

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2016–17

Melbourne — 12 May 2016

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Witnesses

Ms Jacinta Allan, Minister for Employment,

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

Mr Matt Carrick, Acting Lead Deputy Secretary, Economic Development, Employment and Innovation, and

Ms Lill Healy, Executive Director, Program Management, 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 2016–17 budget estimates. All mobile telephones should now be turned to silent.

Due to unforeseen family circumstances, Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources is unable to attend today's hearing. Richard sends his apologies. I would like to welcome the Minister for Employment, the Honourable Jacinta Allan MP; Ms Sue Eddy, Acting Secretary of the Department of Economic Development, Jobs, Transport and Resources and Lead Deputy Secretary, Financial Management and Technology Services; Mr Matt Carrick, Acting Lead Deputy Secretary, Economic Development, Employment and Innovation; and Ms Lill Healy, Executive Director, Program Management.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a certain amount of time, before moving on to the next group. I will advise witnesses who will be asking questions at each segment.

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

All written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the gallery are reminded that they cannot participate in the committee's proceedings in any way, nor are they allowed to broadcast today's hearing. Members of the media must remain focused only on the person speaking. Any filming or recording must cease immediately at the completion of the hearing.

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

Visual presentation.

Ms ALLAN — Thank you, Chair, for the opportunity to present the budget 2016–17 in relation to the employment portfolio. Last year when I spoke to the committee, at the outset I spoke about some of the challenges we faced on coming to government and how we understood very clearly that we needed to do everything we could to create jobs, support jobs and protect jobs here in Victoria. That was very much part of our Back to Work plan, as it was known at the time, and also part of the massive infrastructure program, some of which we spoke about earlier this morning, and part of our investment agenda as well.

So it is great to be back here, 12 months later, to report on the strong progress against that program that I outlined last year, and the graph that is on display now shows how there has been really strong employment growth. There has been a strong number of jobs created, 112 600 jobs created over the 12-month period. Pleasingly, 71 000 of those — 63 per cent; nearly two-thirds of those — are full-time jobs. You can see from the chart how from November 2014 through to the latest statistics in March we have seen a drop in the statewide unemployment rate from 6.6 per cent — as you can see it had crept up there by the end of 2014 — down to 5.7 per cent today. That is the overall figure, but I will go into a little bit more detail about some issues in a moment.

Not only are we performing strongly — not only is Victoria performing strongly when compared to previous years — Victoria is also performing strongly compared to other Australian states. This is a chart that may be familiar to members of the committee. It is sourced from the budget papers using Australian Bureau of Statistics data. You can see that in 2015 Victoria led the nation in employment growth, and so in both absolute, but also in percentage terms, Victoria's annual growth in full-time employment is now the strongest in Australia. So we also see in the budget papers, which again I am sure you are familiar with, that labour market conditions are also expected to continue to improve across the financial year 2016–17.

One of the other underlying strengths of the Victorian economy is that strong population growth rate. We are as a state growing faster than the rest of the nation. To the year September 2015 the population growth rate was 1.7 per cent, and again referencing a comment I made earlier, Melbourne is expected to be a city that is bigger than Sydney in the next 20 to 30 years. Obviously that presents opportunities, economic opportunities; there is no doubt that that present some challenges as well.

What we are also seeing on the population growth front is that Victoria is seen very much as an attractive place for people to migrate to including overseas migration — a third of all migrants coming to the country are coming to Victoria. Also we have the highest net interstate migration of all the states. So people from all the other states are wanting to come to Victoria. They are choosing to come to Victoria, and as I said I think that really reflects the attractiveness of the state as a place to live and work. Also to note: as we are experiencing strong population growth, the economic rate is also growing at 2.5 per cent and is growing at a rate stronger than the population growth.

I just want to highlight though, obviously, some of the challenges, and this is one of the issues we are wanting to address in the employment portfolio, because that growth — strong population growth I have spoken of, economic growth, jobs growth — also presents some challenges. This map that is on the slide presentation at the moment is sourced from the *Dropping off the Edge* report that was released in 2015 by Jesuit Social Services. It demonstrates clearly — and I think this is something that we all understand well — that the benefits of economic and population growth are not necessarily spread evenly across the state. So those overall strong positive figures can sometimes mask, and can often mask, some areas where we need to do some more intensive work. We can see that unemployment rates particularly can vary across parts of metropolitan Melbourne and also rural and regional Victoria. That is where we know we have got work to do, ensuring that all Victorians, regardless of their postcode, their background, their personal circumstances, can have access to the opportunities that come from being a participant in a strong economy and a strong community.

That takes us to the 2016–17 budget initiatives under the umbrella of ‘Jobs for Victoria’. Overall, this is the next stage of the work that we are doing to support jobs, protect jobs and help people who need help to access jobs, and at the same time stimulate the economy by investing in infrastructure and also supporting businesses as well. So you can see there are six components to the ‘Jobs for Victoria’ plan, where we are wanting to build on that work that we have already done through our Back to Work program and the like and also look at where we want to go into the future.

So you can see, as I have just mentioned, there is support there for investing in the infrastructure projects that we need, supporting people to access skills and training to be able to access a job, and of course backing business. I am sure the Treasurer would have spoken to this committee about things like the payroll tax deduction support that was provided in the recent state budget, as well.

Just to wrap up — and again it is this link between my two portfolios, if you like — it is a demonstration of how we understand really keenly that investing in infrastructure is investing in jobs as well. This is a slide I think I might have used in the previous presentation that demonstrates how there are significant numbers of jobs that are created from these infrastructure programs. Can I emphasise, as I may have before, that there is more to come. This does not, for example, identify the jobs that will be created from the Ballarat line package of works, the Hurstbridge line package of works — the other things that we have been talking about previously.

So there is a lot more that is going on than just this slide, but it is a really good snapshot and gives a really strong demonstration of: where you have a strong infrastructure program, that will create jobs. Then there is also the requirement upon government, I firmly believe, that we have to do everything we can to support people who need a helping hand to be able to access those opportunities. I look forward to going through those in detail in the next little while that we have got together.

The CHAIR — Thank you, Minister. Ms Ward until 12.03 p.m.

Ms WARD — It is a delight to have you back, Minister. I direct your attention to your presentation. On page 5 it is written that ‘Every Victorian deserves a secure job’, which of course is true, but if I can get you to go to budget paper 2, pages 3 and 4, where it talks about Jobs Victoria, can you please explain to us what the coordinated approach to employment services means and what types of initiatives — what is the concrete stuff that is going to be done to actually help create more jobs?

Ms ALLAN — Thank you, Vicki, for that question, and it really does home in on that point that I made a couple of times during my presentation, that I firmly believe that we need to ensure that we provide stimulus and support for the whole of the economy but also make sure that you have dedicated and targeted programs to provide that assistance to those who need it the most — people who may be facing a range of different barriers to accessing employment, who need some extra support and assistance.

Prior to coming into government we made a commitment to provide support for disadvantaged jobseekers, and I was certainly concerned on coming back into a portfolio I had held previously — the employment portfolio — on a couple of fronts: that there was a lack of overall policy around the employment program space across government compared to when we had left it, and also — —

Ms WARD — So you mean like a coherent strategy that linked everything together?

Ms ALLAN — Yes, very much so — well, firstly, having one; having a suite of employment-type programs, labour market-type supports, to help people; and secondly, I was concerned that there was not adequate funding to provide that sort of support. So what we undertook last year was an extensive review into state government employment and employment-related programs. This was done in the context of understanding, obviously, that the commonwealth very much has primary responsibility for delivering these sorts of projects, but as our review found, for some people there were gaps in the commonwealth support. Particularly, for example, some people had been on commonwealth support for three years. They had sort of gone nowhere, if you like, within that framework, and so clearly something needed to be done there.

The review found that there was a role for the state, there was a valuable role for the state, particularly focused and targeted around disadvantaged jobseekers, and that there was a need for the government, across the whole of government, to better coordinate the activity around supporting disadvantaged jobseekers. So that led to the development of the Jobs Victoria policy. If I can, Chair, I have a fact sheet that I can hand to the committee —

The CHAIR — Please.

Ms ALLAN — which provides some of that information, Vicki, that you were talking about, in terms of: what are the concrete outcomes? What we launched as part of the budget was the Jobs Victoria Employment Network, and this is going to provide that targeted support. There are significant resources that are devoted to this — to support jobseekers to become work ready. So it is understanding that some people may need to be plugged into the appropriate training. They may need a helping hand with — for some people it might be helping them get their drivers licence. There is a whole range of different barriers that people can face when finding employment. But also it is targeting the most disadvantaged and particularly having a focus on people who already have a relationship with the state of Victoria — so people who are in public housing, people with a mental illness, people with a disability. We also have a priority and a focus on Indigenous jobseekers, refugee groups, migrant groups — so really, really wanting to target it in quite tightly and providing support.

I am pleased to say that this material that I am handing around is associated with the launch of the first round of funding. The launch was held Monday week ago at Linfox, which is an example of an employer who helps people to get into employment. We have made \$25 million available in this first round of funding, and can I say there has already been a really strong response from the sector, who have really welcomed the opportunity to participate in a program that is coordinated, that has a solid policy rationale and of course that has got the funding that they need to — —

Ms WARD — Who in the sector is getting involved? Who is getting on board?

Ms ALLAN — The guidelines have just been released, and so we are waiting to get back the applications. But to give you a sense, through the consultation phase I think I met with — and a lot of people in the sector were consulted, but it is groups like the Brotherhood of St Laurence and Jesuit Social Services that are part of this. There is a whole range of employment and community-based organisations who have been historically in this space. There are also some newer ones. Whitelion comes to mind as a really strong example. These are great community-based organisations, and this is about giving them access to a funding program that can help them to do more, targeting those groups in the community that they want to work with.

Ms WARD — Minister, if I can get you to flick a couple of pages over in budget paper 2, to page 6. If you look down towards the bottom, there is a section there called 'Public transport'. It refers to the 3.3 billion

investment in the public transport system. I know that we have covered public transport in your previous hearing before us, but I am interested to know — and you refer to it also in your presentation, where you talk about the jobs that are being created by some of the public transport investment. Can you please expand on that a bit further and really give us a bit of an idea of: what are the benefits that are being implemented because we are investing so much money in actually building things? What is the job flow?

Ms ALLAN — I am just going back to the slide that I had there earlier. If you just look at the two big public transport projects, the 50 level crossing removals are expected to generate 4500 jobs. I might look to Stephen for some guidance here, but I think the works on the Caulfield to Dandenong nine corridor are going to create 2000 jobs.

Mr DIMOPOULOS — Two thousand, yes.

Ms ALLAN — So that gives you an example. I think I said before too that at the level crossing removals at North, Centre and Mackinnon roads in and around Bentleigh there are going to be 1000 people a shift across three shifts across 37 days, working on those level crossing removals.

Ms WARD — These job calculations are based on who is actually going to be working on the line and infrastructure around it. Do they foresee what jobs are going to be created — for example, in cafes and things like that?

Ms ALLAN — So the wider economic benefits?

Ms WARD — Yes.

Ms ALLAN — No. These are direct jobs. Look, there are a couple of different models around to calculate wider economic benefits — there is a regional one that can be applied in a regional context and others that can be applied in a metropolitan context — that I am familiar with. So you can certainly extrapolate the wider economic benefits. I know there is a ratio — it is just not coming to mind right now — for what every job generates in terms of the spin-offs into the local community.

Ms WARD — Is it five?

Ms ALLAN — I am not sure it is that high. But again, it is further demonstration and again it goes to something I said before around how you should also have a mind to how those wider economic benefits can be shared — for example, by locally based social enterprises. If they are given the right opportunity, they can be the provider of goods and services associated with these types of major projects.

Ms WARD — Thank you. If I can get you to look at budget paper 3, page 131, with respect to some of the Department of Economic Development, Jobs, Transport and Resources employment investment performance measures, as you are the minister coordinating all this, can you outline some of the benefits and synergies that can be derived for disadvantaged jobseekers, please?

Ms ALLAN — What was the last bit, sorry, Vicki — expanding?

Ms WARD — The benefits for disadvantaged jobseekers.

Ms ALLAN — Again, I have touched extensively on that in terms of the Jobs Victoria Employment Network. If I can also just, in the very short time left, give another really strong example as part of — again, it is a requirement I think in the Caulfield to Dandenong nine project, and we are looking at applying it more broadly — having a target for 2.5 per cent of the workforce on that project going to people of Indigenous background and so again requiring through the tender processes for these issues to be addressed at the front end.

Mr MORRIS — Minister, budget paper 3, page 25. If I can come back to the discussion you were having with Ms Ward a few minutes ago about Jobs Victoria, I am just interested in the structure, to start with. Can you indicate to the committee how many new public service departmental officers will be employed as a result of the creation of this organisation?

Ms ALLAN — Jobs Victoria is a new program, and there will be a modest — and I have been pretty clear, to be honest, with my department officials that I expect it to be pretty modest — number of public servants that

are needed to run this program. The focus is very much about making sure that the funding that is associated with this program is funding to go out the door to organisations to assist disadvantaged jobseekers.

Mr MORRIS — Perhaps on notice we could have an indication of how modest that is likely to be.

Ms ALLAN — Yes. It is my expectation that it is less than 5 per cent of the overall cost.

Mr MORRIS — And perhaps also in the context of that response, if you are not able to respond now, how many of those positions will be at executive level?

Ms ALLAN — Again, I would expect that to be a small number. I am being advised none. There will be no new. Also, there are some staff who are already employed by the department who are working in this policy area, but can I emphasise that it is my expectation — and it will be delivered this way — that the overwhelming majority of the funds are to be delivered to the organisations that will be delivering in turn the support to disadvantaged jobseekers. I have already had this conversation with the department about my expectation that department overheads be kept to a minimum to deliver this project. Obviously, you need some department officials to do, for example, the assessment of the projects that are coming in, to do the oversight and appropriate administration of the grants, otherwise you would have me coming back and wanting to talk about why the grants are not being administered appropriately. You have got to have those appropriate arrangements, but again that would be about all that is required. It is about funding to organisations.

Mr MORRIS — Thank you. How many jobs do you expect will be created by the actions of Jobs Victoria, both for the 16–17 year and the 17–18 year?

Ms ALLAN — I think we have performance measures against this. Page 131 of BP3 goes to this and indicates 350 people for the 16–17 financial year. That is a new performance measure, reflecting the introduction of the new program. I might be anticipating where you are going to go next.

On that reference to the minimum number of 26 weeks, one of the requirements for projects to be successful in receiving funding — and indeed the funding will only be delivered if this is met — is that the definition of employment is based on at least a 26-week employment placement. So you do not get all your money just for putting someone into a job. They have got to have gotten into a job and remain in that job for a substantial period of time so they become established. The evidence shows us that that has a greater chance of them succeeding in that employment into the future. That is why that performance measure is drafted in that way. If you have a look at the material — and I can hand out the guidelines as well — it is reflected in the guidelines and it is also reflected in the way the funding is weighted, how the funding is paid out. There is a weighting against that requirement.

Mr MORRIS — Okay. Given that it is 13.3 this year, next year and the year after in the forward estimates, is the target for 17–18, which is obviously not in the budget papers, of a similar order?

Ms ALLAN — We would hope that they would be higher than what is reflected there and obviously we will be coming back and reporting against those, and we will no doubt have conversations in future years against those targets, but we would expect it to be higher. This is a program that obviously will be ramping up because by the end of this financial year projects will sort of be in the first phase, and you would expect in future years that is when you would see the better results for this project.

Mr MORRIS — So 500, 600?

Ms ALLAN — Look, I am not going to be drawn into speculating on a number at this stage. I want to see the results. As I said, whilst it is not new for state governments to have funding for labour market programs, there has been a bit of a hiatus in this area for a few years. Secondly, too, we are doing it in a way that we are wanting to coordinate this across the Victorian government for employment and employment-related programs. Historically there have been programs supported at the department of human services, Office of Housing, so we are wanting to better coordinate those activities. There is a new approach in here but there are also some learnings from previous practice as well.

Mr MORRIS — I note in the fact sheet that you handed out that amongst the priority job seekers you identified are Justice clients and former offenders, and that led me to think I would like to ask you for a copy of the guidelines. You have already indicated you are happy to hand them out, so could we do that, please?

Ms ALLAN — Yes, more than happy to. Indeed, again, I am drawing on some previous experience of projects and programs that I have been involved with in the past that have delivered programs to people who are either, as is described there, ex-offenders or who are leaving the corrections system, and it is at that point in time that people are leaving that they are most at risk of returning to the system they have left, and if we want to drive down recidivism rates, if we want to address issues around crime and community safety, then one of the best ways to do that is to support people into being full and active participants in both the community and the economy.

Mr MORRIS — Thank you. A final question for the minister. I am just wondering if there is an advertising budget for Jobs Victoria and, if so, of what order.

Ms ALLAN — No, only insofar as I think we are putting some things on social media to tell people it exists. There is the material that would go up on websites and the like, but if you are worried about there being a glossy advertising campaign, there is not one. As I said, the focus on this money is to go out the door to organisations so they can maximise the support, so we can get that 350 number to be higher in future years. The funding is very deliberately focused at being on delivery, not on operational overheads of the type that we have been talking about already this morning.

Mr MORRIS — And presumably as a result of your answer, whatever expenditure there is part of the 53 million, not additional funding?

Ms ALLAN — Yes, that is correct. It will be part of that. So there is a discipline that imposes upon us to make sure that there is that maximum funding that is being delivered through the program, so it applies an internal discipline on us as well.

Mr MORRIS — Could I, Chair, address a question to Ms Eddy in her capacity as the acting secretary on the same subject? A launch video is now up on YouTube, I understand produced by the department for Jobs Vic. Seeing your quizzical expression, perhaps you might like to take this on notice, but could the committee have the cost of making that video, please?

Ms ALLAN — Can you be a bit more specific about what it is? You are talking about the video of the launch — —

Ms HEALY — The YouTube.

Ms ALLAN — Oh, the YouTube. I reckon there is your answer: someone holding a camera, maybe did some editing. All right, yes.

Mr MORRIS — Anyway, I have asked the acting secretary and so, if we could have that on notice, I would appreciate it.

Ms ALLAN — If there is anything further to add, we can.

Ms EDDY — Yes, sorry.

Ms ALLAN — I think it is pretty easy these days to make a YouTube video. I think people around this table are pretty familiar with that, no?

Mr D. O'BRIEN — Your history suggests that is not what you have done, but anyway.

Minister, we know that New South Wales has created 81 000 more jobs than Victoria since December 2014. Why is the government reducing funding for employment investment — and the budget paper reference is BP3, page 123 — in this year's budget compared to what was expended last year?

Ms ALLAN — What was that, BP3, page 123?

Mr D. O'BRIEN — Yes. Under 'Employment and investment'.

Ms ALLAN — It shows here that it has got a 3.2 per cent increase.

Mr D. O'BRIEN — Yes, but that is compared to the budget figure. I am talking about the revised 15–16 figure, which is another 12 million down.

Ms ALLAN — No, it is revised — —

Mr D. O'BRIEN — For 2015–16, 217 million; 2016–17 budget, 205 million. Why are we actually dropping the money? Why are we cutting money from employment spending when New South Wales is leaping ahead of us?

Ms ALLAN — In coming to answer that, I would challenge the claim that New South Wales is streeting ahead of us. I mean, I think we demonstrated — —

Mr D. O'BRIEN — Eighty-one thousand more jobs.

Ms ALLAN — Well, I think we demonstrated earlier that we are doing — —

I mean, you know, we have got to be careful, but there has been strong growth compared to, I think I had that slide in the presentation —

Ms SHING — Page 2 of the presentation, and page 3.

Ms ALLAN — where we talked about having the fastest employment growth in the nation. I appreciate that. Look, it would be incorrect to see that just in isolation. Also there are references in the budget paper where we have provided an additional \$50 million to the Premier's Jobs and Investment Fund, which also delivers support to investment attraction activities — —

The CHAIR — Order! Ms Pennicuik until 12.20 p.m.

Ms PENNICUIK — Minister, if I could just briefly follow up a little bit on the Jobs Victoria questions that the other questioners have been talking about. There is the 350 — —

The CHAIR — Sorry, Ms Pennicuik, I missed that. Is there a budget paper reference?

Ms PENNICUIK — Yes, page 131, budget paper 3, which is the reference to the measurable of 350 that you have been talking about. But in the Treasurer's budget speech he said:

This one-stop shop will be tasked with helping around 3500 unemployed Victorians find ... meaningful work.

This includes intensive support for 1000 people classed as long-term unemployed ...

I am just wondering what is the relationship between those figures?

The CHAIR — Sorry, Ms Pennicuik, could I just ask you to move the microphone a bit closer? It is a bit hard to hear you.

Ms ALLAN — Do you need that asked again, Chair?

Ms PENNICUIK — Page 131, budget paper 3.

The CHAIR — No, unless you did not hear it, Minister.

Ms PENNICUIK — No, that is right, and that 3000 is part of the broader suite of programs that are under the Jobs Victoria umbrella beyond that that is directly just around the Jobs Victoria Employment Network.

Ms PENNICUIK — Minister, you mentioned a review done last year. Is that review public?

Ms ALLAN — It is not at this stage made public. It is not public at this stage. We are still considering that because there are some issues in terms of what reflections it makes against commonwealth programs and the like, so I think the main thing is — the most important thing is — we have undertaken the review. It has been completed and the result of that has been that it has informed the support for a \$53 million program that is about supporting disadvantaged job seekers.

Ms PENNICUIK — Sure, but I think people would be interested at least in some of the outcomes of the review, notwithstanding what you may have said just said then.

Ms ALLAN — Yes, and it is under consideration at the moment, but its utility was in informing what a new policy framework across government and a new suite of programs would look like, and that is what is being delivered here in the Jobs Victoria — —

Is this in the guidelines? I will hand around the guidelines. Did I hand around the guidelines? I did hand around the guidelines.

Ms PENNICUIK — You did, Minister but I have not had a chance to look at them. You handed them round about 2 minutes ago.

Ms ALLAN — So page 4 of the guidelines, the top of page 4, talks about how that review informed these guidelines.

Ms PENNICUIK — Yes. I take that on board, but I still maintain what I just said.

If I could move to another issue which goes to the same budget paper, page 30, with the Latrobe Valley transition program. I raised that briefly earlier, and certainly the Premier and Treasurer last week said that that transition does not refer to just transition from coal to renewables, even though the Minister for Energy and Resources did make that comment that it was about transitioning away from the brown coal industry and the focus would turn to future industries. So, Minister, I wonder if you could provide some details as to the type of industries that would be included in that transition plan and the Morwell high-tech precinct.

Ms ALLAN — Chair, with your guidance, I will answer that insofar as it relates to my portfolio responsibilities. As you have identified, Sue, in your question, this is the responsibility of the Minister for Industry, who is also the Minister for Energy and Resources, who is working on this work in collaboration with the Minister for Regional Development, so that is very much part of their responsibilities.

Ms PENNICUIK — In terms of my question asking what other industries will this focus on in addition to any transition from brown coal, I think it is apposite to you.

Ms ALLAN — Sure, and I will look to perhaps some guidance from the two members for Gippsland who are your colleagues on the committee. It is of my view — —

Mr D. O'BRIEN — I am not going to help you.

Ms SHING — Mr O'Brien is not a member for Gippsland as such; he just went to one small part of it.

Ms ALLAN — I would hope they would agree with me when I make the observation that the support that needs to be provided into the Latrobe Valley needs to be across a range of industry sectors, not just, and I am not saying just — it is very important, obviously, to address some of the — —

Ms PENNICUIK — I think we all agree with that, and I mentioned that, so what industries?

Ms ALLAN — If I may, Chair, I was actually about to get to that.

Ms PENNICUIK — There is not a lot of time left.

Ms ALLAN — Okay, they are not my rules.

The CHAIR — There are 55 seconds, Ms Pennicuik. I am sure if you do not interrupt again the minister will be able to answer your question.

Ms ALLAN — In recent years there has been a tremendous amount of work under the One Gippsland umbrella around promoting Gippsland as a fantastic tourism destination and work that has gone on in supporting tourism operators and the hospitality industry. There is a tremendous amount of work that has gone on in promoting the education and higher education sectors within Gippsland that both in turn provide education opportunities and pathways for people, particularly young people, in Gippsland, but also diversify the professional skill set. So I am firmly of the view that when it comes to supporting regional economies,

Gippsland or any other part of the state, you need to have a suite of responses across a range of different industries so you get diversification and so you do not have a situation where all your eggs are in one basket, and if that particular industry has a shock for some reason, you are really limited in your support across the community.

The CHAIR — Order! Mr Dimopoulos until 12.30 p.m.

Ms PENNICUIK — Thank you, Minister.

Ms ALLAN — I would just like to know if the Gippsland guys agree with me now.

Mr D. O'BRIEN — Take it up with her.

Mr DIMOPOULOS — Minister, just to take you back to the guidelines that you tabled, I just want to get a sense of it. We have had a few questions for two different ministers over the last few days in relation to refugees and asylum seekers and receiving support. Disadvantage comes in many forms. One is length of cultural relations in Australia, language skills and a whole range of other things. Can I just commend whoever put this together, because it is one of the nicest, briefest guidelines I have ever seen. Actually — —

Ms ALLAN — You can congratulate her yourself.

Mr DIMOPOULOS — Good on you, Lill. What normally happens with these things is that they are 50 pages and no-one wants to bother with them, so good on you for making it short and sweet, but can you expand a bit on, for example, this refugee asylum seeker — —

Mr D. O'BRIEN — Like this question!

Mr DIMOPOULOS — I am channelling Tim.

Ms ALLAN — Yes, certainly. I mentioned in my commentary before that there are particular groups in our community that we are wanting to focus and support, and a really primary way of doing that is through the Jobs Victoria Employment Network. Again, it is not dissimilar to the observations I made around people leaving a correctional facility or who have recently left a correctional facility. We know that for refugees there are clearly some immediate priorities, and I believe you may have explored some of these issues with other ministers over the course of this week. There are immediate priorities around housing and health support, but once that has been settled it very quickly needs to turn to the question of accessing employment and economic participation. That also leads into broader opportunities to participate in the community. So that is why, as part of the identification of groups within the community that we want to support through the Jobs Victoria Employment Network, you find refugees at refugee and migrant communities both articulated.

Stephen, you know this area very well. There are also within migrant communities different needs. Some have very well-established programs and organisations and need a particular set of supports; others, who have recently arrived here, come with a different set of issues and need a different set of supports as well. That is why we are wanting, through this program, to be both very clear in who we want to see supported and the outcomes we are seeking from that, but also to provide it in a flexible way so that it can be about identifying the issues. So it is not a one-size-fits-all labour market program. It is being appropriately tailored to the groups.

Mr DIMOPOULOS — Thanks, Minister. Just a quick last one for you in relation to a similar issue. The headline figure under the performance reporting is 350 jobs — —

Ms ALLAN — For this year?

Mr DIMOPOULOS — For this year. So is there something at a lower level, not at the budget paper level, that accounts for, you know —

Does 340 of them come from — —

Ms WARD — Disaggregation.

Mr DIMOPOULOS — Yes, disaggregation in terms of cohorts, or is there a governance arrangement with those? You spoke of before about stakeholders like the brotherhood and maybe migrant resource centres and others who have some interest in who makes up that cohort?

Ms ALLAN — There have been some active conversations across the range of different groups that has already gone on. It was undertaken through the consultation. There was a cross-section of organisations supporting the different groups in our community who participated in the review of the policy and the consultation. And so they were ready, if you like, to be able to respond. They were aware that we were looking at doing something in this space. But we do need to keep an eye on ensuring that across the program there is an appropriate spread, if you like, of programs that we are supporting. I am particularly thinking, and this is what is front of mind at the moment, is supporting Indigenous communities in particular parts of the state.

But also, Stephen, to supplement your question about migrant communities, we have been doing some work with the office of multicultural affairs, and there has been some additional funding through them — \$2 million of additional funding — that will be added into this bucket of money, if you like, that will be specifically about delivering the program into culturally diverse communities. That has been some of the work that we have undertaken with Minister for Multicultural Affairs.

Ms SHING — Thanks, Minister, for your answer in relation to that specific part of the way in which the Jobs Victoria challenge is designed to be met. I will take you to the ‘Challenges in Victoria’ part of your presentation, which referred to the *Dropping off the Edge* report from JSS, and I note that the spread of disadvantage relates as much as anything to geography, but within that specific report there are also very clear delineations around the challenges faced by women, faced by young workers and also faced by older workers. To that end, and from a Gippsland perspective — and I am sure Mr O’Brien will share my view on this — the tyranny of distance compounds those factors for young workers, older workers and women as well around secure employment, which is one of the objectives. So can you please take us through how the Jobs Victoria Employment Network is intended to address these particular parts of disadvantage, and how they are manifest across the Victorian jobs market?

Ms ALLAN — Again very much part of my answer is picking up on a number of the threads that we have commented on and discussed already. A lot of it is about working with location-specific groups — you mentioned in and around Gippsland — and then of course too working with organisations that support particular groups in our community.

You will see in the guidelines — I think it is on page 7 — that one of the features of the program is that we are inviting organisations to come together around a consortia-type approach so they can pick up on a few of these threads. Again what an older worker needs will vary from individual to individual so we need to make sure that we are tailoring the support. One of the other key features of the guidelines is that there be a very strong link to industry. Frankly, you get less of a return if you are simply putting people through these types of programs and there is not a job at the end of it for them or there is not a connection to a job and an outcome at the end of it. That is why there is a requirement through these guidelines for industry to be a participant in this process. Again it is based on some experience I have had in the past where this has worked well.

So you can also start to address some of the industry and labour and skill shortages that different businesses have in different parts of the state, because while certainly we are seeing more jobs being created and more opportunities, and again this is applicable in rural and regional areas more so than in most, there are some employers who find it a challenge to find people with the skills that they need. So if you can match up the group in the community who need some support with the jobs that are going to be there into the future, you can get again some real outcomes, which is what this is really keenly focused on.

Ms SHING — How does that deal with specific characteristics of job seekers who fall broadly within the disadvantage category simply by virtue of the fact that they require flexibility, whether it is because of distance, whether it is because of being a single parent, whether it is because of limited earlier job or skills-based experience in terms of educational outcomes? How is the consortia model able to accommodate this as far so those new and emerging industry and employment opportunities are concerned?

Ms ALLAN — Can I ask Lill, who has been doing some of the frontline work on this, to respond to that?

Ms HEALY — Certainly, Minister. Yesterday we were in Morwell doing an information session. Today we, the rest of the team, are in Mildura. So right across the state the department is using its networks to really dig in to make sure that people understand the program. So first and foremost that is critical. Of course that builds on the pretty strong networks that the department has in existence with business right across the state. So it is the supply and demand side of the model.

Ms SHING — But beneficial workplace flexibility at the same time? I mean that is another component of where this debate needs to head in terms of matching, I would say, disadvantaged job seekers on the one hand with the availability of jobs on the other.

Ms HEALY — Indeed. So it has to be both sides of the coin. So our strong industry linkages make us well placed to bring employers to the table and our strong community linkages make us well placed to ensure that the disadvantaged individuals are getting the right support, so we weight both parts.

Ms SHING — Sorry to cut you off. Will there be capacity to recognise those employers who are doing the right thing in terms of best practice to accommodate those jobseekers?

Ms HEALY — I think, again, the Linfox example is a good one. They are already doing this type of work, and that is why the launch, Minister, was at Linfox.

Ms ALLAN — Yes, there is a YouTube video to prove it. I am a big fan of carrots and not just sticks in relation to that extra work.

Ms HEALY — Indeed.

Mr D. O'BRIEN — Minister, can you explain the individual responsibilities for employment-generating projects between your portfolio and those of industry, innovation, small business and trade?

Ms ALLAN — Sure. As the Minister for Employment, I have responsibility for the employment programs that we have been talking about this morning, the Jobs Victoria Employment Network being the newest of those. As the lead minister for the department, and under the employment portfolio, I also have oversight of the investment programs, and I work in partnership with the relevant ministers within the portfolio areas on investments that apply to them. So, for example, there was some support we gave to Dulux last year. I worked with the Minister for Industry on that. For example, if it is a regionally based employer, it is often in partnership with the Minister for Regional Development. So that is how the arrangements are put in place.

Mr D. O'BRIEN — So how do you do the break-up of individual projects, for example? Who decides who is looking after what?

Ms ALLAN — We have a governance structure, for want of a better word. We get advice from the department based on the allocation of responsibilities in the charter letters from the Premier, and also the allocation through the general order, the administration order across the portfolios. We have advice from the department on that, based on that, in terms of when investments come in.

Mr D. O'BRIEN — Is it ultimately your decision, as the lead minister?

Ms ALLAN — No. It is based on — —

Mr T. SMITH — So you are not responsible?

Ms ALLAN — Oh, goodness me!

The CHAIR — I think the minister was answering your question, Mr O'Brien. Was there another question?

Mr D. O'BRIEN — I will move on, Minister.

Ms ALLAN — Just to be clear, there is advice that comes in from the department. We work collectively as a group of ministers. I have joint authority for the investment authority with the other ministers relevant to their portfolio area for signing off support through the investment program.

Mr D. O'BRIEN — That leads on to my next question, which goes back to regional Victoria. Minister, there have been 11 000 jobs lost in Gippsland since you came to power, 3500 of them full-time, 1168 in Bendigo full-time and 12 500 in the north-west — —

The CHAIR — Are these ABS statistics, Mr O'Brien?

Mr D. O'BRIEN — They are ABS statistics, Chair. Turning to budget paper 3, page 136, given these figures, why is the government reducing the jobs it intended to create in regional Victoria?

Ms ALLAN — Which budget paper reference was that?

Mr D. O'BRIEN — Page 136, BP3. In 14–15, the actual number of jobs created from government investment facilitation, which you just mentioned, was over 2000. Your target is now back to 1200. Unemployment has gone in the valley from 6.1 to 8.2 per cent.

Ms ALLAN — So this is in the 'Regional development' output?

Mr D. O'BRIEN — Yes. It is about 'Employment in regional Victoria resulting from government investment facilitation services and assistance'.

Ms ALLAN — I am aware of that, thank you. As you will see, that number is consistent, the 15–16 target, and the 16–17 target had not changed.

Mr D. O'BRIEN — But down from 2014–15.

Ms ALLAN — Yes, I was coming to that. They have not changed. Your claims around jobs in regional areas — obviously you have not gone to the statistics that show, for example, that in Ballarat we have had 4600 jobs created since the end of 2014. In Geelong there have been 14 000 jobs created during that period of time. In the area of Hume, 5500 were created during that time. I appreciate that you are using a set of statistics that are fit for purpose in terms of the question that you are asking, but I think we can very clearly demonstrate — and I would be absolutely delighted to lead members of the committee with the *Jobs for Victoria* document so you are left in absolutely no doubt as to the government's — —

Mr D. O'BRIEN — I am sure that would be an unbiased description, too, Minister.

The CHAIR — Order, Mr O'Brien! The minister is answering your question.

Mr D. O'BRIEN — Mr Smith has other questions, Chair.

Ms ALLAN — Sorry, if I can conclude, so you are left in absolutely no doubt that the government has had in place since our very first day in government a plan to support and create jobs, and that stands in — —

Mr D. O'BRIEN — It is not working; that is my point.

Ms ALLAN — I would disagree strongly — 112 000 jobs. You might — —

Mr DIMOPOULOS — More than in four years under you.

The CHAIR — Order, Mr Dimopoulos!

Ms ALLAN — One hundred and twelve thousand jobs have been created since November 2014. It is there in the budget papers. I have already gone through in great detail how we understand very clearly that for different areas, geographic areas of different cohorts in our community, of course we have to work harder and of course we need to do more, and that is exactly what we will do. But overall, we have had a plan in place. It was initially the Back to Work suite of programs. Now under our *Jobs for Victoria* umbrella we have a range of programs and support. So whether it is about attracting business to the state through our investment programs or providing direct assistance to business — for example, through payroll tax deductions — providing assistance to individuals, whether it is through our skills program, support for TAFE, support for the Jobs Victoria Employment Network or overall stimulating the economy through our infrastructure agenda, we have an overall plan that recognises that the state has a role and the state should play a role in stimulating the economy and

providing support to businesses and individuals, and that is briefly articulated in this document. The success to date demonstrates that we have created 112 000 jobs.

Mr D. O'BRIEN — Chair, I asked a specific question about the reference we gave. The minister has not answered it. Mr Smith has some questions. We would like to move on, please.

Mr T. SMITH — Minister, you have known for some time that in 2016–17 Ford will end production in Victoria, Holden will close down its Port Melbourne engine plant and Toyota will finish up production next year. Could you therefore advise the committee of the total number of direct and indirect job losses expected across Victoria when car manufacturing ceases at the end of 2017?

Ms ALLAN — If I recall correctly, and I will seek your guidance, Chair, this is a suite of questions that was put to the Minister for Industry last year during the hearings. I am not avoiding the question; I just, for accuracy, would need to go back and check the transcripts and answers for the response. She is the minister with responsibility for the oversight of the automotive transition work. I sit on the task force that she chairs. We absolutely, though, know that there is an enormous amount of work that needs to be done when the closure of the automotive industry starts to take effect from later this year.

Mr T. SMITH — So you do not know?

Ms WARD — No thanks to the federal Liberal government.

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

Ms ALLAN — Let us remember very clearly the reason why we are faced with this situation — that in 2013 the then federal Liberal government stared down and sent offshore Victoria's automotive industry, and they were cheered on — —

Mr T. SMITH — I think you will find it had something to do with the exchange rate. You know, we moved to a floated dollar about 30 years ago.

Members interjecting.

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

Mr D. O'BRIEN — No, she is not.

Mr T. SMITH — She is not at all, Chair, with respect.

The CHAIR — Order! Mr O'Brien!

Ms ALLAN — And they were cheered on by the state Victorian Liberal government, who did not lift a finger to try and stop this from happening.

Mr T. SMITH — How many job losses by the year of 2017, Minister?

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

Ms Ward interjected.

The CHAIR — Order! Ms Ward. Minister, to continue.

Ms ALLAN — We know that there are thousands of people employed across those three companies. We also know that across the supply chain there are around 12 000 to 13 000 people employed in those. Now in terms of the exact number who will no longer be employed at the end of 2017, that in part will depend on the work that is being done right now through the transition work. For example, we are doing a lot of work in supporting companies in the automotive supply chain to see where there are new opportunities to partner with the rail industry in the delivery of the new rolling stock. Because of our local content requirements, there are opportunities there for them to gain work as part of that project. So in terms of the exact number, of course we know how many people are employed in the car companies; of course we know.

Mr T. SMITH — No, but I want to know how many — —

The CHAIR — Order! Mr Smith!

Ms ALLAN — I would love to be able to finish a question.

Mr T. SMITH — I want to know how many have lost — —

The CHAIR — Order! Mr Smith!

Ms ALLAN — Of course we know how many people are employed in the supply chain.

Members interjecting.

The CHAIR — Order!

Ms ALLAN — Of course we know how many people are employed in the supply chain.

Mr T. SMITH — No, I am not asking how many people. I am asking how many people are losing their jobs.

The CHAIR — Order!

Ms ALLAN — In terms of the exact number that will be gone by the end of 2017, as I said, that is dependent on what happens between now and then, and we want to work with, as I said, individual workers within those companies. There is work happening with them right now. We want to work with them, and work is happening right now within the supply chain. Again, the Minister for Industry, I am sure, will be able to provide more information. There is a range of automotive industry programs that are put in place to support business assistance grants, to support those industries make that transition. That is the work that is being done. It is so regretful that we have to do this work because of the decisions taken by the previous federal and state Liberal governments to send the car industry away from this state.

Mr T. SMITH — Enough, honestly. All right, whatever. Okay.

The CHAIR — Order! Mr Smith!

Mr D. O'BRIEN — We direct Detroit then, do we?

Ms SHING — 'Whatever' is not appropriate, Mr Smith.

The CHAIR — Order! Has the minister concluded her answer?

Ms ALLAN — I would love to pick up the interjection around the exchange rate because it demonstrates the folly of the decision that was taken in 2013 —

Mr T. SMITH — Oh, honestly!

The CHAIR — Order! Dr Carling-Jenkins, for 5 minutes.

Ms ALLAN — by the federal government, because the exchange rate fluctuates from time to time, and we are now in a very different environment.

Mr T. SMITH — Thank you, Minister. You have had your go.

Ms SHING — Mr Smith, do not be so respectful.

The CHAIR — Order! Mr Smith!

Dr CARLING-JENKINS — Thank you, Minister. It is okay — 5 more minutes to go and it will be over. I have a couple of fairly quick questions because I have only got 5 minutes. One is in relation to the investment attraction and assistance program, which is in budget paper 3, page 29. This is designed to attract, and I quote, 'strategic and footloose investment' — I just love that quote.

Ms SHING — Everybody get footloose.

Dr CARLING-JENKINS — Yes, everybody get footloose — with a focus on attracting foreign investment. And we see on page 25 of the same budget paper 3 that this is quite a significant investment of 116 million over four years. I just wonder if you can outline for the committee your role in facilitating this program, and how the government will be determining the allocation of this significant investment?

Ms ALLAN — If I can pick up where you finished, Rachel, on the significant investment, there are significant additional funds in this year's budget, and it is referred also in the material that I have handed around, that are directed towards investment attraction. We need to do this in terms of being competitive with other states and competitive with other countries. We want to do everything we can. We have to obviously have in place the right competitive environment for business in Victoria, and the payroll tax deduction program that is in the budget goes in part to that, but we also know that we need to have some levers in our control to be able to attract businesses — footloose investments — to Victoria. This goes to a lot of the work that is done in the department.

In terms of the oversight, as I mentioned before in response to some of the previous questions, I have oversight of the program, and the delivery is done in partnership with those line ministers who are responsible for particular industry sectors within the Victorian economy.

Dr CARLING-JENKINS — So would you then be unable to answer the question around how the funds will be allocated, what determination that will be?

Ms ALLAN — No, sorry I can.

Dr CARLING-JENKINS — Okay, thank you.

Ms ALLAN — And if I miss out on anything, Matt Carrick is the senior department official responsible for the oversight of the investment attraction program through Invest Victoria. The allocation of the funds is undertaken through the department. There are opportunities identified, and work is done with the department and those companies to go through appropriate assessments and to validate figures, because obviously we have got to ensure that there is the appropriate expenditure of taxpayer funds. All that work is undertaken by Invest Assist, who then give advice to the government about whether they think a proposal should proceed. Depending on the size of support that is provided, that advice either is dealt with directly by myself and the relevant minister or it may need to go to a further discussion of a broader group of ministers within government. It depends, as I said, on the threshold, but there are very clear governance arrangements set in place to oversight the management of these funds, based on the advice from the department.

Dr CARLING-JENKINS — Thank you, Minister. When these funds are dispensed, will that information become publicly available as to who the funds went to, how much et cetera?

Ms ALLAN — It differs from program to program. Projects that have been funded through the investment attraction type program are not necessarily disclosed, nor have they historically been, because it goes to some issues of commercial-in-confidence discussions that are had with the company and the state. I think there are some other grants in the regional portfolio which are disclosed, but in terms of the investment attraction, the reason why it is not disclosed goes to issues around commercial in confidence but also it speaks to some of the competitive nature of this space between other states and our need to retain some competitive tension in it. We do not necessarily need to disclose to every other state what we are doing here in Victoria on that front.

Dr CARLING-JENKINS — Thank you, Minister. Now I am just going to really quickly try to get in another question that you might need to take on notice, obviously. Budget paper 3, pages 25 and 33, around strengthening the Victorian industry participation policy. I would like to particularly ask about assistance being provided to disability social enterprises to compete for government procurement. I note that there is assistance provided to local small business, and I am just wondering what part of that might be around disability procurement.

Ms ALLAN — The short answer is yes. We are doing a lot of work on the social procurement space. I would be happy to have a chat to you separate to this meeting or indeed come back to you with information on notice, because I think you would be quite interested in some of the work that has been done in the space.

Dr CARLING-JENKINS — Beautiful. Thank you, Minister.

The CHAIR — The hearing is ended. I do want to make one observation, though. Witnesses are invited by this committee to appear before the committee. I would expect and hope that all members treat the witnesses with a level and degree of respect that their title and their position warrant. Offhand remarks while a witness is giving evidence or backhanded comments are not welcome and should not occur.

I would like to thank the witnesses for their attendance: the Minister for Employment, the Honourable Jacinta Allan, and Mr Carrick, Ms Eddy and Ms Healy. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

I also note that I think this is the minister's 10th appearance before the Public Accounts and Estimates Committee. In recognition of this auspicious event, there is a cold ham and cheese croissant waiting for her in the Knight Kerr Room.

Ms ALLAN — If I may, Chair, do I get long service leave and get next year off?

The CHAIR — It is a fair question.

Witnesses withdrew.