

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2007–08

Melbourne — 30 May 2007

Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt
Deputy Chair: Mr K. Wells

Staff

Business Support Officer: Ms J. Nathan

Witnesses

Mr R. Hulls, Minister for Industrial Relations;
Mr W. Hodgson, acting secretary; and
Mr T. Lee, deputy secretary, industrial relations, Department of Innovation, Industry and Regional Development.

The CHAIR — I now welcome Mr Warren Hodgson, Acting Secretary, Department of Innovation, Industry and Regional Development, and Mr Tim Lee, deputy secretary, industrial relations. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of industrial relations.

Overheads shown.

Mr HULLS — The first slide simply shows the output group for Industrial Relations Victoria, which advocates IR frameworks that encourage high-performance workplaces in public and private sectors and minimise industrial disputes.

The next slide shows the budget of Industrial Relations. The innovative and high performing workplaces output budget of \$14.5 million for 07–08 is about 0.65 per cent of the total DIIRD budget, so it is a fairly small part of the budget.

Key achievements in 06–07 saw the implementation of a number of legislative initiatives which are set out there, including restoring unfair dismissal rights for public sector employees and smaller workplaces and protecting award conditions of public sector employees that were in operation pre-WorkChoices. Also we have developed an ethical purchasing policy in conjunction with DTF. We have worked with DOJ to enable Victorians to quickly and easily access dispute resolution mechanisms via the Dispute Settlement Centre of Victoria.

The next slide shows that we are committed to pay equity. We continue to implement the recommendations of the *Advancing Pay Equity — Their Future Depends on It* report. In 2006 we looked at the specific work and family issues facing regional Victorians to promote best practice in partnership with regional businesses.

The next slide deals with further key achievements, including outworkers legislation. We are developing in conjunction with employers and unions a mandatory code of practice for outworkers to ensure award compliance within the clothing industry. We are also assisting outworkers to upgrade their skills. We have organised training programs in partnership with industry for this particular purpose.

There is the owner-driver legislation. The transport industry and forestry industry councils have produced and distributed various publications to assist their members. We have also amended the Long Service Leave Act to preserve the long service leave entitlements contained in federal awards.

The workplace rights advocate continues to investigate illegal, unfair or otherwise inappropriate IR practices. It provides free, independent information and advice to Victorian workers and employers. The educative capacity of the advocate has enabled more than 3600 Victorians to obtain information via its dedicated telephone advice line. There are almost 5000 complaints and queries that have been raised.

The next slide, just very quickly, shows some of the further key initiatives, including our Victorian workplace pay and conditions standard and amending the equal opportunity act to protect employees from discrimination.

The next slide talks about establishing the working families council to champion the issues of working families, and sets out the fact that we are committed to protecting employees from unscrupulous employers making unauthorised deductions from employees pay. Legislation is being worked up at the moment in relation to that.

The next slide talks about strengthening the registration system for labour hire and temporary employment businesses, and also obviously negotiations are under way or will be under way in relation to public sector agreements.

The final slide is a summation. Basically the priorities of IRV continue to be advocating better and fairer IR frameworks; promoting innovative and sustainable modern workplaces; protecting working conditions of Victorians; providing information through the workplace rights advocate; promoting cooperative public sector industrial relations regime; and also assisting working with families.

The CHAIR — Thank you, Minister. Industrial relations is obviously very much a topic of the day. We are actually dealing with it in the context of the budget and the forward estimates in the state of Victoria.

Mr WELLS — Minister, I refer you to budget paper 3, page 140, and the so-called innovative and high performing workplace output, which includes the workplace rights advocate which you have mentioned. I also refer you to your second-reading speech for the Workplace Rights Advocate Bill 2005 where you said:

The workplace rights advocate will also examine instances of unfair or illegal practices, with the potential for employers who engage in such practices to feature in reports to this Parliament.

And I also refer you to recent media reports alleging that WorkDirections Australia illegally stripped its Victorian workers of key award conditions including removing penalty rates, overtime and allowances for an extra 45 cents an hour. WorkDirections workers are required to work half an hour's unpaid overtime each day, leaving them \$1200 worse off each year; 58 workers, more than a quarter of its Victorian workforce, were underpaid total of \$70 000; WorkDirections staff in Victoria were paid less than New South Wales employees, and a Victorian worker was sacked after standing up to a bully boss over disgusting and inhumane treatment.

I ask: if these allegations are true, they would fall into the definition of unfair and illegal practices under the Workplace Rights Advocate Act 2005, and will you exercise your power under section 5(2) of the Workplace Rights Advocate Act to require that these allegations be investigated, or does the fact that these companies are owned by the wife of the federal opposition leader, Kevin Rudd, mean that they qualify for a Labor's 'mate exemption'?

The CHAIR — Thank you, Deputy Chair, for that question. Minister, I would like you to only take that into consideration insofar as it relates to the estimates and as it relates to the budget, and insofar as it relates to the protocols of the organisation rather than the particular events in the past.

Mr WELLS — On a point of order, this investigation will probably be ongoing over the estimates period, so I would argue that the question put forward is relevant to the estimates and that the minister should answer accordingly.

The CHAIR — I have given my ruling on this, Minister.

Mr HULLS — I am pleased that you have read the legislation because you will know that the workplace rights advocate is an independent body, and from memory you opposed it, interestingly. So on the one hand you are saying that you oppose the workplace rights advocate, yet on the other hand you are saying that I, as minister, should direct the workplace rights advocate, that you oppose, to do certain things; so I am a bit perplexed by that.

Mr WELLS — Maybe if you answer the question, we can get to the bottom of this.

The CHAIR — Deputy Chair, let me chair this meeting, thank you.

Mr HULLS — Perhaps you have done a backflip and you are now deciding to support the workplace rights advocate, which is probably worth a media release.

The fact is that from the media reports that I have seen, the company you refer to employed workers on common-law contracts of employment, as opposed to AWAs, and I know that you support AWAs. I remind you that, unlike AWAs, employees on common-law contracts are entitled to award provisions like overtime, like penalty rates, like public holiday pay. If workers on common-law contracts are underpaid against an award, they are entitled to back pay.

Media reports that you have referred to indicate that once an underpayment was discovered, the employer sought to correct that error and to back pay all affected employees. The workplace rights advocate that you refer to and that you oppose is an independent statutory office that is not swayed by political considerations. I understand from the reports I have read that the matter you refer to is currently being investigated by the federal Office of Workplace Services, and that there has not been a complaint received by the Workplace Rights Advocate in relation to this matter.

I have to say that the position of these workers that are referred to in media reports is in stark contrast to workers employed under AWAs, which you support. Since WorkChoices — if we are allowed to call it that; formerly known as WorkChoices — was introduced, employees on AWAs can have award entitlements scrapped and not receive any compensation at all. Even the Prime Minister has finally admitted what we have been saying all along, that AWAs undermine working conditions, and no matter how many changes to name are made by Howard and

Hockey to WorkChoices, they cannot erase the truth that WorkChoices, AWAs, have led to the exploitation of workers. I think that answers your question. There is a difference between the reported conditions of employment that you refer to as common-law contracts, and AWAs that you support.

Mr WELLS — Let me clarify a point.

The CHAIR — Very quickly, please.

Mr WELLS — You have mentioned a couple of times that it is an independent statutory body.

Mr HULLS — Yes.

Mr WELLS — But I draw your attention to section 5(2), where it says:

The WRA may carry out his or her functions and exercise his or her powers at the request of the Minister ...

— that is, you, Minister. Have you or have you not directed or asked for the WRA to investigate what is happening at WorkDirections, or is there an exemption because they are Labor mates?

The CHAIR — In regard to the — —

Mr WELLS — I am just asking. You have said it is a statutory independent body, and quite clearly you do have the power to investigate.

The CHAIR — I think that is a question which is more for the Parliament than for this committee. Ms Graley, please.

Mr WELLS — Hang on. Why don't you answer that part of it?

Mr HULLS — I am happy to answer any question you ask.

Mr WELLS — You kept on saying it is an independent statutory body.

Mr HULLS — Indeed.

Mr WELLS — But you do have the power.

Mr HULLS — I have been consistent in my approach to the workplace rights advocate in relation to every matter that has been dealt with by the WRA — that is, I have not attempted to impinge upon the independence of the WRA in any way, shape or form. Individuals can make complaints to the WRA; the WRA will then decide, using his independent statutory powers, whether or not to investigate. I have not directed the WRA in relation to any matter. I have been consistent since the WRA was set up.

Mr WELLS — But if it was John Howard's brother, you would investigate.

Mr HULLS — I repeat, I have been consistent.

Mr WELLS — No, if it was John Howard's brother, you would investigate.

Mr HULLS — I have been consistent.

Mr WELLS — You would use your power under section 5(2)?

Mr HULLS — Kim, you are in la-la land if you think that is the case.

Mr WELLS — That is what the legislation says.

Mr HULLS — I have been consistent.

Mr WELLS — Don't you mean what it says in subsection (2)?

Mr HULLS — I will continue to be consistent.

The CHAIR — This discussion is irrelevant to the estimates hearing as it has been proceeding. Ms Graley, please.

Ms GRALEY — Minister, I would like to talk about an issue that is very important to all Victorians, especially in my electorate of Narre Warren South, where people are very busy trying to balance family and work, working very hard and trying to bring up happy families. I refer the minister to budget paper 3, page 140, that outlines IRV's outputs and deliverables, and I also refer to page 4 of DIIRD's response to PAEC's questionnaire that summarises initiatives funded in this year's budget. I would like to ask you, Minister, how will the Victorian government's IR election commitments funded in this year's budget assist Victorian workers and employers in balancing work and family responsibilities — including country Victorians — and how they will provide additional protection for vulnerable and traditionally low-paid workers?

Mr HULLS — Thanks very much for that. We are committed in Victoria to a fair industrial relations system that does get the balance right. Our commitment means getting the balance right by looking after the needs of Victorian workers and their families, providing fair and decent conditions of employment, supporting cooperative workplaces and obviously considering the views of businesses, workers and their representatives. Work is already under way in a significant number of areas in our legislative program. Our IR agenda includes expanding the Equal Opportunity Act to protect employees from discrimination if they question their wages and conditions of employment. This is necessary to provide protection for those many Victorian workers who have lost any redress for unfair dismissal under the Howard government's 'don't call me WorkChoices' but WorkChoices regime. A bill giving effect to that has already passed in the Parliament.

We are expanding and strengthening the Equal Opportunity Act — and this gets to the nub of your question about work-family balance — so that working parents will not be discriminated against at work for trying to find a decent balance between their work and family responsibilities. We do not believe that the federal government has been proactive enough in this particular area.

Also, in relation to the work-family balance aspect, we had an election policy with an emphasis on protecting family time, and we have allocated \$730 000 over four years to establish and operate a Working Families Council. That council will work with stakeholders to champion the issues of working families by helping employers improve working conditions and allowing employees to better balance work and family, and this gets back to the first question I was asked when I came here. That is all about ensuring more productive workplaces. If you can have more flexible workplaces by offering work-family balance initiatives, obviously those workplaces become more productive.

In particular, research that was undertaken recently in regional Victoria shows that it is not just work and family balance that employees are seeking, it is work, family and community balance, because in many regional parts of Victoria employees want to have time off to volunteer for the CFA, coach the local footy club or whatever. So IRV is working with stakeholders — and that report has now been published; I launched it a couple of months ago — to ensure that employers understand the need to balance work, family and community activities in regional Victoria. It is about getting that balance right. It is about promoting those champions who can offer better work and family balance, but particularly those champions in regional Victoria who are indeed getting that balance right.

Mr PAKULA — The fairness test, Minister, has had a bit of publicity recently.

Mr BARBER — Does it relate to the estimates?

Mr PAKULA — It will.

Mr BARBER — Bring it on.

Mr PAKULA — My view of it has been that it is like putting on lipstick on a pig, but that is just my view.

The CHAIR — Onto the estimates, please.

Mr PAKULA — Budget paper 3, page 140, outlines IRV's activities in advocating for high-performing cooperative workplaces. As I said, I have my own views on the fairness test, but I wonder whether as part of that output the minister's department will examine the detail and the potential impact of the fairness test, as it's

Orwellian title describes it, whether the fairness test falls short of providing fairness for Victorian workers and will the department advise the minister on whether there is need for a workplace relations ministers council?

The CHAIR — Minister, your answer should relate to the estimates in the budget and ongoing work by your portfolio.

Mr HULLS — Sure. In relation to page 140 of budget paper 3 that you have referred to, that does outline IRV's activities in advocating for and facilitating innovative, high-performance cooperative workplaces. Obviously, being the biggest user of the federal IR system, anything that happens federally is absolutely crucial to what happens and what we do here in Victoria. The two are interlinked. Other states have their state systems; we do not, so I think it is a pretty important question.

The Howard government announced changes to WorkChoices in early May. Legislation incorporating the so-called fairness test was introduced into the federal Parliament on 28 May, just a couple of days ago. I have asked IRV to provide me with a comprehensive briefing dealing with this legislation. But preliminary assessments of the so-called fairness test showed that it is limited and highly subjective — for example, the Prime Minister has been unwilling to guarantee that no employee will be made worse off than under the relevant award as a result of this test. Further, the test, it appears, only applies at a time when an employee enters into an AWA. This means of course that if circumstances change — for example, more weekend work is demanded by the employer than was agreed at the time the agreement was made — the employee has no right under the legislation to get fair compensation.

I guess my opinion is probably the same as yours; I think it is a Clayton's test, and it has confirmed that non-monetary compensation can be used to offset loss of award entitlements such as penalty rates, overtime payments and shift allowances. We do not know what that means, but we have heard reports that that can mean the offering of a car parking space. It could mean the offering of the employment itself. It appears that under the current regime that is being promoted, the mere offering of employment will constitute compensation for loss of award entitlements. I think that these changes fail to deal with the general unfairness found in the WorkChoices package. This point — and it gets to the second part of your question — does need to be brought home loud and clear to the minister, Joe Hockey.

Normally we have two workplace relations ministers council meetings a year. They are held biannually. They allow for a fair exchange of ideas and material between state, territory and commonwealth ministers. They are probably more important for Victoria than the other states because of our interlinking with the federal system. In the 12 months since last year's PAEC we have met just once — that was in September 2006, when Kevin Andrews was the minister, and it was the day before the Grand Final. Why? Because obviously he did not want any media attention, I suspect, on that meeting.

I have written to Joe Hockey about urgently convening a meeting. I have written to him on a number of occasions. It appears that he is in hiding because he knows that his Office of the Employment Advocate has stopped publishing data in relation to AWAs. They have not stopped collecting the data, and we know that data that they have collected and stopped publishing has just been leaked to the media. These are the issues that need to be raised with Hockey.

The data shows that 76 per cent of AWAs removed shift loadings, 70 per cent of AWAs removed incentive payments or bonuses, 68 per cent abolished penalty rates, 67 per cent abolished substitute days for public holidays, 53 per cent abolished public holiday payments, 59 per cent removed annual leave loading and 52 per cent of AWAs abolished overtime payments.

Mr WELLS — This is what is happening at WorkDirections.

The CHAIR — As it relates to the — —

Mr WELLS — This seems to be the same as what is happening at WorkDirections, what you have just read out.

Mr HULLS — The bottom line is — if I can use this forum to tell Hockey to come out of hiding and get down to Melbourne; we are happy to host the meeting here in Melbourne.

Mr WELLS — I wonder what he is going to say about WorkDirections and what your role is in regard to trying to sort that out.

Mr PAKULA — What about the behaviour with you people supporting every workplace in the country?

Mr WELLS — I wonder what would happen if he actually came out — —

The CHAIR — Minister?

Mr HULLS — I am happy to have the discussion, and if Kim Wells is known to Joe Hockey, I would urge him and other conservative members of this committee — that is, conservative party members of this committee — to get on the blower to Hockey and to tell him to come out of hiding.

Mr WELLS — But you will not do it to the Workplace Rights Advocate office.

Mr HULLS — And tell him ‘Come down and meet Hullsy in Melbourne’.

Mr WELLS — You have got the right to do it.

Mr PAKULA — Keep talking about IR, Minister.

Mr WELLS — You have got the right to do it, to ring them up and get them down to WorkDirections.

Mr HULLS — Hockey and Hullsy in Melbourne together: we want to have a discussion about WorkChoices.

Mr WELLS — You need to get down to Frankston.

The CHAIR — Thank you, Minister.

Mr RICH-PHILLIPS — Minister, I would like to ask you about budget paper 3 page 140 and the workplace rights advocate. In Parliament you said in relation to an investigation by the WRA into Bruck Textiles:

The fact that we have a workplace rights advocate receiving a complaint in relation to whether a collective agreement is better or worse than the award conditions is one of the reasons why we set up the Office of the Workplace Rights Advocate, and it is absolutely appropriate for the workplace rights advocate to investigate it.

You then went on and said that the WRA has a duty to conduct such inquiries.

In relation to Mr Wells’s question on WorkDirections Australia you drew a distinction between a common-law agreement and an AWA. But the legislation that sets up the WRA refers to practices that are illegal, unfair or otherwise inappropriate industrial relations practices. Greg Combet has come out today and said that what happened at WorkDirections Australia is unfair.

Mr PAKULA — You are quoting Greg Combet? You are in a parallel universe, Gordon!

Mr RICH-PHILLIPS — If the WRA will not investigate WorkDirections Australia for unfairness in accordance with the WRA act, does that not demonstrate that it is not genuinely interested in the welfare and fairness for workers in Victoria and is simply a tool to attack AWAs?

Mr HULLS — That is a silly question.

The CHAIR — That question is pretty much a hypothetical, but insofar as it relates — —

Mr WELLS — We have related it to his comments in Parliament.

The CHAIR — Insofar as it relates to the budget and the estimates and the protocols regarding that office, Minister.

Mr HULLS — It is a silly question because — I am not saying you are silly, but I think the question is silly — the fact is that on the one hand you oppose the workplace rights advocate, but now you are suggesting that I direct the workplace rights advocate to do something, or if I do not — —

Mr WELLS — Your legislation allows it.

The CHAIR — Let the minister answer, please.

Mr HULLS — Or, if I do not direct the workplace rights advocate, isn't the workplace rights advocate being a naughty boy for not investigating something that you believe should be investigated?

Mr WELLS — No, it is only if it is a Labor mate — you won't investigate it.

Mr HULLS — You referred to the issue of Bruck. The reason you have referred to the issue of Bruck is because ridiculous and false allegations were made in the Parliament in relation to what occurred concerning Bruck. I did not direct the workplace rights advocate in relation to Bruck. I have said that I remain consistent, you either have independent statutory authorities or you do not. My view is once you have the minister interfering with those authorities — —

Mr WELLS — But your legislation allows that. It says here, in subsection (2) — — .

The CHAIR — The minister is answering the question.

Mr HULLS — There will be questions about, 'You directed on this occasion but not that occasion'. I have full faith in Tony Lawrence in conducting the Office of the Workplace Rights Advocate.

In relation to the functions of the WRA, it is true that those functions are not confined to legality of industrial relations practices but do extend to considerations of fairness. The WRA was asked to investigate the terms of a proposed non-union agreement offered by Bruck Textiles in April 2007 to its employees.

Mr RICH-PHILLIPS — Asked by who?

Mr HULLS — The interim report set out the concerns held by the WRA and the proposed agreement and information provided to employees by Bruck. The interim report, as I understand it, compared the proposed agreement to the existing terms and conditions of employees and set out a number of reductions in existing conditions. A ballot then took place at Bruck on a proposed agreement. That took place in April of 2007. That proposed agreement was rejected by a significant majority of employees. As a result, the CEO of Bruck, a gentleman by the name of Alan Williamson, then went on to the media and made some extraordinary comments.

The CHAIR — Just confine it to the processes, please.

Mr HULLS — I do not back down from the position of this government, that employees have the right to receive information which enables them to make fair and informed decisions when faced with proposed agreements that may reduce their existing entitlements under WorkChoices. In relation to the company you have referred to, I have not directed the WRA in relation to that matter. If a complaint is received, the WRA will make a decision as to whether or not he decides to investigate.

Mr RICH-PHILLIPS — In relation to Bruck, you said it was investigated in response to a request. Who was the request from, was it an employee-initiated request?

Mr HULLS — My understanding is complaints were received from TCFUA and a Bruck Textiles employee.

The CHAIR — Yes, that is well recorded.

Mr SCOTT — I refer the minister to budget paper 3, page 140, that outlines activities in advocating for 'cooperative workplaces that contribute to Victoria's economic development'. What has been done in recent times and what will be done during the budget estimates period for owner-drivers, a group of workers who have traditionally worked under extreme pressure for relatively low pay?

Mr HULLS — Thanks for the question. I am pleased to say that the Owner Drivers and Forestry Contractors Act commenced full operation from 1 December last year. This legislation is based on a small business model of light touch regulation, designed to address the information imbalance that exists in the transport and

forestry industries. It is the first legislation in Australia, I am pleased to say, to actually take this approach in the transport and forestry industries.

Under the legislation, significant achievements have been made, including the publication of the Owner Drivers and Forestry Contractors Code of Practice, an information booklet for owner-drivers, various rates and costs schedules for both the transport and forestry industries, and a model contract for owners-drivers.

I am pleased to say that all this work has actually been undertaken with the unanimous support of industry council members. In January this year another significant milestone in the work of the councils was completed with a massive distribution of these and other publications to the industry and the public. This included 17 000 rates and cost schedules and 12 000 information booklets and various other documents.

I think this outcome is a win for all stakeholders — fairer practices resulting in more sustainable businesses helping to modernise this crucial sector of Victoria's economy, as well as protecting and educating owner-drivers. What is being achieved with owner-drivers and forestry contractors in the transport and forestry industries is entirely consistent with our industrial relations policy, and that is trusting those in the industry, unions and employers, to work together to demonstrate maturity, goodwill, cooperation, collaboration and to aim for outcomes that benefit the entire industry.

I am pleased that these reforms have been supported. I note that the opposition basically indicated that these owner-driver laws are typical Labor socialist policy — more regulation and more red tape. I have to say that is not the view of the industry. The industry is unanimous in its support for what we have done.

The CHAIR — Thank you, Minister.

Mr BARBER — I am interested in getting some information about which arms of the government — government-owned entities and so forth — represent constitutional corporations under the meaning of the WorkChoices act. There is a big list of them on page 50 of budget paper 4, but then there are all the others, like Melbourne Water, that are not part of that sector. Firstly, has your department looked at that?

Secondly, are you considering in this coming year doing what was done in New South Wales, which was effectively to create a labour hire firm which was owned by the government that was not a constitutional corporation and to put the workers who are working for Sydney Water and TAFEs and so forth into that to avoid WorkChoices for some more government employees?

The CHAIR — Minister, insofar as it relates to your portfolio?

Mr HULLS — It is a very good question, and I am happy to get Greg further information in relation to the first part of his question. I guess his question really relates to the High Court result and the impact of the High Court decision that was handed down on 14 November.

It is true that the commonwealth chose to reject cooperative federalism and instead used the corporations power to impose what I believe is its radical IR agenda on the states and on the Australian people. I think the High Court decision has the potential to reshape the federation for years to come, and that was noted by two of the High Court justices who vigorously rejected the radical expansion of commonwealth power. We support a unitary system of industrial relations; we have made no secret of that, but we believe in one that is fair for both employers and employees.

The government has not considered going down the path that you have raised. However — —

Mr BARBER — Meaning you have not formally considered it as a government or at cabinet level?

Mr HULLS — No, we have not. Having said that, the government has, as you know, now introduced, I think, 12 pieces of legislation to ameliorate the worst aspects of WorkChoices, and we will continue to look at ways to do that. Some people have said to us, for instance, that the best way to really ameliorate WorkChoices is to withdraw your referral of power and re-establish a state system.

Mr BARBER — Trades Hall Council has said that?

Mr HULLS — They have, some members of Trades Hall Council have said that, but I made the point to them time and time again that they only need to read the High Court decision. Doing so will have no impact at all, in effect, because the High Court decision basically means that the federal government can legislate to overtake state IR systems. So our policy is one of cooperation and collaboration.

We have introduced a wide range of measures to protect public sector employees from the effect of WorkChoices. We have passed legislation, as you know, to restore unfair dismissal rights. We have policies that promote collective bargaining with public sector unions rather than individual bargaining AWAs. We renegotiated the VPS agreement with the CPSU prior to the commencement of WorkChoices to protect public servants from the worst aspects of that legislation, and we will continue to look at ways that we can, as I said, ameliorate the worst aspects of WorkChoices.

There has been no formal investigation by the government in relation to the issue that you raised, but that is not to say that we will not continue to look at ways to lessen the effects of WorkChoices on Victorians, and in particular public sector workers in this state.

Mr BARBER — Thank you, Chair, so if the first part can just go on notice — about the list — —

Mr HULLS — Yes.

Mr BARBER — And if there is a way to actually work out the number of employees under each of those rather than my having to look up all their annual reports, that would be great as well.

The CHAIR — Okay, I am not so sure about the second one, but certainly the first one. We do have, in our estimates questionnaire, questions about staff.

Mr HULLS — The distinction here is a bit different to New South Wales because we have actually referred the power, but I am happy to get the material to you.

Ms MUNT — I cannot believe I am sitting here listening to the opposition talk about workers' conditions and protections — —

Mr WELLS — Get on with it!

Ms MUNT — After sitting in the last Parliament and listening to the debate on the outworkers legislation — —

Mr WELLS — Is there a question on it?

Ms MUNT — Given that Industrial Relations Victoria advocates on behalf of a innovative, high-performing and cooperative workplace, could you, Minister, please outline how the outworkers are protected from the unfair hardships of WorkChoices?

Mr HULLS — It is an important question, because, as we know, outworkers are an extremely vulnerable workplace group. They are largely an invisible workforce. They are predominantly migrant women, often working alone in their homes. The Victorian government has introduced a range of measures to protect outworkers from exploitation and also to provide them with sustainable alternative employment opportunities in the face of downturn in the TCF industry.

To help us with this task we set up the Ethical Clothing Trades Council of Victoria. We did that some three years ago. In 2003 we introduced the Outworkers (Improved Protection) Act to ensure outworkers in the Victorian clothing industry received their lawful entitlements, and in 2005 we made amendments to that act to strengthen those protections.

WorkChoices, I have got to say, threw that very important protection into question by creating a loophole where contractors do not have access to award conditions. That is because WorkChoices moved many outworker entitlements from federal awards to the Australian Fair Pay and Conditions Standard, which only protects outworkers who are described as 'employees' and not 'contractors'. I guess that distinction adds yet another layer of complexity to the workplace laws in this country. Worse, it actually allows unscrupulous operators to create sham contracts to avoid their obligations.

Mr WELLS — And we have seen them.

Mr HULLS — That is the reality.

Mr WELLS — We have seen them; I think we may have mentioned them when we started — —

Mr HULLS — Once again, we stepped in to clean up this unholy mess.

Mr WELLS — No, you haven't, not in all cases.

Ms MUNT — You opposed the outworkers legislation.

Mr PAKULA — You never supported one piece of legislation to protect workers' rights — never once; not one piece of legislation.

Mr WELLS — You pick and choose the ones you want; you work out whether they are a mate or not.

The CHAIR — Order! The minister to answer the question, please.

Mr PAKULA — You hypocrite!

Mr WELLS — If it's a mate, you won't!

Mr HULLS — Legislation we have introduced will ensure that outworkers continue to receive the same wages and conditions as federal award employees, because new laws, which were introduced into state Parliament on 22 May — which I hope will be supported by the opposition with their new-found interest in outworkers and vulnerable workers; I hope they support this piece of legislation — will safeguard the terms and conditions of all outworkers, whether they are labelled independent contractors or employees.

As well as ensuring that outworkers receive decent wages and conditions, as a government we are assisting outworkers to upgrade their skills and to overcome language, qualification and social barriers that face them so that they can have opportunities to get better jobs or indeed start their own businesses. IRV, in partnership with industry reps, community organisations, registered training organisations, the TCFUA, local councils and the Department for Victorian Communities has actually developed a series of education and training courses with a focus on areas of skill shortage in vocations of interest to outworkers. Training includes things like child care, family day-care training, pattern making and design, aged-care training, dry-cleaning through RMIT and hospitality courses as well.

I have got to say that I was pleased to see — and some of you may have seen it occur in Parliament House two weeks ago, I think — a graduation ceremony for outworkers. The former outworkers were celebrating the completion of retraining at the William Angliss Institute of TAFE in the hospitality industry. The passion with which these people qualified and received their certificates was something to behold. We will continue to support the most vulnerable workers in our community, and outworkers are amongst the most vulnerable.

I just hope, finally, that the opposition gets on board with this type of legislation, because we have introduced, I think, 12 pieces of legislation to assist workers against the onslaught of WorkChoices, and every one of them has been opposed by Kim Wells and people in his party.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3, page 140 again — the estimates of the innovative and high-performing workplaces — and in particular the total output cost of \$14.5 million into the forward estimates. I note that in a press release on 25 March this year you launched a television advertisement, and as part of that press release you said:

The new WRA campaign will feature television, radio and press advertisements, which will run over the coming months.

This was in response to the federal government's industrial relations reforms. So we have \$14.5 million of money in that area, in the output costs. My questions really relate to the anticipated commencement of the media program attacking the federal government. When do you propose that you are going to start using Victorian taxpayers money? When will you expect it to conclude in the forward estimates?

Will the \$14.5 million of taxpayers money be spent on the blatant political advertising campaign on behalf of the ALP? In response to the question I ask you to consider the recent Auditor-General's report *Government advertising* of September 2006, in which he made it very clear in terms of publicly funding publicity activities. He said:

Material should not intentionally promote ... politically partisan or biased manner, which places party advantage above the public interest.

Material should not be designed to influence public support for a political party ...

Material should not attack or scorn, for its own sake, the views, policies or actions of others, such as the policies and opinions of —
other —
parties or groups.

Given that there are clear guidelines laid down by the Auditor-General, that there is \$14.5 million of money available to the government, that you are also ready to launch an attack on the federal government through your on admission in a press release — —

The CHAIR — Come to a conclusion; you have repeated yourself.

Mr DALLA-RIVA — I will come to the point. Will the government seek reimbursement from the ALP for the money it is spending on the ALP's behalf?

The CHAIR — Minister, insofar as the question relates to your portfolio, the last bit was irrelevant. I also refer the minister to the answer of the department to question 9 of our estimates questionnaire.

Mr HULLS — Can I just say, Richard, it is a gutsy question. It really is. It is gutsy because it shows that you do not know how to read budget papers for a start. It is gutsy because what you have tried to do is link the entire IRV budget of \$14 million to an advertising campaign. For goodness sake!

Mr DALLA-RIVA — I want to know how much it is.

Mr WELLS — How much?

Mr HULLS — I will tell you, and you will start weeping. The fact is that the entire budget of IRV is \$14.5 million. That was an increase of \$1.4 million over the 06–07 budget. The workplace rights advocate budget is \$3.2 million, and that is included in the \$14.5 million. I have already said during the display what IRV does and how that \$14.5 million is spent, so it is absolutely farcical to be suggesting that \$14.5 million has been set aside for an advertising campaign.

Mr DALLA-RIVA — I did not say that.

The CHAIR — The minister has the floor to answer the question.

Mr HULLS — It is true that there have been three tranches of advertising to date, with a fourth to commence shortly, to promote the services of the workplace rights advocate. In assisting Victorian employees and employers obtain information about the employment entitlements and obligations under WorkChoices, the workplace rights advocate has conducted an advertising campaign. The launch campaign — and I launched it at the beginning of April 2006 — involved the expenditure of \$910 000. It included regional television commercials, radio and press advertising, as well as signage on Melbourne trams. By the way, this figure has been out there; it is not new, just in case you thought it was.

The advertisements ensured that the most vulnerable groups of Victorian employees under WorkChoices knew where to get help if they were faced with, for example, unfair AWAs, termination of employment or reduced entitlements. The launch campaign was later extended in June 06, with two weeks of advertising on metropolitan TV. The cost was \$250 000.

The third tranche of advertising was conducted in October 06 with radio and press advertising in regional and metropolitan centres for two weeks. This involved expenditure of \$104 000. A new advertising campaign will begin shortly, with TV, radio and press advertising in regional and metropolitan centres. Up to \$400 000 has been budgeted for this campaign.

Can I say that the WRA's expenditure can be favourably contrasted with the \$55 million spent to date by the federal government in promoting its WorkChoices legislation. The federal government spent close to \$5 million in one week advertising its Clayton's fairness test.

Let's get real about this. We are about promoting the role of the workplace rights advocate and ensuring that employees — particularly vulnerable young people in regional Victoria — who have questions and concerns about any agreement they are being asked to sign, know where to go. I have given you the estimate of the cost of that advertising campaign, which pales into insignificance when you consider the campaigning and the cost of the campaigning conducted by the federal government.

Ms GRALEY — I would like to talk about the public sector EBA wages. It is of interest to all PAEC members that one of the pressures facing Victorians is surely the major public centre enterprise round about to get under way. I was wondering if the minister could explain the forward estimates in the budget relating to wages policy and outline the government's public sector wages policy?

Mr HULLS — Thanks for that question. It is an important one because we are going to an EBA round. Our public sector wages policy reflects, I think, a commitment to fiscal responsibility. It encourages service delivery improvements and real productivity gains to ensure budgetary sustainable outcomes. The policy in the budget funded sector took full effect on 1 July 04 and is based on the following principles: firstly, departments and agencies have the responsibility of managing wage costs as part of their overall budget; secondly, overall department budgets are indexed appropriately to ensure the maintenance of real wages; and thirdly, outcomes above the maintenance of real wages will be sourced from real and sustainable productivity improvements.

Our wages policy provides that wages can be increased by 2.5 per cent for inflation and 0.75 per cent for service delivery improvements. Any additional increases above that must be proved through demonstrated and sustainable productivity improvements.

Our policy covering agreement making in the public sector applies to budget funded departments and agencies and non-budget funded utilities, statutory authorities and government-owned businesses in the water, finance, sport, recreation, tourism and art sectors, as well as a number of regulatory bodies. The policy — and this is the important part of it — is underpinned by a requirement to produce service delivery improvements and real productivity gains to ensure sustainable outcomes.

We are going to an EBA round now. Negotiations have already started with the police; they are about to commence I think with the ANF, with the nurses; and I think all parties are aware what our policy is. We had a policy last time and that led to sustainable outcomes, and we hope that the current round will also lead to sustainable outcomes as well.

The CHAIR — Thank you, Minister. That concludes the consideration of budget estimates for the portfolios of Attorney-General, Racing and Industrial Relations. I thank the Attorney-General and departmental officers for their attendance today. It has been a very comprehensive session. There are a number of issues which need to be followed up with you and there may be some other questions which the committee will forward to you at a later date. The committee requests that written responses to those matters be provided within 30 days and they will form the basis of the consideration for a future report of this committee.

Witnesses withdrew.