously becomes a lot more aspirational. If you look at 3% in terms of the number of suppliers, you can have a lot of smaller suppliers obviously, when you get into 3% of total Federal Government spend, which is a significant spend. I guess the issue that you have, and one of the issues we see with the Social Procurement Framework in Victoria, is: do we have the capability of suppliers? Do we have the breadth and depth of suppliers who can support that scale? Obviously it is an amazing opportunity for the Indigenous population, but with any of these things you have to be careful about how they are implemented, I think.

What we are seeing in regional Victoria, I think, with the Framework are some unintended consequences, I would say—you know, negative consequences—because some agencies, and I will not get into who, have kind of rolled it out in a very blunt way. You have got a 3% target on every contract from this day, and local suppliers are not educated, they do not understand it and they cannot respond to it. So you have this unintended consequence of losing local suppliers who employ local people and support the local economy because they cannot understand and fulfil the myriad government requirements that have been put into procurement processes. So I think that that is something to be really cautious of.

Ms CONNOLLY: Can you talk a little bit about how you guys work with the LLENs and what we should be doing to better utilise them?

Mr SPENCE: We really work with everyone; we work with the LLEN—and obviously there are a couple of LLENs—and we work with the employment service. As I said, GROW is really about connecting people up. So there is an opportunity we have with people like the LLENs through GROW; because we have got the organisations who have made the commitment to GROW, and not just with the LLENs but with a whole lot of different programs and organisations, there is an opportunity for us to provide additional exposure to them to get them in front of businesses that they maybe otherwise would not. So the LLEN would be one example. Another good example in Gippsland, where we have done a lot of work, is the Broadening Horizons program. I do not know whether you have heard about it or you are familiar with it, but it is a program which is set up working within schools across the region. It actually only exists in Gippsland. It is quite a unique and innovative program which is about, I guess, building enterprise skills in school students. It started in secondary school and is now into primary school.

Again, if you look at the model that I have—so, the work with industry partners—what GROW can do is introduce them to a range of businesses who have made a commitment to local and social outcomes. It is the same with the LLENs, it is the same with the Ladder program, with is the AFL Players Association charity that is running out of Morwell. We have been able to connect a lot of these people to organisations to deliver great outcomes. That is what really excites me about GROW, to be honest. We have done some amazing work down at Fulham Correctional Centre with GEO Group down there. So I think everyone would be well familiar that there are huge challenges around recidivism in the community. There are some negative perceptions about having a prison in the backyard in Sale, so we did a lot of work with Fulham to expose local businesses to what happens within the centre—you know, what training is provided, how can we create pathways. We have been working with the Civil Contractors Federation; can we run a civil skills cadetship program inside there and link it up to the investment in projects and get people out of the correctional and judicial system into roles? And that is great, just being able to connect up all this range of players that for whatever reason do not get together when there probably is a natural fit there, but they are in slightly different industries. The beauty of GROW is that it brings these disparate organisations together and can deliver some amazing outcomes.

Mr BLACKWOOD: How do you think that the Victorian Government can encourage more employers to offer work to people with disadvantage?

Mr SPENCE: I think that is the big challenge at the moment. My observation about the Social Procurement Framework is that it is really driving a lot of momentum in the social benefit supplier space, so social enterprise, Aboriginal business, disability enterprise. To me the big untapped opportunity is inclusive employment. Really where you start to make headway and change, you know, Gippsland and disadvantage in Gippsland is every business becomes a more inclusive employer, whether someone with a disability or an Aboriginal person. So I think there is an education piece there as a starting point, because I do not really think that the Social Procurement Framework is that well understood around direct employment as a lever to achieving the outcomes.

I think government is kind of pushing the social benefits, and I am not being critical of social benefit suppliers, but to really deliver outcomes, particularly in a regional context where there are not a lot of social benefit suppliers, we need everyone to be employing inclusively. There is a whole range of things that need to be done. One, if you look at the Gippsland context, we know there is huge investment. You know, there is the infrastructure investment but there is also a lot of new energy investment. So there are proposed wind farms—there is an offshore wind farm. There are solar farms, there is an energy-from-waste facility. No-one really understands what the skills required are. I think that that is one of the issues. We need to understand what does the next 10 years look like in terms of investment in the region? What are the skills? You know, things like free TAFE are great opportunities, but is the training fitting in with what the requirements are in the region? I think if we can have everything joined up and we have people with the right skills and the right qualifications, then obviously you will deliver more employment opportunities through the delivery of those projects, because you have got people with the skills that are required. I think that is the challenge at the moment.

Mr BLACKWOOD: Yes, it fits in with what you are doing or a lot of what you are doing.

Mr SPENCE: Yes.

Mr BLACKWOOD: How could government help you do that better or in a broader fashion to tap down into the small-to-medium enterprises?

Mr SPENCE: I really think it is about capability building and education at the moment. There needs to be more if local business is to understand, firstly, this is how you fulfil a Social Procurement Framework, but more importantly these are good, inclusive employment practices. These are the conduits, these are the employment services, which is a difficult space to navigate. It is difficult for people to understand. You have got Jobs Victoria, you have got jobactive, you have got Disability Employment Services. You have got this range of models, you have got this range of funding that is available under them. No-one really gets it. So I think if there is a clearer understanding, if there is a simpler mechanism for accessing these services, then I think that is going to deliver better outcomes, and all of these programs—I am not being critical of them—they are operating in a difficult environment I think. They are doing the best that they can, but everything can be done better. GROW can be done better as well.

Ms RYAN: So how do you think you can streamline that, because that is something that continually comes up—the confusion. I suppose because you have got the Federal Government in this space as well as the Victorian Government, and then you have got a bunch of agencies doing it as well in terms of employment services. Particularly with the JVEN program up for review next year, can you see a way that the State Government can make that simpler and more effective?

Mr SPENCE: I probably do not have a simple solution to be honest, without taking a bit more time to think about it. There are some good examples but they are more project specific. There are some examples in New South Wales where with the delivery of projects there has been a skills gateway developed where all of the partners are effectively coexisting. So you do not have to go and search. You know, you go to this physical location where you have got someone who can support you employing a person with a disability or employing someone from disadvantage. Those models can work in terms of the delivery of projects. In terms of the overall model, I am probably not in a position to comment I think on what the right solution is there.

Ms RYAN: Can I just ask, in terms of your work with GROW, when you go along to employers and encourage them to think about social procurement, are there particular concerns that they raise? Like to them, what are the barriers to thinking about that?

Mr SPENCE: There are. There definitely are. The big barrier is that our suppliers cannot do that. There is a policy barrier or a legislative barrier in some industries—and I think local government would be one—where people will fall back on, ‘You can’t do this under the Act’, which is not true, but, you know, that is a bit of a procurement knee-jerk response to things—‘You can’t do that under the policy’. I just think that people do not feel that they are going to be able to deliver the outcome.

Ms RYAN: Is cost ever raised as an issue? And is there any evidence to substantiate that, or do you find that typically—

Mr SPENCE: It is raised as an issue, it is. It is raised as an issue with big bidders as much as procurers, so you know, if you are working with a tier 1, because it is an immature space. Is there evidence? I would suggest that there is evidence both ways, but, you know, is cost the ultimate driver either? I am not sure. There are plenty of examples of businesses. You are probably all familiar with Outlook Environmental, which is probably one of the better examples of a social enterprise out there. You talk to the CEO of Outlook, and he will say, ‘Well, we come in too cheap sometimes’. So I do not think that cost is necessarily a driver. I think, again, the Framework can have some unintended consequences where people feel that they are favoured under the process, let us say a local business or an Aboriginal business. Then you could get inflated pricing because there is such a heavy preference to those businesses, and that is where we need to obviously stimulate more competition in the space and build capability and the breadth. But I do not think that that is a real limiter at the moment to be honest with you, and evidence would suggest it is not because people are delivering outcomes on these projects.

Ms RYAN: So most of the businesses you have gone along to since you have started GROW have been open to signing up?

Mr SPENCE: Everyone is open to signing up—yes, absolutely. It is one thing to sign up; it is another to really change the way you do things, so I think GROW is a journey. And I did not look at what Bill and the team from G21 said, but it takes time. We have got leaders. There are some great organisations in the region. Gippsland Water would be an example to me where they are doing wonderful things around inclusive employment, and also they are doing some great work around social procurement. And then you have got people who are taking more time to come on the journey. What works though is hearing the actions of others—not hearing it from us but when they hear of their peers who are doing things well, that it is achievable, it is practical and can deliver the outcomes. Again, that is one of the strengths of GROW I think, and it does bring together a whole range of different industries. So where GROW Gippsland is I think it is progressing really well, but we are just getting into the projects now. The investment is starting right now, so the next three, four years will really demonstrate, in my opinion, what can be delivered from an employment perspective through social procurement in Gippsland.

Ms CONNOLLY: Do you have any thoughts on post-placement support for employers? Are employers talking about that they would love to have more support, and how long that would be? I mean, we have had different organisations come and say there should be 12 months post-placement support for the employee and the employer. What are your thoughts?

Mr SPENCE: Yes. There are probably a few different themes that we have heard. I think certainly a lot of organisations would benefit from post-placement support. I mean, you know, talking about the correctional facilities with Fulham and in comparing it to Ravenhall, which is the other facility that GEO manages, they have got two years of post-placement support available there, whereas someone coming out of Fulham has no post-placement support, and I think the outcomes that are delivered are substantially different. Obviously you are dealing with people who are coming from some deep disadvantage and challenges.

I mean, there is a whole range of things to look at. I think one that we have been discussing a bit recently is there is a notion that you should throw someone into full-time employment, but is that really the right way to do things if someone is coming from long-term disadvantage? Do you just throw them into 40 hours of work a week in a full-time role, or is it more of a progression into full-time work with more support? I think those models do definitely need to be explored further. We do hear from people, ‘We tried to employ a person from X cohort and it didn’t work out’. We hear that all the time. My view, as someone who has employed plenty of people in the past, is you can employ someone from any cohort and it might not work out. I mean, that is the

nature of employment. I do not think it discriminates whether they are coming from disadvantage or they are an affluent person who has got years of experience. It might not work out. That is just the nature of employment. Obviously these people do need more support in many instances.

Ms CONNOLLY: Do you try and target employers who are offering more flexible working hours? Say for women escaping family violence, have you sort of targeted those to—

Mr SPENCE: We do not specifically target anyone. The program is open to people who want to make the commitment to be a part of the program. We have a range of organisations who do provide that sort of flexibility. There are some more advanced businesses in the region around inclusive employment, around ways to make it more successful. I think some of the health services are good examples of that. As an example, Central Gippsland Health Service does a lot of work around traineeships, and I think really good supportive models. But the program is open to anyone effectively if you are willing to make the commitment, because that is the principle of GROW—everyone can make a difference.

Ms CONNOLLY: But I am just wondering if you are having people coming through that are actually looking for part-time employment? I know, having worked part time myself, as someone who is highly educated and has worked before, it can be really hard to find part-time employment, especially if you are a woman and you have got young children. I am just wondering: you know your employers on the books. Are you successfully marrying up those people with—

Mr SPENCE: We probably do not have enough evidence to say at the moment, I do not think. It is probably a bit too early. I mean, there are a whole range of different things. They are good examples. We have seen issues around people from culturally diverse backgrounds and getting them into the workplace, people with Asperger's and the challenges around going through the interview process. There is a whole lot of anecdotal evidence, but we are probably not far enough advanced for me to really say.

Ms CONNOLLY: Are you going to be looking at that kind of thing? It is quite interesting.

Mr SPENCE: I think so, yes. There are a number of different priorities. We have some around working with older people in the workforce as well. I think so, but I do not have a specific answer for that at this point.

The CHAIR: Any more questions? No. Thanks, Cameron.

Mr SPENCE: No worries. Thank you.

Witness withdrew.