

## PAEC Inquiry into the 2018-19 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

### Minister Carroll, Industry and Employment, Thursday 31 May 2018

#### Question 1

1. With reference to Jobs Victoria, please provide a breakdown of the 6,100 jobs by the candidate's background i.e. ex-youth justice offender, long-term unemployed, former manufacturing or auto supply chain workers.

#### Response

By May 2018, just over 6,100 people had been supported into work across the suite of Jobs Victoria programs. The majority of these people (around 3,600) were assisted through the Jobs Victoria Employment Network (JVEN), and detailed demographic information is provided in the table below. Noting that the number of clients is not cumulative, as clients may belong to multiple demographics.

Demographic characteristics of 3,651 JVEN clients supported into work	Number of clients
Aboriginal	405
Asylum Seeker	192
Culturally Diverse	1,499
Jobseekers with a disability	206
Ex-offender	336
Homeless	105
Low Income	2,127
Jobseekers with a mental illness	348
Retrenched - from non-automotive roles	30
Young people in out of home care	33
Refugee	444
Retrenched - from automotive manufacturing & supply chain	190
Single Parent	255
Social Housing Resident	171
Unemployed 6-12 months	1,234
Unemployed 12 months+	1,004
Veteran or veteran's immediate family member	5
Youth Justice Client	89
Young people aged 15-24	1,181
Mature Aged People	504

The same level of detailed demographic information is not available for other Jobs Victoria programs; which target specific groups of jobseekers. For example:

- more than 500 jobseekers were supported into work through Jobs Victoria Work and Learning Centres, which target public housing residents;
- the Youth Employment Scheme and Youth Cadetship Scheme supported more than 380 young people into work;

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- the Latrobe Valley Worker Transition Service has supported more than 660 retrenched workers into jobs; and
- through the Major Projects Skills Guarantee, more than 950 apprentices, trainees and engineering cadets have gained work, most of whom are young people.

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### Question 2

2. Which of the regions are having their highest levels of job growth and which are experiencing net job loss or going backwards?

### Response

Change in employment by Statistical area 4 (SA4) regions between budget estimates period 2015-16 and budget estimates period 2016-17 (3-month averages)

Metropolitan SA4	Employment change 2015-16 to 2016-17		Regional SA4	Employment change 2015-16 to 2016-17	
	000s	per cent		000s	per cent
Greater Melbourne	92.2	3.8	Regional Victoria	24.2	3.5
Melbourne - Inner	17.2	4.5	Ballarat	6.8	9.4
Melbourne - Inner East	2.1	1.1	Bendigo	-6.1	-8.2
Melbourne - Inner South	5.6	2.6	Geelong	-3.4	-2.4
Melbourne - North East	11.6	4.4	Hume	2.7	3.0
Melbourne - North West	11.8	6.9	Latrobe - Gippsland	13.3	11.6
Melbourne - Outer East	6.5	2.4	North West	8.1	11.9
Melbourne - South East	32.6	8.7	Shepparton	-1.0	-1.5
Melbourne - West	-2.2	-0.6	Warrambool and South West	3.8	6.0
Mornington Peninsula	7.1	5.0			

Source: ABS

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### Question 3

3. Please provide information regarding the participation rate in Victoria.

### Response

Victoria's participation rate averaged 65.8 per cent (seasonally adjusted) in 2016-17.

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### Question 4

4. Which are the demographics that are particularly being impacted by unemployment, underemployment and insecure work in the budget estimates period?

### Response

Youth (15-24 year-olds) in Victoria had an unemployment rate of 13.2 per cent in 2016-17, higher than the unemployment rate for the rest of the workforce (25 years +) of 4.5 per cent (12 month averages). Unemployment rates for both groups were unchanged from 2015-16.

Data on underemployment rates by age by state are not available for the budget estimates period. Data for the budget estimates period are not available by state for insecure work (i.e. employees without paid leave entitlements). Data are also not available for the budget estimates period for cohorts such as people with a disability, Indigenous Australians, single parents, and people without post-school qualifications.

The government's labour market and employment programs prioritise support to those who are unemployed or at risk of long term unemployment. These programs provide support across the state and to a range of demographics.

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### Question 5

5. “I would like to get a sense — from BP3, page 14 — around the new investment in procurement practices to assist local businesses and jobs growth, in particular the Office of Industry Participation and Jobs and the way in which jobs access and access to employment has changed since that was first introduced, and also with reference to the Latrobe Valley ICN and the way in which that is assisting, and also examples of the valley and supply arrangements with government projects. There is 9 seconds there, so if you can take all of that on notice.”

### Response

The Government has committed to establishing an Office of Industry Participation and Jobs in the 2018-19 State Budget within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). The Office will play a key role in delivering our *Local Jobs First* - Victorian Industry Participation Policy (VIPP) and Major Projects Skills Guarantee (MPSG) policies.

This is an important step in ensuring our reforms are successful in building local industry participation and creating job opportunities, including for apprentices, cadets and trainees.

The Office of Industry Participation and Jobs will play a role in connecting local businesses to procurement opportunities, drawing on the services of the Industry Capability Network Victoria (ICN), those offered by the Victorian Investment and Trade Offices and through Jobs Victoria.

The Government is proud of the vast number of opportunities provided to local business through Local Jobs First – VIPP. I note since December 2014, the Victorian Government has declared 88 high value projects as VIPP Strategic Projects, worth a total of more than \$55 billion. These projects have set minimum local content requirements, providing real opportunities to capable local businesses and supporting tens of thousands of local jobs.

In addition to providing for the establishment of the Office of Industry Participation and Jobs, the \$5 million funding committed in the 2018-19 State Budget will also provide for expansion of ICN activities in regional Victoria, namely in Ballarat, Bendigo, Geelong and Shepparton.

This commitment follows the success of the dedicated ICN resource in the Latrobe Valley. The services provided in the Gippsland area include providing advice to potential suppliers for government projects, holding Winning Government Business Workshops, and better connecting local businesses to VIPP Strategic Projects. These projects include those located in the Latrobe Valley, such as the Latrobe Creative Precinct and the Gippsland Regional Aquatic and Leisure Centre.

These services provide immeasurable benefits for local businesses, enabling them to connect to more work, and in turn create more local job opportunities. For those businesses not yet involved, I encourage them to connect and register with the ICN in the Latrobe Valley, and wish them every success in winning future work opportunities.

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### Question 6

**Asked of Minister Dalidakis during the Small Business hearing and referred to Minister Carroll as Minister for Industry and Employment.**

As the Department of Education and Training has tendered out the school cleaning contracts to eight large businesses “putting a lot of small businesses out of work and a lot of people in a difficult position”, does the Government have any intention to review the Victorian industry procurement policy?

### Response

Since 2014, the Victorian Government has strengthened the *Local Jobs First – Victorian Industry Participation Policy* (VIPP) to provide more opportunities to local businesses and workers.

Under *Local Jobs First – VIPP*, the Victorian Government has taken action to ensure small to medium businesses have more opportunity to supply into government projects.

Following a review in 2016, an extensive suite of reforms were introduced to provide for increased industry participation, including by:

- Lowering the Strategic Project threshold from \$100 million to \$50 million, resulting in more projects having set minimum local content requirements.
- Introducing a formal 10 per cent weighting for local content as part of the tender evaluation.
- Strengthening the compliance framework, including random industry audits.
- Releasing a Forward Plan of Strategic Projects on a regular basis so that local SMEs are aware of potential opportunities arising from the government’s current and future pipeline of major projects.

Monetary thresholds apply to *Local Jobs First – VIPP*; that is, contracts greater than \$1 million in regional Victoria and greater than \$3 million in metropolitan or state wide. All procurements are also subject to Victorian Government Purchasing Board (VGPB) procurement policies, including procurements of a lower value.

Since December 2014, the Government has set minimum local content requirements for 88 Strategic Projects worth more than \$55 billion, supporting tens of thousands of jobs. This contrasts with the 8 Strategic Projects under the previous Government.

In addition, there are more than 250 Standard Projects each year, ranging in value from \$1 million to less than \$50 million. During 2016-17, 267 standard projects commenced with a total value of \$2.6 billion.

During 2016-17, 148 standard projects valued at \$1.4 billion were finalised. These contracts delivered on average 87.6 per cent local content, exceeding the commitment of 86.9 per cent, supporting hundreds of local jobs, including apprentices and trainees.

And more departments and agencies are complying with the policy. Agencies reported an improved level of compliance with *Local Jobs First – VIPP* in 2016-17.

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The Government has also recently introduced a Local Jobs First Bill into Parliament seeking to enshrine *Local Jobs First* – VIPP in law, establish a new Local Jobs First Commissioner and introduce a robust compliance framework.

The Bill is a demonstration of the Victorian Government's ongoing commitment to ensuring that local businesses benefit from government procurement and follows stakeholder feedback at the Victorian Jobs Summit held in 2017.