

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2005–06

Melbourne — 21 June 2005

Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Mr A. Somyurek

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Executive Officer: Ms M. Cornwell

Witnesses

Ms J. Allan, Minister for Employment;

Mr T. Healy, deputy secretary;

Ms E. Jensen, executive director, employment programs; and

Mr S. Gregory, chief financial officer, Department for Victorian Communities.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2005–06 budget estimates for the portfolios of employment and youth affairs. I welcome the Honourable Jacinta Allan, Minister for Employment and Youth Affairs; Mr Terry Healy, deputy secretary; Ms Elizabeth Jensen, executive director, employment programs; and Mr Stephen Gregory, chief financial officer, Department for Victorian Communities; departmental officers, members of the public and media. In accordance with the guidelines for public hearings, I remind members of the public that they cannot participate in the committee's proceedings.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week.

Before I call on the minister to give a brief presentation on the more complex financial and performance information, could mobile phones be turned off and pagers put to silent please.

Ms ALLAN — Thank you for the opportunity to talk about our employment portfolio.

Overheads shown.

Ms ALLAN — In the presentation we will talk briefly about the state's strong labour market performance, we will have a quick overview of our jobs for Victoria programs and touch on the future directions for employment programs in Victoria.

You can see from this graph that the Victorian government is very proud of its record in creating jobs right across Victoria. Between October 1999 and May 2005 we created an additional 297 900 new jobs in Victoria. That is an increase of 13.6 per cent, which the committee would note is above the national increase of 13 per cent over the same period. When you break those figures down even further, as you can see there, the growth that has been occurring in regional Victoria is particularly pleasing. Over the same time we have seen the creation of over 83 000 in regional and rural Victoria, an increase of 15 per cent. When you consider that there is this strong jobs growth in country Victoria it is not surprising that we are also seeing very strong population growth across regional Victoria, with the latest figures showing an increase in regional Victoria's population of 1.2 per cent, which is quite strong and healthy for country areas. We are also seeing jobs being created in metropolitan Melbourne with a further 207 000 jobs being created in Melbourne.

The next graph shows how that is having an impact on our unemployment rates. You can see the consistent downward trend for unemployment rates in the state of Victoria. The latest figures for May 2005 have the unemployment rate in Victoria at 5.4 per cent, which is 1.2 percentage points below where we were in October 1999. We are seeing unemployment drop in regional Victoria. Provincial Victoria's unemployment rate is 6.4 per cent; metropolitan Melbourne's unemployment rate is a quite low 5.1 per cent. At the same time as we are talking about our unemployment rates, these have been accompanied by an increase in the participation rates. During the time the Bracks government has been in office we have seen the participation rate increase by 2.1 points to 64.8 per cent, which is the highest work force participation rate we have had since August 1990.

I will not go into a lot of detail about this; the information is there for the committee about our suite of programs whether it is our community jobs program or our community regional industry skills program (CRISP) which is creating jobs. You can see on the next page a bit more information on our skilled and business migration program. This has been a significant focus for the government over the past few years. We have seen significant improvements in our intake of skilled and business migrants — going from 18 per cent in 1998–99 to 27 per cent. I am sure I will have more of an opportunity to talk about our skilled and business migration program later on in the hearing.

The next slide demonstrates the number increase. In the last completed financial year of 2003–04 we saw the arrival of over 17 000 skilled and business migrants to Victoria. We are also actively assisting young people to find employment with the suite of programs before you there.

Just touching on the future, to finish, in A Fairer Victoria, which was released by the Premier and Deputy Premier in April, in addition to the \$788 million of new initiatives, we flagged that we will be looking at taking employment programs in a new direction to focus them on areas where we know the unemployment rate is still higher than the

state average and which need some targeted support. We are also looking at some strategies around work force participation and have established a task force to assist us with that work.

The CHAIR — Thank you, Minister. The first question goes to the skilled and business migration; I appreciate that you whipped through that slide. My question goes to page 246 of budget paper 3 where we refer to new measures being introduced for the skilled migration program. Please advise the committee on the outcomes of that program and how they will be linked to those new measures.

Ms ALLAN — As I mentioned, we have seen significant increases in the number of skilled and business migrants coming to Victoria since we have focused our efforts quite heavily on this area, going from that 18 per cent figure I mentioned before, which represents around 6419 skilled migrants who came here in 1998–99, to over 17 000 skilled and business migrants coming to Victoria in 2003–04. That has shifted our share of Australia's intake of skilled migrants from 18 per cent to 27 per cent. We have seen that steady increase over the last few years.

Our skilled migration strategy, which was launched in April 2004, is an important part of our population policy — the Beyond Five Million, which was released by the Premier last December. We see that in the context of not just Victoria's but Australia's ageing population, the decline in birth rates and the pressures around certain skill needs in certain areas of migration, and particularly skilled and business migration, is an important part of continuing with our economic growth by helping meet specific needs in specific communities. We have invested an additional \$6 million over four years. Whether it is through our communications strategy, our regional migration incentive fund or other targeted programs, we are seeing some of the results.

I want to turn briefly to business migration, where we have seen significant increases in our share of business migrants, and particularly make mention of the importance of the China market to our business migration program. China represents 65 per cent of all the business migrants that come to Victoria. The next biggest group is South Korea at 15 per cent so the committee can see how important China is as a market for attracting business migrants. Part of the reason we have such a large intake is we have focused on the market in China with new initiatives like specific marketing campaigns, attendance at international immigration events and looking at some of that material going to the Chinese market. Also, as part of our Living Victoria web site, which was launched last year and has been enhanced in recent times, we have the capacity for the web site to be translated into Chinese. With the click of a button, key pages on the web site will be translated into Chinese; obviously we are looking at ways to make it easy for migrants to come to Victoria.

Mr FORWOOD — Minister, I do not know what the purpose of your recent overseas trip was; does it fall inside employment or does it fall inside youth affairs?

Ms ALLAN — It was a bit of both, and I even did some education activities there as well.

Mr FORWOOD — Would you care to outline the purpose of the trip, how much it cost, where you went, who you took, how long you were away, and all that sort of stuff? You can take it on notice.

Ms ALLAN — I will have to take the part about the cost on notice, and we can get back to you. But the purpose of the visit was primarily focusing on skilled migration. A lot of our learning and a lot of our programs here in Victoria have been modelled on what has been happening in Quebec and British Columbia. For a number of years now they have had a skilled migration program across Canada, but those two provinces particularly are leading the way in their country on the skilled migration program.

I had the opportunity to meet with the provincial minister for immigration in Quebec. They have probably a more developed relationship with their national government. It is very much a tripartite approach to skilled migration, where the local, state and federal governments work together. Quebec has an agreement that it has signed with the national government around its skilled and business migration program and looking at the targets. British Columbia takes a different approach, which we have picked up part of. We are working with local communities to help provide settlement and welcoming services that are provided at the local community level, which make up some of the features of our regional migration incentive fund that was introduced as part of the skilled migration strategy.

Whilst I was there I also met with some people around some youth issues, and in Vancouver I met with the woman who runs the youth foundations for Canada. That is a very interesting approach to both youth participation in community activities and economic development, and the investment of community funds back into youth activities in those communities. That is a growing area in Canada. They have picked up a lot of their learning from

the United States. I do not know if the committee wants me to talk about what I did in the education area, but it was certainly a very informative — —

Mr FORWOOD — We will ask you that next year. Who went on the trip?

Ms ALLAN — Myself, the secretary of the department and a member of my staff.

Ms ROMANES — Minister, I refer to page 246 of the 2005–06 budget paper 3 and note that state employment programs aim to identify skill shortages and develop initiatives to meet those needs. Would you advise how these aims are being addressed, particularly in regional areas, and perhaps you might want to add, in response to your answer to Mr Forwood, whether there are any additional initiatives or changes you are looking to make as a result of your trip?

Ms ALLAN — The regional migration incentive fund, as I mentioned, is an important part of our skilled migration strategy because we recognised that, in partnership with the communication strategy which we have developed primarily through the Living Victoria web site, we needed to help communities to be ready and welcoming of more migrants. We have already seen that happen. We know that the Goulburn Valley and Mildura and other places, particularly in regional Victoria, have had a long history of welcoming migrants. What we recognised was that at this point we needed to provide communities with a bit more assistance and work in partnership with them to further encourage and attract migrants to those regional parts of the state.

The regional migration incentive fund provides \$3 million over three years to 11 regional communities, and they work in partnership with other areas around those communities. This program is the only one of its type in Australia. It works with the local community. The local government in many of these areas takes the lead and responsibility for coordinating the fund, and many local governments provide funding in addition to the funding that we provide. They link in with local business and industry and training providers to make sure those links are there, so that when the migrants come with families, they are settled into the community, they are linked into a job, but they are also linked into the community, whether it is through assistance with translation services, if English is not their first language, helping with providing the right education for their children, or providing the transport links they might need as well.

Our 11 regions, for the committee's information, are Ballarat, Bendigo, Geelong, Gippsland, Horsham, Mildura, Shepparton, Swan Hill, Wangaratta, Warrnambool and Wodonga. Funding was provided earlier this year and all these regions are now in the process of developing or have developed their strategies and are looking at a range of different things. All of them have identified the need to undertake a regional skills shortage survey, so to assist them with that we are partnering the commonwealth Department of Employment and Workplace Relations to help to conduct those skills surveys across the state. That is obviously going to provide very valuable information for us more broadly as a government that is focused on helping get the right skills here in Victoria.

In Swan Hill the employment and settlement services have taken responsibility for the implementation of this program and are working with those local business networks. I have a quote here from the mayor of Swan Hill who said, when we went up to launch the program, 'We see skilled migrants as the key to our future'. I think it is interesting to see that many of our regional communities do see skilled migrants and increasing migrants to their communities as important to their future, and we are very keen to help them achieve that.

The CHAIR — There are two supplementary questions. As we only have half an hour, can they be succinct questions and succinct answers.

Ms ROMANES — Minister, you have mentioned the link between the regional employment program and migrants coming to Victoria with minimum skills. Is there also a link into the LLENs program?

Ms ALLAN — Certainly. The LLENs, to be succinct, in many of the areas are active partners.

Ms GREEN — I have a quick supplementary, minister, to the questions asked by Mr Forwood and Ms Romanes. You talked about working with local communities with settlement services. I am concerned about some correspondence I received yesterday — and you might want to take it on notice — about the impact of the federal government's taking away of settlement services for a number of migrant resource centres, and given they are community based I am really concerned about how that might affect us in Victoria. I have heard some media stuff saying that it is going to have a bigger impact in Victoria. Given we are doing so well, I am a bit worried about it.

Ms ALLAN — The Chair has indicated she is keen for me to take that on notice.

Mr CLARK — Last year in your evidence you showed us a slide on the unemployment rate and you told us:

We are continuing to perform more strongly than the national rate and have been below the national unemployment rate for 47 of the last 48 months so it has been a strong performance.

Subsequent to your evidence, in each of the last 12 months Victoria's unemployment rate has been worse than that of the national average, so can you tell the committee what has gone wrong over the last 12 months and what action are you and the government taking to reverse Victoria's relative decline?

Ms ALLAN — I am not sure what you mean when you say 'What has gone wrong?'. When you look at the information I gave in the presentation of over 280 000 jobs that have been created in Victoria in the last five years, not a lot is going wrong. There is a lot going right there. In the last 12 months we have seen here in Victoria — and this is an important point to mention, and I acknowledge — that we have been above the national average more often than we have not in the last 12 months. That is something we would like to see reversed, but when you look at participation rates, the participation rates have been up in Victoria and they have been up above the national average as well. I mentioned this in my presentation, where I think we have the highest participation rates here in Victoria at 64.8 per cent. That is the highest it has been since August 1990, so participation is up. It means there are more people in the work force, more people being active contributors to our economy, and I think that is very positive.

You spoke about what are we going to do about it. I think when you consider that this budget has, if I am right, a \$3 billion program for investment in infrastructure that is over the forward estimates, that is going to create an enormous amount of economic activity, an enormous number of jobs either directly related to that infrastructure program, or indirectly through the spin-offs to those local communities, so that is just one part of it. Whether it is employing more teachers, nurses and police, continuing our infrastructure investment, continuing our industry attraction program, either to Victoria or more specifically to regional Victoria, these are all strategies we are going to continue to see more jobs created in Victoria.

Mr MERLINO — Minister, I refer you to page 246 of budget paper 3. I note that there is a new performance measure for the skilled migration program which is being introduced in 2005–06 — that is, the number of unique visitors to the web site. Could you please advise the committee why this new measure has been introduced?

Ms ALLAN — Sure. We have introduced a new measure for our web site, which is really a recognition that the old measure was not accurately measuring the number of visitors we are having to our web site. The new measure that we are introducing is what is called the number of unique visitors to our web site, and that is consistent with the whole-of-government guidelines for the measurement of web sites. When you look at the number of unique visitors we are having to our www.liveinvictoria.vic.gov.au web site, we have got a great story to tell there. We have seen the number of unique visitors who have viewed this site just in the last month alone — May 2005 — hit over 49 000. To break it down even further, that is 1600 people per day going to the liveinvictoria web site to find out information about Victoria, to find out about how to migrate to Victoria. It has been a great tool that we have been able to use to attract more migrants to our state.

We have been able to make some enhancements in recent times, and we launched those enhancements in April along with Vince Colosimo, whose family migrated to Australia a number of years ago — sorry, it was on 12 May that we had that launch. We have got some Australian firsts. I mentioned the Chinese translation of the web site earlier, but we have now made it easier for migrants to do their entire visa application process online, so they do not have to worry about sending information in the post or faxing information; they can submit their application online, which means they can also track the progress of it online, and that has been very successful.

We have also provided employers in Victoria with the opportunity to advertise vacancies on this web site and to advertise vacancies in industries with skills shortages. They can now advertise on this web site and hit a worldwide audience. Again, that is proving to be very successful, with employers putting their ads online, and I am sure that is something that we will see increase further as more people become aware of the service.

The CHAIR — A supplementary question from Mr Clark.

Mr CLARK — Perhaps on notice, Minister, you could tell us whether, when you refer to unique visitors, the measure is measuring the number of separate visits that are made by people — in other words, eliminating the fact that people might view multiple pages on the one visit — or whether you are able to track the fact that someone who comes back two or three days later is the same person as someone who was there earlier?

Ms ALLAN — The second part we will take on notice. The first part is correct. The unique visitors measure recognises the one web site address, I suppose, but in terms of being able to see if they are repeat visits, that is obviously a bit more difficult. But we will take it on notice.

Mr FORWOOD — Minister, the government said that its goal was to drive unemployment down to 5 per cent and that would guarantee that Victoria's unemployment rate was consistently below the national average. We have already heard that the national average for the last 12 months has been consistently above, so I do not know where that guarantee stands. But what about the election pledge to achieve a 5 per cent unemployment target, given that page 18 of budget paper 2 shows that the forecast for this year is 5.25, next year 5.25, the following year 5.25 and that the current year is 5.75?

Mr MERLINO — It means we are getting close.

Ms ALLAN — I think there is nothing wrong with having a target and working towards that target. The graph on the presentation earlier that showed the downward trend is coming off double-digit unemployment rates that we experienced through the 1990s, and from memory I think our unemployment rate in September 1999 was around 7 per cent. I can confirm that, but from memory it was 7 per cent. So I see nothing wrong with having a target that we are working towards achieving. The monthly figures move around, but we are seeing that in the month of May, last month, the rate was 5.4 per cent. As Mr Merlino indicated, it is going down. You have got to also look at what I said before — participation is also up. There are more people in the labour market, there are more people who are actively involved in our economy, and this is all very positive for Victoria.

Mr FORWOOD — Let me just make the point that, yes, Victoria was 5.4; the national average was 5.1. On reflection, do you think the word 'guarantee' that we would remain below the national average was overstating the case?

Ms ALLAN — As I said before, I think there is nothing wrong with having a target to work towards. It was a commitment that we made in 1999 and it was a very clear demonstration that we were concerned about the high unemployment rates experienced through the 90s under the previous government. We were particularly concerned about the lack of jobs created in regional Victoria during the 90s under the previous government, and we were prepared to make a commitment to create more jobs and to get the unemployment rate down.

Mr FORWOOD — What is your understanding of the word 'guarantee'?

Ms ALLAN — I do not know if we want to get a dictionary definition out, do we?

Ms GREEN — Minister, on page 246 of BP 3 there are two outputs listed there which I am particularly interested in, being the Youth Employment Scheme and Jobs for Young People program. Could you detail for the committee how these programs are benefiting young people in country Victoria?

Ms ALLAN — Yes, certainly. We have seen the creation of 800 apprenticeship and traineeship positions for young people through the Youth Employment Scheme (YES) and the Jobs for Young People program in 2003–04. You mentioned regional Victoria; over 50 per cent of those jobs have been created in regional Victoria, and that is a demonstration of the importance of these types of programs to provide job opportunities for young people in their own local communities without their having to move away to a metropolitan city or a larger regional city. In 2004–05 to date over 900 unemployed young people are going to be provided with apprenticeship and traineeship opportunities through YES and Jobs for Young People.

In addition to these jobs I am pleased to advise the committee — and we have already announced this a couple of weeks ago — that we have created a regional jobs package program where we are targeting young people in regional Victoria, really recognising, as I said, that these are young people who need support to find jobs in their local communities. We are providing \$3.7 million of funding towards this program to help 430 young people in regional Victoria get into employment. Also we are linking it with the skill needs of industries in those local areas.

As the regional jobs package has been developed, we have developed industry consultative committees in each of the 14 areas that we are targeting, so we are making sure that business and industry, unions and local government play a part, and also training. The LLENs play an important role here, again, to help provide young people with the skills to link in to those jobs where there are particular skills shortages. This is providing young people with work experience through to skills training, and they can then link in to those apprenticeship and traineeship opportunities in their local community.

The CHAIR — Thanks, Minister. We appreciate your giving us very succinct answers. There is a supplementary question from Mr Forwood and I have also got one.

Mr FORWOOD — A quick supplementary question you might care to take on notice: our outcomes reports showed that the YES program had been underspent by \$1 million and your own departmental response says the reduction in employment programs is due to savings in the YES. Could you advise the committee — just draw us a little chart — of what the intention was, what was saved and what was carried over for the last two years?

Ms ALLAN — If it is of benefit to be succinct, we can provide that in a chart, if that is easier. We will provide you with a breakdown of the funds and how they will be used, because we have made a commitment to meet the four-year targets over the four years. I think last year I spoke to the committee about some of the issues with the Jobs for Young People program and there is a new program not fitting in with council time lines. But we have made sure that we will hit those targets over the four years; we have just moved them forward. But it might be easier to provide that in a table to the committee.

The CHAIR — Minister, I have got a question in relation to skills needs. For years we have had a skills shortage of bricklayers, and you announced in your previous answer that apprenticeships are being based upon the skills needs of industry in regional Victoria. You might like to take on notice the question as to exactly what the department is doing in relation to apprenticeships for bricklayers, not just in country Victoria but in the whole of Victoria.

Ms ALLAN — That is also a question of providing information through the Office of Training and Tertiary Education as well. That is OTTE working in with the TAFEs as well, so if you want we will come back on that.

The CHAIR — I do. I want to know how Victoria is going —

Mr FORWOOD — Do you need a bricklayer?

The CHAIR — No, I don't, I am sick of hearing about it, but I would really like to know how Victoria is going to address that skills shortage that has been there for decades. Maybe we need to import people from China to do it.

Ms ALLAN — Just briefly on that, I think the On Track data released by Minister Kosky yesterday showed a doubling of the numbers of young people after they have completed year 12 who are in apprenticeships or training, so that is positive. That is part of the overall picture of how we encourage greater take-up in those areas or skills.

Mr FORWOOD — After they have completed year 12?

The CHAIR — Yes, it was good, and country Victoria did very well.

Mr FORWOOD — So they complete year 12 and then they start?

Ms ALLAN — I would have to break to get the information, but with the VCAL and VET, a lot of these are young people who have started their careers while they are still at school. It gives them flexibility to start the apprenticeship or traineeship in the area but still remain at school, so it keeps them linked in to the education system.

The CHAIR — Just to be clear, I do not want any other information other than on bricklayers.

Ms ALLAN — We have a whole raft of it.

Mr CLARK — My question also relates to the Jobs for Young People program and follows on from the evidence you gave last year that you have touched on. As I understand it you are aiming to create 1100 jobs over four years. Last year for 2003-04 the expected outcome was 175 jobs; it turned out to be 117 jobs. I think you mentioned a few moments ago that the plan was still to meet the overall target and therefore you were going to catch up on that. But the expected outcome for 2004-05 and the target for 2005-06 is basically only a quarter of 1100 jobs per annum. So can you explain what turned out to be the reason for the shortfall last year and how is it that at 275 or 260 to 280 jobs per annum you are planning to make up the 1100 over four years?

Ms ALLAN — We certainly aim to hit those four-year targets over the four years of the program. Just for the further information of the committee, you mentioned 117 in 2003-04; with some late information that came in from councils that went to 120 positions that were created through that. As I mentioned last year, this was part of the challenge we have had in introducing this new program and having council support. We have had enormous support from some councils. I think it was Latrobe City Council that has taken on 10 young people through this program; Alpine, 8; and Yarra city, 12. A number of others have provided positions for young people. But there has not been as much take-up as we had expected or hoped with this program. We have put a lot of effort into contacting councils directly. I think Terry has been on the phone ringing CEOs, encouraging them to take on these positions. It is as much about promoting the program to councils.

We have also started to look at targeting specific areas. Look at the planning area in local government. We were talking about a shortage of bricklayers; we know in local government particularly there is a shortage of planners. So we have looked at developing a program in partnership with the MAV and the planning people — VPLA I think it is — I will get you the right name — in developing a stream within the Jobs for Young People program to encourage young people to take up planning professions. We do want to hit our targets, and our expected outcomes for 2004-05 are 407 positions taken up through the Jobs for Young People. That is picking up the number of positions that are going to be provided through the regional jobs package.

The CHAIR — I will place on record the committee's appreciation to the witnesses who have attended and will be leaving us. We will move to the next portfolio.

Witnesses withdrew.