

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2011–12

Melbourne — 20 May 2011

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

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Executive Officer: Ms V. Cheong

Witnesses

Mr R. Dalla-Riva, Minister for Employment and Industrial Relations,

Mr H. Ronaldson, Secretary,

Mr M. O'Connor, Deputy Secretary, Workforce Victoria,

Mr Y. Goldfarb, Manager, Workforce Participation Programs, and

Mr J. Strilakos, Chief Financial Officer, Department of Business and Innovation.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2011–12 budget estimates for the portfolios of employment and industrial relations and manufacturing, exports and trade.

On behalf of the committee I welcome the Honourable Richard Dalla-Riva, Minister for Employment and Industrial Relations and Minister for Manufacturing, Exports and Trade; Mr Howard Ronaldson, Secretary of the Department of Business and Innovation; Mr Matt O'Connor, deputy secretary, Workforce Victoria, Department of Business and Innovation; Mr Yossi Goldfarb, manager, workforce participation programs, Department of Business and Innovation; and Mr Jim Strilakos, chief financial officer, Department of Business and Innovation. Members of Parliament, departmental officers, members of the public and the media are also welcome.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his or her chief of staff, can approach the table during the hearing to provide information to the minister by leave of me as chairman. Written communication to witnesses can only be provided via officers of the PAEC secretariat.

Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council Committee Room, and no more than two TV cameras are allowed at any one time in the allocated spaces. I remind TV camera operators to remain focused only on the person speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited. I am also pleased to announce that this series of budget estimates hearings are being audiocast live on the Parliament's website.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee has determined that there is no need for evidence to be sworn. However, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within 48 hours after the hearing.

Following a presentation by the minister, committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of employment and industrial relations. Welcome, Minister.

Overheads shown.

Mr DALLA-RIVA — Thanks, Chair. Welcome to the committee. I know it is the last day, and having been there for four years, I welcome back Mr Pakula and Mr Scott for a longer term, I hope.

I understand that, as I said, I am the last minister to appear. I know committee members have been briefed extensively on the broad parameters of the budget by this stage. As far as my own department is concerned, I understand also that Minister Asher took you through the machinery-of-government changes and outlined in some detail the two rounds of efficiency savings undertaken.

To summarise, in budget paper 3, page 102, the Department of Business and Innovation will deliver election commitment savings consisting of reductions in media and marketing positions, consultants, government advertising and capping head office staff numbers, plus additional savings will be delivered by a reduction in funding for programs such as the Alfred Deakin lectures. In addition there will be a consolidation of CBD accommodation and general operational expenses.

Within that framework let me explain the importance of this budget from the perspective of my own portfolio responsibilities. As minister, I see my objective to do all we can as a government to help strengthen and expand industry in this state to generate investment and jobs. But none of this can happen without raising our workforce productivity and boosting business competitiveness. After honouring the commitments we gave to the Victorian people at the election, our priorities in this budget are to fix the financial mess Labor left behind, to restore this state's public finances to a sustainable footing and to lay down new directions for the strategic reforms necessary to deliver high productivity and to get business in Victoria into a stronger position.

Labor in office simply relied on population growth to underpin economic activity. We see that as being nowhere near good enough; we have to be smarter than that. To quote the Treasurer's speech at page 4, he said:

Productivity growth is the main driver of higher living standards and economic prosperity, but in the past decade it has fallen.

In the five years to 1999–2000, productivity growth averaged 2.8 per cent a year. In the five years to 2009–10 it grew by an average of just 0.7 per cent a year.

We can see the effects illustrated in the graph above. I think these trends represent a truly damning commentary on Labor's lazy and inept approach to economic management.

Mr PAKULA — I am about to withdraw my commitment.

Mr DALLA-RIVA — Victoria has been underperforming on the key measure of productivity. We need to reverse this position in this state so that its people can have the economic opportunities. What can we do to turn that around? One of our commitments was to reduce the burden of regulation on business, and we announced that plan to cut the cost of regulation by 25 per cent over three years. To make us competitive, regulation needs to be as efficient and as targeted as possible. Inefficient regulation not only stifles growth but may have prejudicial impact when companies are making decisions about whether or not to invest or remain in Victoria or indeed go elsewhere, and that in the end means jobs. So when state governments make decisions on a range of activities, including infrastructure, land use, skills and training, the impact on business needs to be front and centre in our calculations. The aim should always be about improving the business environment rather than hampering or constraining it.

Similarly we need our workplaces to be world leading. Here I might take some time to mention a cornerstone of our platform and budget announcement, and that is the area of skilled migration. We know migration has been a great part of the Victorian success story. Successful postwar immigration programs have greatly strengthened and enriched our economy and society. The greatest competitive advantage a state can have is an abundance of well-educated people with the relevant skills.

More recently, however, we have been less successful, as this slide indicates, than some other states in encouraging an influx of skilled professionals to able to help build on the competitiveness of our industries here. We see that the high point was 27.3 per cent, now down to 24.5, and the concern is that it is trending down. A shortage of skilled workers drives up costs for business, for industry and for the general population.

Under the previous government, skills shortages across many industries were hampering the ability of Victorian companies to expand their opportunities not only in the domestic markets but also globally. We now face as a state changes to the commonwealth government's skilled migration scheme along with increasing national competition for labour skills. We need to work harder and smarter to continue to attract talented people to add to Victoria's economic strengths. Attracting those skilled migrants to Victoria will contribute to future prosperity and success.

We will be working with business and responding to their concerns over skills shortages. We will seek to help them to identify and recruit the experience that foreign-trained professionals bring to Victoria. I am pleased that over the next four years the Victorian government will invest \$8.8 million to refocus Victoria's skilled and business migration program. The state sponsorship and employer sponsorship of migrants will be redesigned to ensure the best fit with industry needs. We have also committed an additional 400 000 to the CALD job bank registry.

Support will also be available for specific industry programs and forums to help bring the right workers in quickly and to help Victorian employers navigate the commonwealth government's migration processes. The Baillieu government will also make certain that regional Victoria benefits from Victoria's improved skilled

migration program. These initiatives will ensure that Victoria is the prime destination of choice for skilled and business migrants and that they are well integrated and able to move seamlessly into employment that is aligned with their professions and skills.

As Minister for Employment and Industrial Relations I am excited by the opportunity to make Victoria a magnet for the best talent. In the early days of Victoria, people required hard hands and strong backs to work and carve a life for themselves and their families. Today's new challenges require sharp minds and relevant skills, and the Baillieu government will be doing all it can to help meet those demands. Making the most of our home-grown talent will of course remain an abiding priority for this government. Here, however, it must be said that Labor's irresponsible mismanagement of the state's finances —

Mr PAKULA — Really?

Mr DALLA-RIVA — along with federal Labor's decision to deny Victorian families \$4 billion of GST revenue will make the task much harder.

Ms HENNESSY — You are going to have more GST than the Brumby government ever had.

Mr DALLA-RIVA — In my employment portfolio we are determined to set new priorities, and we will confine our spending to those areas where we believe we can make the most difference.

Mr PAKULA — You spent 26 000 bucks on the Premier's flash mob dance.

Mr SCOTT — Really? Twenty-six thousand?

Mr PAKULA — Yes.

Ms HENNESSY — How much?

Mr PAKULA — Twenty-six thousand.

Mr SCOTT — What a waste of money.

Mr DALLA-RIVA — The federal government has chief financial and policy responsibility for the welfare-to-work agenda. We expect it to step up to its obligations in this field, so our focus at the state level under the Employment Start Up program will be on providing the young, particularly disadvantaged and indigenous youth, with a helping hand into useful working lives. There is ongoing funding through my department to help graduates and trainees in public sector and community sector work. There is also ongoing funding to support successful placement in trades and other skilled occupations for young indigenous job seekers.

We will do all of this, but unlike Labor we will do it responsibly, within our means and not through spending commitments we cannot deliver. Labor had made no provision for future funding for a wide range of programs within my portfolio. Many of those programs were budgeted to wind up on 30 June 2011 —

Mr SCOTT — When the funding would then be available — —

Mr DALLA-RIVA — with no allocation of funds set aside to renew them. It is indeed deeply regrettable. It bears testament to Labor's irresponsibility. That is the mess that Labor left behind, and that is what we have to fix.

Mr SCOTT — That is nonsense. That is arrant nonsense.

Mr DALLA-RIVA — We must be vigilant about the impact of the legislative changes introduced by the Gillard government nationally on jobs and investment in Victoria, and we will be studying carefully the potential effects of the commonwealth's attempt to price carbon emissions. We need much more information and detail from the commonwealth about its tax plan. What will be the impact on the Victorian economy, the impact on jobs and the impact and the effects on assessment in the energy sector? And what compensation measures and concessions does the federal government have in mind?

As the Premier has said, we are not about to embark on any measures which unduly disadvantage the Victorian economy, Victorian businesses or indeed householders who pay the bills. We must also do what we can to ensure that Victoria is not disadvantaged by the impact of federal workplace laws on our productivity and competitiveness.

Ms HENNESSY — He is a WorkChoices fan, is he?

Mr DALLA-RIVA — As committee members will be aware, Victoria ceded most of its industrial relations powers to the commonwealth in 1996.

Mr SCOTT — Do you want them back?

Mr DALLA-RIVA — Since 2009, therefore, workplaces in Victoria have been subject to the operations of Labor's Fair Work Act 2009, but that does not mean we will stand idly by, as the previous state Labor government did, when and where we believe the federal laws are not working to protect the interests of Victorians.

It is crucial that we strengthen Victoria's industrial relations reputation to encourage future investment and sustained economic growth for all Victorians. Already with this in mind the government has made representations before Fair Work Australia in three significant cases. We have supported the calls by national retailers for greater flexibility in the approach to after-school work by students. This government does not believe that commonwealth laws should make it harder for small business to hire students, especially in regional Victoria, or harder for students to get after-school work. Likewise the Victorian government has adopted a common-sense approach to the annual wage review through Fair Work Australia. We said in our submission that Fair Work Australia should have regard to a number of factors in setting a new minimum wage.

Ms HENNESSY — Yes, like keep people in poverty.

Mr DALLA-RIVA — In the case of remuneration for people in the social and community sectors, we will be actively engaging with the work that Fair Work Australia has asked the parties to undertake following this week's decision. Chair, as we said before the last election and as we maintain now, this government values the work done by community sector workers, who are predominantly women, and acknowledges that it is often incredibly physically and mentally demanding work.

Ms HENNESSY — Yes, just don't pay them properly.

Mr DALLA-RIVA — We backed this commitment with a provision of \$200 million over four years in this year's budget, and that is in budget paper 3, page 50. In contrast to the position of the Victorian government, however, no other government in Australia, federal or state, has made any firm or specific financial commitment towards the outcome of this important case.

Mr PAKULA — Queensland paid them years ago. You don't know what you are talking about.

Ms HENNESSY — Queensland paid them years ago. He is misleading the committee. Do not mislead the committee.

Mr DALLA-RIVA — Can I say, regrettably and irresponsibly, in keeping with the preference for spin over substance, even the previous state Labor government made no provision for the outcome of this case. Labor committed not 1 cent in the forward estimates to pay for yet another empty promise.

Mr PAKULA — The case had not started yet last budget, you dodo!

Mr DALLA-RIVA — While we in Victoria will stay active and engaged in this and other issues, the Gillard government has prime responsibility for workplace relations more generally, and we believe that as the Gillard government has set the rules, it is the Gillard government's responsibility to ensure that those rules do not inhibit or hamper the ability of businesses to run competitively, to invest and, more importantly, to provide jobs. We will hold the Gillard government to account whenever and wherever we see Labor's workplace laws having a negative impact on jobs and investment in this state.

Mr PAKULA — That was abysmal. That was an embarrassment.

Ms HENNESSY — That was embarrassing.

Mr PAKULA — Chair, let me say that he is the 22nd minister, and he is the first one to give a presentation remotely like that. What a disgrace!

The CHAIR — Thank you, Minister. Deputy Chair, I think you are getting ahead of yourself.

Mr PAKULA — Do you reckon?

The CHAIR — You will be invited to ask a question shortly.

Ms HENNESSY — If the shoe fits, Chair.

Mr PAKULA — Fair dinkum, that was embarrassing.

The CHAIR — Minister, in your presentation you went to the issue of the significance of skilled migration and also matters relating to forward projections on population. I ask: how have predictions concerning population growth shaped the budget for 2011–12 and the out years in your portfolio of employment and industrial relations?

Mr DALLA-RIVA — The issue surrounding population growth goes to the heart of long-term strategic policy calculations across my portfolio responsibilities. I welcome the opportunity to offer a few comments. As you know, over the past decade Victoria's population has increased more than any other state other than Queensland. Melbourne alone has increased about 600 000 in its population. Whilst population growth can be a sign of strength and it can fuel economic growth, if population growth is accompanied by a decline in workforce productivity, as I have indicated before, and by a failure on the part of government to provide the necessary services and infrastructure to support expanding communities, then the effect on lifestyle is not necessarily as beneficial. Let me explain — —

Mr PAKULA — Explain — you have to understand something to explain it!

Mr DALLA-RIVA — This has been the outcome in recent years, and this government will need to address the policy challenges that arise from being too dependent on population growth to underpin economic growth.

Ms HENNESSY — He has notes to read.

Mr DALLA-RIVA — In my portfolio of employment and industrial relations any long-term planning must consider the impact of the ageing population and, in short, what we can do to ensure that a relatively smaller working aged population will still be able to support a relatively larger section of the population, who will be either very young students or, at the other end of the spectrum, those who have entered post-retirement and who will need greater government support for health, aged care and other services. This is what is sometimes called the demographic deficit.

In dealing with this long-term structural challenge, I intend my employment and industrial relations policies to focus on two policy questions in particular. Firstly, how do we lift workforce productivity to ensure that our industries are operating at optimum efficiency and thereby generating the wealth and revenue collection sufficient sustain and improve living standards? As I mentioned in my presentation, this must be a key policy priority. Productivity growth, as I have indicated — and some of those opposite do not understand — is the main driver of higher living standards and economic prosperity, but in the past decade it has fallen.

Mr PAKULA — You are reading it, and you don't understand it!

Members interjecting.

Mr DALLA-RIVA — What we need to do — —

Mr PAKULA — Chair, this is conceptually beyond Mr Dalla-Riva; it is light years beyond him.

The CHAIR — Deputy!

Mr PAKULA — We are being provoked, Chair.

The CHAIR — Your behaviour may have been appropriate when you were sitting on that side of the table and Mr Dalla-Riva may have been provoking you. Mr Dalla-Riva is the minister before the Chair and has taken a question from the Chair — —

Mr PAKULA — Right.

The CHAIR — And the Chair is interested in the answer, even if you are not.

Mr PAKULA — So he can provoke us and we are not able to respond?

The CHAIR — This is not a debating society, Mr Pakula; this is estimates.

Mr PAKULA — It is barely that, Chair.

The CHAIR — This is a serious undertaking. You can take it seriously or find something else to do.

Mr PAKULA — I am taking it extremely seriously. All this minister has done since he has walked in is take pot shots at the previous government. That is all he has done for 20 minutes.

The CHAIR — Minister, proceed, please.

Mr DALLA-RIVA — As I indicated, we see productivity growth as being the main driver of higher living standards and economic prosperity. But as I indicated, and I refer to the chart up there, productivity against the Australian average has been in decline. I have said that we as a new government, in my portfolio, need to reverse that position if this state and its people are to have economic opportunities and a prosperous future. I also indicated, Chair, that there are a range of issues that confront us as a state and indeed as a nation in relation to the ageing population and the like.

The second area that I would like to speak about is the area of skilled migration. As I indicated, a high influx of migrants can help propel economic growth, as has happened here in Victoria over the past decade. Yet the fact is that migration levels are likely to stabilise or reduce in the immediate future. The fact is that a rapidly rising population cannot and will not be making the same contribution to economic growth. Therefore the focus in the immediate future in our state migration plan must be to target the right people to fill key gaps in our workforce.

Again, this must be primarily focused on business needs. I know from my many conversations with those I have met across the industries that the employers are crying out for skilled professionals — we know that, and I am sure you have heard of that before — but they cannot find them locally. That is why some of our programs are focused on that area. We know that a shortage of skilled workers drives up costs for business, for industry and for the general population, and as I said in my presentation, the greatest competitive advantage a state can have is an abundance of well-educated people with relevant skills. We need to work harder and smarter to continue to attract talented people to add to Victoria's economic strengths. Recruiting people with the skills in greatest demand will contribute to our future prosperity and success and help us deal more effectively with the significant demographic challenges ahead.

Mr PAKULA — Minister, I would ask you to turn to page 162 of budget paper 3. Under 'Employment and industrial relations', talking about what it does, it states:

In addition, it advocates for and delivers programs aimed at establishing fair, cooperative and dynamic work environments in Victoria in private and public organisations.

It will not surprise you that I want to, in light of that performance measure, ask you about JobWatch. You alluded in your presentation, and you have said before today, that the previous government did not fund JobWatch past 30 June. Nevertheless, you know, Minister, that in fact JobWatch has been funded by governments of both persuasions over decades — funded throughout the Kennett years, funded throughout the Bracks years and funded throughout the Brumby years. It has always been funded on the basis of agreements that have a definite duration, and when those agreements have expired they have been renewed. They have always been renewed by governments past.

Mr O'BRIEN — It is like a speech, not a question.

Mr PAKULA — It has been funded out of the appropriation for Workforce Victoria or IRV, as it was previously. In fact, Minister, in your letter to Ms Bytheway of JobWatch what you have actually said in terms of the reason why you are no longer funding it is that it has nothing to do with it lapsing. You have said that ‘the activities for which the previous government provided funding are no longer clearly aligned to the objectives of my department’. That is the reason you gave then. Given the performance measure that I read out before, ‘advocates for and delivers programs aimed at establishing fair, cooperative and dynamic work environments in Victoria in private and public organisations’, how can you claim that the activities of JobWatch are no longer aligned with those of your department?

Mr DALLA-RIVA — I thank Mr Pakula for the question and the opportunity, I think, Chair, to put to rest much of the myth and misinformation circulating about the government funding for this program. Clearly I would appreciate a few moments of the committee’s time to explain this issue in detail, because it goes to the very issue about the budget process. I think it also exposes why Labor had such an ill-informed process about how it managed the budget as opposed to the way we have managed the budget.

I want to make it clear. Let me stress from the outset, Mr Pakula, that funding for JobWatch was always subject to review as part of the budget process.

Mr PAKULA — Yes. That was always reviewed.

Mr DALLA-RIVA — Contrary to media reports, funding has not ceased. In fact, unlike Labor, the government has allocated funding for JobWatch over the forward estimates. It is not funding at the same levels as in the previous budget. The fact that it is less is an outcome due solely to the need to find efficiencies across government to fix the mess left behind by Labor. However, as I said, this is a commitment by this government to recurrent funding for JobWatch across the forward estimates.

Ms HENNESSY — He is misleading the committee, Chair.

Mr DALLA-RIVA — As a result, JobWatch can continue to operate its telephone counselling to people with grievances about their treatment at work or casework support for people who may be embroiled in legal disputes with an employer. That is a commitment the previous minister did not give to JobWatch. Whatever he might say today, Mr Pakula knows it to be true. JobWatch also knows it to be true, and they all know I have the documentation to support it, Chair.

It was the previous Labor government in 2009 that commissioned a report by Professor Susan Campbell into funding arrangements for JobWatch.

Mr PAKULA — We know all this. No-one is disputing any of that.

Mr DALLA-RIVA — Professor Campbell’s review found JobWatch would be better served if it sought funding alternatives through the Department of Justice and the community legal services program.

Mr PAKULA — But it did not get any.

Mr DALLA-RIVA — To refresh Mr Pakula’s memory, I refer to a letter dated 4 October 2010, when he was the Minister for Industrial Relations, in which he said:

I wish to encourage JobWatch to continue discussions to further explore possible CLSP arrangements —

in other words, the community legal services program arrangements.

He then goes on further to say:

These two additional quarterly payments are contingent upon your agreement —

this is to JobWatch —

to ongoing consideration by JobWatch and WV of the recommendations set out in Professor Campbell’s review of JobWatch’s operations in December 2009.

Mr PAKULA — Yes, that is right.

Mr DALLA-RIVA — To explain the significance of this letter, Mr Pakula agreed only to roll over funding until March this year. There was no further funding, Mr Pakula, until March this year.

Mr O'BRIEN — Perhaps he should have asked himself the same question.

Mr DALLA-RIVA — It was through the goodwill that I had put forward that I allocated funding until the end of June, subject to the recommendations of Professor Campbell. Like many other programs across government, the previous Labor government kept JobWatch on a drip feed with no certainty or guarantee of future funding.

To bring us to the present, I as the minister constantly urged JobWatch to take up Professor Campbell's recommendations and to seek future funding as a community legal aid provider. JobWatch, as an organisation, for reasons best known to itself, chose for some time not to act on this recommendation. In March I urged the organisation to reconsider. I agreed to extend funding through to 30 June, as I outlined, and said future funding would be subject to budget review. However, in April, ahead of the Treasurer delivering the budget, the executive director of the organisation wrote to me seeking confirmation of ongoing funding beyond 30 June.

Clearly in line with convention and practice I was not, and never was, in a position to divulge budget deliberations ahead of time. What followed was a flurry of publicity about the axing of JobWatch, and I have got to say, Chair, some staggering hypocrisy from within the Labor Party. There were those who engaged in an orchestrated campaign of phone and email protests to my office, which included a Mr Tim Miller. I cannot be sure if the Mr Tim Miller is the same one who works for Mr Pakula. He did not identify himself as such.

Ms HENNESSY — Poor you, Minister, taking responsibility for your decision to try to kill the organisation. Poor you; my heart bleeds!

Mr ANGUS — Let the minister finish.

Mr O'BRIEN — Listen. You asked the question. You do not like the answer when they come out and expose the hypocrisy. They do not like it then.

Mr PAKULA — This is just unbelievable.

Mr O'BRIEN — It is unbelievable, obviously.

The CHAIR — Deputy, you asked the question.

Mr PAKULA — No, let him go — really seriously. Let him go.

Ms HENNESSY — It is embarrassing.

Mr ANGUS — It was a very, very long question too, I might add.

Mr DALLA-RIVA — But I have got to say that in these days of identity theft we have to be very careful about people wrongly and unlawfully impersonating others.

Ms HENNESSY — Yes, you would know about that, wouldn't you?

Mr DALLA-RIVA — But the interesting thing is Mr Miller sent very active tweeting to numerous contacts in the Labor Party and the union movement urging them to phone or email the minister's office to protest the fate of JobWatch.

Ms HENNESSY — To stand up for JobWatch.

Mr DALLA-RIVA — I reiterate: the funding for JobWatch had never been axed. It was a bogus scare campaign. If only Mr Miller had been shown the correspondence sent by Mr Pakula to JobWatch barely six months ago, he may have been a little less into moral indignation and a little more circumspect.

Can I say, Chair, to clear the air on 10 May I met in my office the chair and deputy chair of JobWatch. I explained what funding arrangements would apply into the future. I explained that these funds would be available over the forward estimates, but I was very clear I would be seeking to transfer the funding to the

Department of Justice to be administered through Legal Aid Victoria in keeping with the recommendations of Professor Campbell. We told the organisation we would help facilitate this transition. We urged them also to seek other funding sources reflective of their specialist role as a legal aid adviser on workplace issues.

As I explained, any abuses in the workplace that may or may not occur in Victoria today occur under the commonwealth's Fair Work Act 2009.

Ms HENNESSY — So you want to reinstate WorkChoices back? That is what your presentation was about.

Mr DALLA-RIVA — The question is: why is there an expectation that the Victorian taxpayer should meet in full the costs providing legal services through an organisation like JobWatch when clearly the federal Labor government ought to be accountable for what happens under the rules it has set?

I have got to say in conclusion, likewise the commonwealth has appointed a Fair Work Ombudsman as now the watchdog to deal with allegations of mistreatment of individuals under Labor's workplace relations laws. If there is a gap in services provided by the Fair Work Ombudsman, which JobWatch seeks to fill, our view is that JobWatch should be funded in part by the authorities responsible for those laws.

I know JobWatch has been engaged in extensive consultation with the commonwealth. I trust Mr Pakula and his office are engaging on the phone to help them out.

Mr O'BRIEN — An email campaign of Ms Gillard's.

Mr DALLA-RIVA — They may not make it a campaign against Ms Gillard. I make the point again that the negotiations of the new funding model sought by JobWatch by this government is much the same approach taken by the previous Labor government before it was voted out. The only difference is, Chair, we followed through where Labor failed.

Mr PAKULA — I probably have a number of questions in response to that personal explanation from the minister.

Ms HENNESSY — If there were a polygraph machine sitting under the minister, he would have exploded by now.

The CHAIR — One follow-up question.

Mr ANGUS — Keep it brief; shorter than the last.

Mr PAKULA — Let me just say I am sure JobWatch were very pleased with whatever the minister told them on 10 May, because on 27 April they got a letter from him saying that no further payment pursuant to that agreement will be made to JobWatch after that date, being 13 June. It appears the minister has now had a change of heart. He said there would be funding over the forward estimates to enable JobWatch to continue some of its services. My question simply is: how much?

Mr DALLA-RIVA — There are two parts to that question. The first part is we had to rectify the mess left by Labor.

Mr PAKULA — No, that was not a part of the question. How much, Minister?

Mr DALLA-RIVA — We had to make it very clear to the organisation, to JobWatch, that there was no ongoing recurrent funding available in the forward estimates under their budget. So we had to write a letter, and that was the reason for the letter. The second part is, in terms of the funding it is \$371 000 per annum for the next four years commencing from 1 July this year. As I said, this is ongoing funding contingent upon JobWatch being incorporated into the community legal services program managed by Victoria Legal Aid.

Mr PAKULA — Half a million dollars per annum less.

Mr DALLA-RIVA — As I indicated, unless your ears are painted on, Mr Pakula, the Fair Work Act now has the Fair Work Ombudsman, which undertakes a lot of that work.

Mr PAKULA — It has been there for years.

Mr DALLA-RIVA — If you are concerned about JobWatch not being funded enough to deal with Ms Gillard's Fair Work Act 2009, maybe Mr Miller can get on the phone and ring up the federal government instead of me.

Ms HENNESSY — Wow! I am so glad I have got you standing up for us, Minister!

Mr MORRIS — Minister, can I refer you to page 17 of budget paper 3 and the election commitment section. The page includes a reference to a proposed new funding program for a job bank registry. Minister, can you explain the purpose of the program?

Mr DALLA-RIVA — That is the CALD. I thank the member for his question. As I indicated, this is a great announcement and election commitment by the coalition. We are delivering on that election commitment.

The coalition, as I said, wanted to make it easier for potential employers to tap into professional skills available in our diverse multicultural communities. One of the issues I have heard when talking to various organisations in opposition and now in government is the fact that there is not a capacity for employers to link in. What this culturally and linguistically diverse job bank registry will do is make it easier for that ability to tap in.

It is \$400 000 over four years. It marks the recognition that sometimes we are not making the best use of available talent in our community. There are people out there who we can help to meet the skills shortages. As I indicated before, migrants who are brought to Australia offer high-quality professional capabilities. They have high trade qualifications, yet for reasons of cultural or language barriers these skills can sometimes be left untapped. It will work with the overseas qualification unit.

I was proud, along with my colleague Minister Kotsiras, to announce this initiative aimed at ensuring we can better direct connections to allow employers to identify people they need and migrants with skills to find work more rapidly. It seeks to resolve what is really no more than a communications gap between employers in search of skilled employees and people in our multicultural communities who have those skills to offer.

As I said, this is a key policy challenge with skills shortages right across Australia. As I indicated earlier, with the decline in Victoria we cannot afford to allow the talents of those people to be wasted merely due to cultural or language barriers. We see this as an important step towards strengthening our economy, boosting our productivity and getting people into the jobs for which they have the right skills and experience.

Mr SCOTT — Just before asking a question, I have a point of clarification: is the measurement there labour productivity or multifactor productivity? You don't know?

Ms HENNESSY — Don't you know?

Mr DALLA-RIVA — Labour productivity.

The CHAIR — Thank you, Minister.

Mr SCOTT — My question relates to labour productivity. I refer to the government's 2.5 per cent public sector wages policy, and I ask: how are bankable productivity enhancements achievable for public sector service-based occupations such as police, teachers, nurses and Victorian public sector employees without cutting operational budgets, increasing workloads or reducing overall staff numbers?

Mr DALLA-RIVA — I also understand that we had the Honourable Robert Clark here last week, on Friday 13 May, as the Minister for Finance, and he has responsibilities for that area.

Ms HENNESSY — So do you have responsibility for anything, other than trying to play political Whac-A-Mole?

Mr ANGUS — Minister, I draw your attention to budget paper 2, page 5, in relation to productivity growth, where it states that the main driver of higher living standards and economic prosperity is in fact productivity growth. We have talked about that significantly, or you have, in your answers to date. My question for you to address the committee on is: what effect would the reduction to the cost of red tape be to business, and what impact will that have on improving productivity, thereby boosting investment and job growth?

Mr DALLA-RIVA — Thank you, Chair, and I thank the member for his question.

Mr PAKULA — On a point of order, Chair, we heard from Minister Rich-Phillips earlier and it was quite clear that as Assistant Treasurer the reduction of business red tape was a matter for him, not this minister. This minister just refused to answer a question about public sector enterprise bargaining on the basis that it was not within his portfolio responsibilities, and he is now going to answer a Dorothy Dixier about a matter within Mr Rich-Phillips's responsibilities?

The CHAIR — Thank you for your point of order. My understanding of the Assistant Treasurer's response to that matter is that he is a coordinating minister, but each minister in each portfolio has a requirement to look to productivity measures within their portfolio, and reduction of red tape is a target across government. Each portfolio has some targets, so the minister may respond.

Mr PAKULA — So the minister can answer about red tape reduction, but the IR minister cannot answer a question about public sector enterprise bargaining?

Mr SCOTT — Or productivity.

Mr PAKULA — That is phenomenal!

Mr DALLA-RIVA — I thank the member, and obviously if they refer to the paper that was indicated by Mr Angus, they will see that it talks about productivity growth. I indicated productivity in my presentation as a driver towards having a strong investment framework and a strong capacity for a skilled workforce. The other area is of course the reduction in red tape.

The budget revises the longer term trend for economic growth for the state from 3 per cent down to 2.75 per cent. This is a symptom of the need to have a far more urgent focus on the importance of boosting productivity in our economy. I refer the committee again to the graph overhead showing the decline in productivity over Labor's decade of waste, and can I say that if in five years — —

Mr PAKULA — Here we go. I will tell you what is a waste: having an IR minister that cannot talk about IR.

Ms HENNESSY — What was the cost of your ministerial portfolio? That is a waste.

Members interjecting.

The CHAIR — Minister, would you just pause for a moment? Do you want to continue?

Mr PAKULA — Every time he makes a political point, he will get one back, Chair.

The CHAIR — Just help yourself. It is Friday afternoon, and we've got nowhere to go.

Mr PAKULA — I am just telling you. If you want to bring the minister to order, all right.

The CHAIR — All this is doing is eating into the time that you have available to ask questions, all right? I will point that out to you. Every time you interrupt the minister's answer to a question, we are just going to have to be patient because I am not going to have you bellowing over the top of the minister. Hansard cannot hear the response, I cannot hear the response and I am sure there are many people listening on the web who would like to hear the response.

Mr PAKULA — Chair, perhaps you would like to advise the minister to stop giving set piece speeches about the former government, and then we will desist as well.

Mr DALLA-RIVA — As I said, if we continued that graph for another five years, it would show that the impost on government of doing business in Victoria would be very difficult indeed. Cutting red tape will not be sufficient in itself to turn around the state's performance on this benchmark. Tax reform is also critical in making business more competitive, and I know there has been discussion about the national tax forum in October. The adjustments to the commonwealth — —

Mr SCOTT — I have a point of order, Chair. The minister is clearly reading. Could we suggest he just table the answer?

The CHAIR — The minister is quite entitled to refer to notes, and that is what he is doing — just as when you ask a question you often laboriously read the question.

Ms HENNESSY — He is not the minister for industrial relations, though.

Mr DALLA-RIVA — As I indicated, the government would also be looking at further measures to improve the cost and competitiveness of our public service delivery through greater competition and better procurement processes. Innovation is obviously another crucial component. When I go to round tables and hear the concerns, one issue that they invariably raise is the regulatory burden, and it is important if we are to actually deliver a better outcome in investment and job opportunities in that area.

As I said earlier, regulation is to be as efficient and targeted as possible. Inefficient regulation not only stifles growth but can be a factor in companies deciding to take business elsewhere, and that translates to loss of investment and loss of jobs.

Ms HENNESSY — Minister, I refer to your presentation and particularly to the key issue around productivity. I note that the budget papers forecast a slower productivity growth in the out years of your budget. Obviously a key issue in respect of the Victorian workforce around improving workforce participation and hence productivity is the participation of women in the workforce and the support in terms of getting women into the workforce.

This committee has heard evidence over the past week that the government has cut the Returning to Earning grants, which was a program that assisted women who had been out of the workforce in caring for children or for other people. It has cut its targets around the representation of women in the VPS and their representation on boards. It has cut a whole range of apprenticeship support provisioning. Of course this week in the Parliament we have the equal opportunity bill coming in, which will remove some protections from women in certain employment circumstances.

So I am at a bit of a loss to understand what might be in the budget, particularly in your portfolio, that will support and encourage the entry and retention of women in the workforce.

Mr DALLA-RIVA — There are a range of issues that go to the various matters that Ms Hennessy is talking about. The one point that you raised, of course, was the SACS hearing.

Ms HENNESSY — I did not in fact raise the SACS hearing, but if you do want to talk about a broken election promise in respect of social and community workers, go for it.

Mr DALLA-RIVA — The SACS was predominantly to assist women in the community sector. If you are not interested in hearing that, then I will move on to something else, because that goes to the very point that you raised.

Ms HENNESSY — I do not know where you come from, but where I come from the words ‘go for it’ mean go for it.

Mr DALLA-RIVA — And as soon as I have raised it you have dismissed it, and I think that just showing — —

Mr PAKULA — She said ‘go for it’.

Mr DALLA-RIVA — I think it is just showing the hypocrisy —

Ms HENNESSY — Hypocrisy?

Mr DALLA-RIVA — of those opposite.

Members interjecting.

Mr PAKULA — You are lost when you have to depart from your script.

Mr ANGUS — Let the minister answer the question.

Mr PAKULA — The member said, ‘If you want to talk about SACS, go for it’. That was her comment, so he is being invited to talk about it.

Mr ANGUS — Let him answer. Stop interrupting him.

The CHAIR — The minister to continue, without interruption.

Mr DALLA-RIVA — As I indicated, the issue relating to the SACS case, for example, was the very issue that you raised about getting women into the workforce. We have as a government made a commitment to support the decision of Fair Work Australia to assist those in the community sector work, predominantly women, acknowledging the often incredible physically and mentally demanding work that they undertake.

As I indicated, we were the only government — the only government, federally and around Australia — that had made a commitment, with a provision for \$200 million over four years in this year’s budget, in contrast to your government. It made no provision for the outcome of the case.

Mr PAKULA — The case had not started last budget.

Mr DALLA-RIVA — It is amazing — —

Ms HENNESSY — It is not true. Simply because you assert it does not make it true, Minister.

Mr DALLA-RIVA — It is amazing — —

Mr ANGUS — Let him answer.

Mr PAKULA — He is lying.

Ms HENNESSY — Because he was not — —

Members interjecting.

The CHAIR — I beg your pardon.

Mr PAKULA — Do not ask me to withdraw it, Chair.

The CHAIR — Withdraw, please.

Mr PAKULA — No.

The CHAIR — Withdraw it. Deputy, you cannot — —

Mr PAKULA — I withdraw the word ‘lie’. The minister is misleading the committee. The pay equity case had not started last budget, Chair.

The CHAIR — Thank you, Deputy.

Mr O’BRIEN — And he had not said it had. He just said you had not made provision, so it was not a lie. And if anything your position is further from the truth than the minister’s answer is.

Mr PAKULA — I would take that more seriously if you had the first idea of what you were talking about, Mr O’Brien.

The CHAIR — All I can say, committee members, is I am pleased it is not day 1; I am pleased it is day 11 and that we have less than an hour to go. The minister, to continue.

Mr DALLA-RIVA — In reply to Ms Hennessy’s comments about supporting women in the workforce, there could be no clearer case of our commitment to the SACS matter before Fair Work Australia. In our submission we made it very clear that we see the importance of the community sector workers, predominantly women, in terms of the work that they do and support that they need.

As I indicated, we had made a commitment of \$200 million over four years in this year's budget. It is important to note, as has just been drawn to my attention, that the proceedings commenced in March 2010, which I think from memory might have just been before the budget of the previous government.

So when you go calling somebody a liar, I think it is important you understand, Mr Pakula, that you get your facts right, because I took great offence to that, knowing the case. I just needed to know the date.

It just goes to show, as I have explained before, Ms Hennessy, that for a lot of the programs unfortunately there was nothing in the forward estimates. Even when we expose the former government's mistruths about what it said it did do, we know it is not true. The realities are there was nothing in the forward estimates to deal with that.

Mr PAKULA — Your commitment was in response to our commitment.

Mr O'BRIEN — What about your commitments? What about your commitment to bring in myki?

Mr DALLA-RIVA — I just might also make the point — —

Mr O'BRIEN — So you laugh at that? That is your record. I would not be too proud of that if I were you.

Mr DALLA-RIVA — I might also make the point that Labor made no provision for future funding for a wide range of programs within my portfolio. They were budgeted to wind up on June 30, and there was no allocation of funds set aside. Not only have we exposed Labor's reckless budget approach and not only do we have to deal with the denying Victorian families of more than \$4 billion in revenue but we have now had to and I have had to make phone calls. I have had meetings with a number of organisations where I have had to apologise on your behalf, Mr Pakula, because there was nothing there. You can snigger and laugh, but that is the reality of what has been happening. I have been meeting with a variety of people, including, I might just add, one that Ms Hennessy might be well aware of, the Working Families Council — —

Ms HENNESSY — Which you have cut, Minister.

Mr PAKULA — Which you have axed.

Mr DALLA-RIVA — There was nothing in the forward estimates, Chair.

Mr PAKULA — You can refund it; that is how it has always worked.

Mr O'BRIEN — You should apologise for calling him a liar and apologise for your record in government.

The CHAIR — Thank you, members.

Mr O'BRIEN — Apologise for calling him a liar. You are not prepared to, are you?

Mr PAKULA — You can put it in the budget, you know. You actually are the authors of this budget.

Mr O'BRIEN — Apologise for your disgraceful legacy. Apologise for the desal. Apologise for myki. Where is our apology?

The CHAIR — Thank you, members.

Mr O'BRIEN — Where is our apology?

Mr PAKULA — Put a sock in it.

The CHAIR — So it is all right for you to yell across the table and not somebody else?

Ms HENNESSY — You have an issue with productivity. What are you delivering for women in your portfolio in this budget?

The CHAIR — What is special about you, Deputy? What is special about you? You can interject all you like, but Mr O'Brien cannot; is that the rule? Is that your rule?

Mr PAKULA — Are you looking after him now?

The CHAIR — No. I am just asking all members to pay a little bit of respect for the witnesses. It is an embarrassment to me.

Mr PAKULA — The witnesses should help themselves.

The CHAIR — Minister, please continue.

Mr DALLA-RIVA — In respect of Ms Hennessy's question about helping women in the workforce, as I understand it, we have found difficulty with those programs because there was nothing in the forward estimates that would allow that. The Victorian Working Families Council —

Mr SCOTT — Allow it?

Mr PAKULA — Nothing that would allow it?

Mr DALLA-RIVA — the Victoriaworks for parents returning to work —

Mr SCOTT — When a program lapses the funding becomes available for it to be re-funded.

Mr DALLA-RIVA — That funding lapses on 30 June. I think it is important for the committee to understand that you cannot make an assumption that things are going to run forever because, 'We'll find money somewhere'. The problem we have been left with is trying to find money in the forward estimates.

Mr PAKULA — That's what the budgetary process is about.

Mr O'BRIEN — Especially when you blow the money on other projects.

Mr DALLA-RIVA — Can I say, Ms Hennessy should understand that, because at the time she was chair of the Working Families Council, waiting for her preselection time, and Mr Pakula was the industrial relations minister she should have maybe spoken to him about forward estimates and about getting some money after 30 June.

Ms HENNESSY — Each year it was funded.

Mr DALLA-RIVA — It was always funded.

Mr PAKULA — It was always funded — every year of the government.

Mr O'BRIEN — Until you ran out of money.

Ms HENNESSY — Each year; VECCI was happy, employers were happy — —

Mr PAKULA — It was always funded, every budget. You've defunded it.

Mr O'BRIEN — Until you blew the budget.

Ms HENNESSY — It is a productivity issue, and nothing for women in this budget.

The CHAIR — Thank you.

Mr DALLA-RIVA — There is.

Ms HENNESSY — That is a disgrace.

Mr DALLA-RIVA — There is — \$200 million over four years.

Ms HENNESSY — That is a disgrace.

The CHAIR — Thank you, Minister. We are learning about magic puddings today.

Mr O'BRIEN — Minister, I would like to take you to budget paper 2, page 9, under the heading 'Victorian economic conditions and outlook', which identifies the projected employment growth in the forward years of the budget estimates. I would ask you, Minister: can you break this down for the committee and explain what has been happening with the most recent employment trends in rural and regional Victoria?

Mr DALLA-RIVA — I thank the member for his question. I can report that the employment in country Victoria in April was at 4.7 per cent — higher than at the same month last year — according to the figures provided by the Department of Treasury and Finance, and the strongest annual growth of all the states. The interesting point is that the employment growth was the highest in the Goulburn Ovens Murray and the Loddon Mallee region, with Gippsland also experiencing modest growth in employment, Chair. Over the year employment grew in all country regions, with the Gippsland region recording the strongest employment growth. The regional unemployment rate was unchanged at 5.6 per cent, and it has declined by 0.3, being the second lowest amongst the states behind WA at 4.8 per cent.

Now I know there are some who are eager to talk about how bad things can be in regional and rural Victoria. There can be sometimes a tendency to focus on the distress and difficulties when a particular company in a regional centre runs into difficulty and has to consider laying off staff. But the point I always make is that the people in rural and regional Victoria are resilient, even in facing the challenges presented by the devastating floods, high dollar, high interest rates and high oil prices. We, of course, boast some of the state's most prolific and profitable industrial centres, including Geelong, Ballarat, Bendigo, Shepparton, Mildura and Wodonga. We know the Mallee, for example, is one of the great fruit-producing regions of the world, while the Goulburn Valley, Gippsland and the Western District export fine dairy products into the world's competitive global markets. I think what this demonstrates is that we are looking up in terms of supporting the people in your region and the Chair's region, and we are going to be positive, innovative and support the entrepreneurial spirit that remains in the country.

Ms HENNESSY — It is certainly not because of anything you've done, Minister. You've done nothing.

Mr PAKULA — Minister, you have spoken a lot in this presentation about how you work with business, but the budget papers also make it clear that part of the employment and industrial relations portfolio is about facilitating cooperative, flexible and productive workplaces, and there are a range of other performance measures. I am just wondering, in terms of fulfilling the criteria of the output statement in the budget: what kind of schedule of meetings have you initiated as minister with trade union peak organisations like the Trades Hall and the ACTU as well as public sector unions that are involved in public sector enterprise bargaining?

The CHAIR — Before I ask the minister to respond, I might indicate that I have some difficulty with asking ministers for their calendar and diary notes.

Mr PAKULA — It is not specifically about his calendar; it is about the approach he is adopting.

The CHAIR — Would you like to slightly rephrase your question?

Ms HENNESSY — He is the Minister for Industrial Relations. What does he do?

Mr PAKULA — To this extent I will, Chair. I am not asking for specific dates. I am asking for the approach the minister adopts in regard to conversing with organisations that represent employees as well as employers.

The CHAIR — Thank you, Deputy.

Mr DALLA-RIVA — Can I just have the reference to the budget paper? Sorry, I did not get it.

Mr PAKULA — I do not think it is that germane, Minister.

Ms HENNESSY — Surprise, surprise; he doesn't get it.

Mr PAKULA — But I'll get it back. It is budget paper 3, page 162.

Mr DALLA-RIVA — Sorry?

Mr PAKULA — One six two.

Mr DALLA-RIVA — One six two.

The CHAIR — Thanks, Deputy.

Mr PAKULA — You probably do not need it to answer the question.

Mr DALLA-RIVA — No, I used to be a mind reader but I could see no future in it, that's all. Can I just say right from the outset that this is the difference between our government and your previous government. We are the government of business and innovation — you are the government of the ACTU. You are the government of the Trades Hall Council. We have had many meetings with business. My chief of staff has had meetings with union representatives.

Ms HENNESSY — Your chief of staff has.

Mr PAKULA — I am asking you.

Mr DALLA-RIVA — And unlike your government, the way you operated with secret backroom deals with the CFMEU on desal plants and others, we are about — —

Mr PAKULA — Will you ask him to withdraw that? I'm not going to bother, but you could.

Mr DALLA-RIVA — We are about being responsible to meeting the needs — —

The CHAIR — I have to confess, Minister, given that this is the last question in this portfolio, there is no need to be too provocative. Thank you.

Ms HENNESSY — And, Chair, I would prefer not to be at a Masonic Lodge meeting — —

Mr DALLA-RIVA — It's difficult not to be.

Ms HENNESSY — or a meeting of the H. R. Nicholls Society.

Mr DALLA-RIVA — It's difficult not to be.

Mr PAKULA — It was actually a really straightforward question.

Mr SCOTT — Exactly.

Ms HENNESSY — It would be okay if he did something — —

Mr O'BRIEN — It is difficult, particularly if you are contrasting our record — —

The CHAIR — Minister — —

Members interjecting.

The CHAIR — Minister, could you conclude your answer, please?

Mr DALLA-RIVA — As I said, this is a positive, proactive Department of Business and Innovation. We have met lots of stakeholders, including some of those people whom Mr Pakula would like me to meet, in various ways.

Mr SCOTT — Various ways? What do you mean by that?

Mr DALLA-RIVA — But can I say, we are about delivering investment opportunities and generating jobs for Victorians, and that is the focus of this department.

Ms HENNESSY — Just not women.

Mr DALLA-RIVA — I am very proud that we are doing that, as opposed to those opposite.

Mr PAKULA — Can I have a follow-up, please?

The CHAIR — No, we are out of time. I am concluding the hearing on the employment and industrial relations portfolio. Thank you, Mr O'Connor and Mr Goldfarb.

Witnesses withdrew.