

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 15 May 2015

Members

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Witnesses

Ms Jacinta Allan, Minister for Employment,

Mr Richard Bolt, Secretary,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management And Technology Services Group,

Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group, and

Mr Matt Carrick, Deputy Secretary, Investment and Trade, Economic Development, Employment and Innovation Group, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 Budget Estimates. All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Employment, the Honourable Jacinta Allan; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group; Mr Justin Hanney, Lead Deputy Secretary, Economic Development, Employment and Innovation Group; and Mr Matt Carrick, Deputy Secretary, Investment and Trade, Economic Development, Employment and Innovation Group.

In the gallery we also have Mr Jay Meek, Acting Deputy Secretary, Business Engagement, Economic Development, Employment And Innovation Group; Mr Peter Noble, Deputy Secretary, Major Projects, Economic Development, Employment And Innovation Group; and Mr Tim Bamford, Executive Director, Major Projects Victoria, Economic Development, Employment and Innovation Group.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses 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 by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

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

Visual presentation.

Ms ALLAN — Thank you, Chair, and I am pleased to join the committee again to present on the employment portfolio. In my introductory comments I will take a couple of moments to talk more broadly about the new Department of Economic Development, Jobs, Transport and Resources. It goes back to the mission statement of the government, which is to look at an understanding that government, and particularly state government, has a central role in creating jobs, protecting jobs and helping people to connect to jobs and job opportunities. In part that is why we have created this department of some significant size; it is to bring together the nine Ministers with diverse portfolio responsibilities across the spectrum of economic activity within the state government. Individually we all have a significant role to play in stimulating investment, creating jobs and supporting future economic growth in the state. Bringing us together to work as a collective presents the government with an opportunity to drive strategic advantages from that collaboration across the economic portfolios within government.

Whether it be across the creation of the thousands of jobs via our major transport infrastructure pipeline — I have just spent a fair bit of time with you going through major public transport infrastructure projects and I am sure the roads Minister when he is with you next week will have the opportunity to go through the roads infrastructure projects — it is about looking at how we can drive job creation opportunities from those projects. For example, looking at the rolling stock strategy we talked about previously, looking at how we can generate apprenticeship opportunities through the target of 10 per cent apprenticeships on major government projects or looking more broadly at how we can drive benefit from linking together the economic functions in one place. We see that this approach is already paying dividends in making critical connections. Whether it is in the transport portfolio, which I have already talked about, regional development and employment, small business

and industrial relations, industry and skills, tourism and creative industries or future industries and trade, I hope you can see from these introductory comments how we are working together to ensure that government is being quite efficient and effective in driving the best possible job creation outcomes either through the economic activity we are individually responsible for or where we can partner up bilaterally or multilaterally with other ministerial colleagues within the department to drive stronger economic outcomes. That is a bit about the department.

Looking now more directly at some of the employment figures, I want to provide a scene-setter for the challenging labour market we are presented with and for the economy in transition. The facts are quite concerning. Over the past four years we have seen in Victoria a rise in the statewide unemployment rate from 4.9 per cent to 6.8 per cent, and there was a rise in the three-month average regional unemployment rate from 5.8 per cent to 6.6 per cent over that same four-year period. This demonstrates that urgent action is needed, and I will come to some of those steps during the course of the hearing. Also troubling is this graph on youth unemployment and the rise in the youth unemployment rate over that similar period from 12 to 14.5 per cent. For those of us who represent regional communities or particular communities in suburban Melbourne, we know that there are areas where the youth unemployment rate is much higher. That is not just a concern but an area of action for the Andrews Labor government.

I mentioned before that not only do we have those challenges of an increasing unemployment rate, but there is also the issue of the transitioning of the economy. We have heard this a lot, workers have heard this a lot and businesses have heard this a lot. We do see the reality of the fact that the nature and composition of the workforce is changing. We are taking an approach — I guess you can describe it as an activist approach — that we believe government has a role to play in not just being a commentator in the transition of the economy but in ensuring that the jobs of the future are there and that people have the skills to fill those jobs and the pathways to find those jobs.

That goes in part to our *Back to Work* program, which is a plan that we released in October last year. I am very pleased to report to the committee on how we are already well and truly implementing our *Back to Work* plan. It is a very strong plan; it has some very strong targets for the government. We have set a target of creating 100 000 jobs. That is a very strong target. In particular you can see in the budget papers it does forecast some modest employment growth over the forward estimates. We recognise this, that there are those challenges that are forecast in employment rates, and how we need to pedal even harder — whether it is through our policy approaches or the program implementation in the *Back to Work* plan — to achieve job creation in the state.

The *Back to Work* plan has a number of different elements to it. There is, of course, the Back to Work scheme, which was the very first act that the government introduced into the Victorian Parliament and, pleasingly, has passed through the Victorian Parliament and is now very much in the implementation phase. There is also a range of funds, if you like, that also support job creating and economic activity in the state: the \$508 million Premier's Jobs and Investment Fund; there is the \$200 million Future Industries Fund; the \$500 million Regional Jobs and Infrastructure Fund — all with a very keen focus on looking at how we need to work very hard to partner with business and industry but also understanding we are providing people with a pathway to finding those employment opportunities. I will leave it there.

The CHAIR — Thank you, Minister. I might lead off with the first question. I am quite interested in this portfolio because if I look at my electorate of Essendon, it is quite a diverse area in part. Looking at the recent small area labour market data from late last year, if you go up around Strathmore, Strathmore Heights, the unemployment rate is about 2 per cent, if you go down to Moonee Ponds it is about 4 per cent, in Ascot Vale it is 10 per cent, and in Flemington it is 14 per cent. Usually I think that is because it has a very large public housing community.

I note when the Minister for Education appeared earlier this week the Deputy Chair made a point, too, about the diversity in his electorate — the fact that in Mornington as a seat there are pockets of great affluence and pockets of great disadvantage. That is obviously compounded if you look at, say, some of the upper house regions like western metropolitan or Gippsland. I am quite interested in looking at what has been announced in the 2015–16 budget and your own priorities. Can you inform the committee in a bit of detail how this budget acquires *Labor's Financial Statement* and, more broadly, about how this provides opportunities for ordinary members of Parliament such as myself and the Deputy Chair to look at identifying programs which might be able to really target some of those specific areas of disadvantage?

Ms ALLAN — I think every member of Parliament comes to this place with a drive and a passion to look at how they can address some of those inequities within their own electorates and communities. Obviously issues around jobs, whether you have got a job or you cannot get a job, is central to the work that we need to do. There is the broader context, if you like, of government activity, about making sure we have a strong financial setting and strong budgetary position, and I am sure the Treasurer would have gone through a lot of that in detail. What we have responsibility for in this department — as employment Minister and with some of my other ministerial colleagues — through our *Back to Work* plan we have a very important responsibility about looking at how we can drive that job-creating opportunity across the state. I touched on the Back to Work scheme, the payroll tax scheme that the Treasurer is responsible for.

What we also have — and this goes, Danny, to your question about where local members can access programs and funds — are some key funding programs that are new; this budget gives effect to them. They were first articulated in our election policy document, our *Back to Work* plan, and they do provide for that framework, if you like, to try and support — whether it is companies wanting to invest, or whether it is looking at driving new employment programs — how we can provide the funds for those sorts of programs across the state.

The framework of the *Back to Work* plan includes that \$508 million for the Premier's Jobs and Investment Panel fund. This is going to be key. There is the panel, if you like, the Premier's Jobs and Investment Panel, that is made up of a range of independent experts, industry experts, who will be coming together to help advise the government directly on where there are economic and investment opportunities, but also they will bring their practical experience to help look into the future and where there might be dark clouds or where there are opportunities into the future. They will help advise on the expenditure of that fund, with the primary focus of creating and stimulating jobs.

There is also the Future Industries Fund, which I am sure the Minister for Industry will take the opportunity to talk to you on with much greater detail. But it is important to reference here as it is part of the companion package, if you like, of funds that are in the *Back to Work* plan, where the \$200 million Future Industries Fund is focused on supporting six sectors that we have identified have high growth potential. They are medical technology and pharmaceuticals, new energy technology, food and fibre, transport, defence and construction technologies, international education, and professional services. That is where that fund will be dedicated, to those activities. Other sectors can access funds through the Premier's Jobs and Investment Fund, or if they are in regional Victoria, there is the \$200 million Regional Jobs Fund, which makes up part of the \$500 million Regional Jobs and Infrastructure Fund, supporting that very important ongoing activity across regional communities.

We are signalling a very different way of doing things in this area than what has been done in the past. Clearly those figures that I showed before around the increasing unemployment rates demand that we need to do something differently, because current practice is obviously not cutting through. We need to look at different ways of supporting economic activity, and we feel very strongly that the *Back to Work* plan is going to deliver that.

In terms of local members wanting to access programs and support, the program guidelines for the various funds are going to be released in the coming weeks, ahead of their budgetary implementation on 1 July. I think we will be seeing a lot of opportunities to work with members of Parliament, businesses, industries and communities on how we can drive those important economic outcomes that we know we need for our state.

Mr MORRIS — Thank you, Chair, for that reference to the issue I raised the other day with the Deputy Premier. Minister, with reference to budget paper 2, page 39, indications are from this budget that unemployment is predicted to rise under this government. We know that the Victorian automobile manufacturing sector will downsize and, within the term of this government, will effectively cease. Can you indicate to the committee the total number of direct and indirect job losses that you expect across Victoria as a result of the vehicle industry closure?

Ms ALLAN — I touched on the employment forecasts in my presentation, as you will have noted, and the modest employment rate is in some direct correlation to the modest decrease in the unemployment rate over the forward estimates period. It does reflect that we are going into some very challenging times with the downturn of the automotive industry. It is such a great shame that it got to this point. It is such a great shame that we did not have support from the federal government at precisely the time that we needed it to ensure that we could see

the ongoing viability of the automotive industry here in Victoria. History will show what a low-sighted, narrow-sighted approach the federal government has taken.

But that is indeed history, and we now see this as a very serious responsibility to do two things: one is to support those auto industry workers, their families and their communities around them through this transition period; and then, secondly, to ensure that we can see in other industries, either industries where those workers can move easily to or other industry sectors, where we need to skill up parts of the population. That is indeed part of where the Future Industries Fund and the identification of the six priority sectors are important.

On that same budget paper you identified it talks about there being around 25 000 people in the automotive manufacturing sector in 2015. It does not identify those in the supply chain. It is many, many more. I think for every one worker in the auto industry there are three or four in the supply chain. I am happy to get you the exact number. However, you can get a sense of the scope of the challenge we are facing.

There are a couple of funding programs that this budget provides additional funds for: the Geelong Regional Innovation and Investment Fund and Melbourne's North Innovation and Investment Fund. This budget provides for additional funding for those programs to continue, recognising that they have already been in place. They are focused on those communities that have greater exposure to the downturn in and the closure of the automotive industry.

Also, if I can draw a link back to the public transport presentation we have just sat through, this is why things like the rolling stock strategy and having strong local content requirements and strong procurement practices become very important. Where the state is a purchaser — in this case, a significant purchaser — of rolling stock that can be manufactured here in Victoria, we have chosen to be very activist in this space and say we want it to be procured and made in Victoria. It is not the panacea to the downturn in the auto industry; it is just one part of a suite of measures we are taking to address these issues.

The impact of this will be more greatly felt in 2016 and 17, and I am sure in next year's budget estimates and the one after we will be talking particularly about seeing the sharp end of those statistics and the impacts. We are seeing the outcomes come through in the statistics and figures in the budget papers, and then of course there are the economic and social impacts it is having in those communities. We need to be not just ready for the closure; we need to be ready to act beyond that, and that is in part what the *Back to Work* plan is about. It is about making sure that we are working to these issues.

I am advised — again, the Minister for Industry may wish to go into more detail on this when she is with you next week — that the government will be making a submission to the Senate inquiry on this matter, and we would hope there would be opportunities for the federal government to recognise that they have a role to play in supporting this transition. Gee, wouldn't it be great if they invested in some job-creating infrastructure in Victoria that would be ready to go during the period when the closure of the automotive industry is going to hit.

Mr MORRIS — My information on the Geelong and Melbourne north funds is that the feds are actually waiting for a response from the state of Victoria.

Ms ALLAN — I think they might have got that from the budget last week.

Mr MORRIS — Going back to the question, you referenced the figure of 25 000 direct jobs. I am taking an implication, because the reference was to the figure in the budget papers, that that is the total employment. I am wondering whether it was the Minister's evidence that that is the total number of job losses or whether there is another figure, as I asked for, that is the direct and indirect job losses?

Ms ALLAN — I think the direct job losses, both direct auto industry and supply chain, can be easily furnished. I will have to take some advice. There are economic models that give you the indirect impact on a job that is lost. There are various models that can extrapolate that, and I am sure some of that may already be publicly available.

Just picking up on your commentary, though, the budget last week provided for those funds — the state government's contribution to those two northern Melbourne and Geelong funds — and, as you said, there was a keenness from the federal government to see what the Victorian government was doing. They can now quite clearly see that in our budget papers, and hopefully we can push on with delivering those programs.

I think it is also important to recognise that, with your desire to see statistics on indirect impact, it would be worth noting, depending on the economic modelling that is used, that it may or may not pick up some of the other activity that is going on. For example, if we see a spike in rolling stock manufacturing, some of those workers may come across or they may not, but it just depends on the model that is used. We will have a look at what we can do in terms of some of the data. Perhaps indeed the submission that is being made to the Senate inquiry would also provide some additional material on that front.

Mr MORRIS — Thank you. That would be helpful.

Dr CARLING-JENKINS — Thank you for your presentation and your obvious commitment to employment. It is quite an impressive package, the *Back to Work* plan that you outlined in your presentation on page 7 and which is detailed in budget paper 3 on page 19. I would like to ask another question on people with disabilities if I may. People with disabilities, as you know, make up approximately 20 per cent of our population and historically and currently experience high levels of unemployment. I wonder if you could describe for the committee how you have taken people with disabilities proactively into account within the *Back to Work* plan.

Ms ALLAN — Thank you for that question. If I can answer in a bit of a broader context because in terms of the *Back to Work* plan people with a disability would be able to be part of the payroll tax scheme that is there to support workers with a disadvantage to access employment. That would be one part of the *Back to Work* plan that they would be able to access. Your question, I think, perhaps more goes to the issue of what are the state-based supports to help people with a disability break down some of the barriers that stop them from accessing employment and training opportunities. This is an area that I have been familiar with in the past. It was a slightly different role, but I was the employment Minister for seven years in a previous government and have some familiarity with how employment programs can and cannot work.

One of the things I am very clear on, out of that experience, is employment programs that work more effectively are those that identify what the barrier is that is stopping the individual, in your example here it is people with a disability, from being able to access employment opportunities. For a person with a disability, it might be a transport issue. They might have a mobility issue. It might be that they need some workplace aids to assist them. It could be obviously a whole range of things depending on the disability.

On coming to government I have been concerned that neither the funding nor the policy approach in the employment program support area is there. There is a couple of things there, but I am not satisfied that it addresses the issues that it needs to address, particularly around targeting disadvantaged groups like people with a disability, and there are others that we can talk about over the course of the hearing. I have asked the department to undertake a review of the employment programs that are there now to look at what has worked well in the past and also what is contemporary best practice in employment programs, because for a modest amount of funding you can get some very strong outcomes. Again I am drawing on some of my own personal experience from the past, some of the employment programs we had in the past that were targeted at particular groups.

That work is going to inform probably more the next budget round as we need to get the policy right, because I am not satisfied with the policy settings that are there now. I do not think they meet the objectives of the government's aspirations around helping people get employment and particularly have a focus on people with a disadvantage, and it does not address the policy intent that we have articulated through *Back to Work*, so significant work is needed.

I have just been reminded that there were employment programs under my previous time that did support graduates from different training institutions with a disability, so there have been programs in the past that have worked. It is about drawing on that previous best practice and looking at what we can put in place into the future.

Dr CARLING-JENKINS — Thank you for your answer, Minister. It is very encouraging that you are looking at best practice in this area. I will just ask a very specific question now in this space. Many people with disabilities, as you would know, begin their working careers within disability enterprises. I was prepared to explain what that is, but I think you have got a very good understanding. What support through this investment the government is making into employment is the government offering to services such as these?

Ms ALLAN — I think there is an interesting intersection there between employment policy and small business policy. As you have identified, these are employment enterprises. Many of them are run by employment or disability services and they see it —

Dr CARLING-JENKINS — Not for profits.

Ms ALLAN — Yes, not for profits. There is an interesting relationship between how those two policy areas that can be picked up. Some of the support, if I can draw on a very local and practical example in my own electorate, I recently opened an e-waste recycling facility in my electorate in Bendigo that is run by Radius Disability Services as its support services. This is a social enterprise. It is providing people with a disability the opportunity to get, importantly, skills and training. It is not just a job; it is getting them skills and training and workplace support. The job they are doing — everyone's got mobile phones and computers, and you never know what to do with them when they break constantly. So it is an e-waste — it is where you take your electronic waste and they pull it apart, identify parts that are useful, parts that are not useful and sort it out and it either goes to appropriate recycling or appropriate re-use. That is a great outcome. It is providing a real employment outcome. It is providing a revenue stream for the organisation, and it is providing a recycling and environmental outcome. That was actually part funded by Sustainability Victoria. Across government we do have pockets, if you like, of programs that can support these sorts of things.

I might extrapolate from your question that you are encouraging us to be a bit more coordinated and consider how we can work together on those things.

Dr CARLING-JENKINS — That would be fantastic.

Ms WARD — Minister, can I ask you to have a look at budget paper 3, page 19, which outlines the funding profile for the Premier's Jobs and Investment Fund. This is of particular interest to me. I found last year as I was campaigning quite heavily, as you would imagine, in my seat —

Ms ALLAN — Successfully I might point out.

Ms WARD — Thank you — that jobs and unemployment were incredibly important to many people in my community. As Mr Morris indicated, I have people in my community who are also affected by the downturn in the auto manufacturing industry, which you might not think in Eltham but actually we have a lot in my area. Could you please outline for me the rationale behind this initiative and how it is going to help us to get more jobs?

Ms ALLAN — Thanks, Vicki. You have touched on the impacts of the automotive industry closure on the state. It reminded me of one thing I did not mention in my answer before, which is that parts of the supply chain are found right across the state. They can be very small businesses with few numbers of people that are located in many different locations, so the impact is going to be spread across the state, which is why you need both targeted responses, either direct responses through the Geelong or northern Melbourne funds, and more broader responses which you can find identified through the *Back to Work* plan.

You talked specifically about the Premier's Jobs and Investment Panel. I mentioned before that we recognise that we need to do things differently in terms of looking at how we can use every opportunity to generate jobs and economic activity and also having a different form of dialogue, advice and discussions with the private sector, because working with leaders of businesses and industry they have, as I said, experience in this area and expertise in this area and can provide an external view that is very valuable in government. In formulating policies and delivering programs in government it is important to have all sources of advice. Departments are fantastic to have around you, but it is important to have a broad range of sources of advice and to be listening very carefully. I am doing a lot of talking right now, but it is important to do a lot of listening as well as part of those different approaches.

The Premier's Jobs and Investment Panel will be about listening to those people with industry expertise. We also have action. We are not just asking people to give their time and we will listen to them and have a nice cup of tea and move onto the next thing; it is about then drawing on that expertise and backing it up with a funding source that will help to drive direct action.

The fund that supports the Premier's Jobs and Investment Panel that I mentioned in my introductory comments will support projects and initiatives and ideas that are focused on driving economic growth and new employment opportunities. It has a very broad remit. It will cover all sectors of the economy. I mentioned before that the Future Industries Fund is identifying six sectors for growth. That does not mean we will only focus on those six sectors. There is a range of different industry areas that will be able to approach this fund. I will be working together with my ministerial colleagues who are responsible for those other funds to ensure that we have a consistent approach across government and that we make it easy for business to do business with government. I think that is a frustration we have heard many times — that sometimes government cannot always be easy to do business with. We want to improve those practices as well and have that very sharp focus on delivering job outcomes for the community.

Mr D. O'BRIEN — Minister, you would be aware that employment data indicates that women have the lowest average apprentice wages. I refer to the government's commitment for car registration discounts for trade apprentices, which is on page 20 of budget paper 3. According to Minister Donnellan's media release the scheme is targeted largely at apprentices in the construction industry. I am hoping you might be able to tell us what proportion or percentage of female construction trades there are in Victoria.

Ms ALLAN — I think it is perhaps a little broader than my employment portfolio, but I am happy to say that we can take that on notice and provide you with data on the number of women employed in the construction trades. They do exist; there are women who work in the construction industries, as indeed there are women across a range of different apprenticeship programs.

One of the key challenges is how you address female workforce participation. I fear that you have opened a door here, Danny, on me sharing my views on measures that need to be taken to lift female workforce participation. If you look at the key things that can boost productivity in the workforce, getting more women to enter the workforce and stay is not just a key challenge — if you can get it right, it is a key economic boost. So addressing those key points where women drop out of the workforce. Quite clearly there is the whole thing about 'women are the ones who have the babies' and that takes them out of the workforce for a while is a key barrier to overcome. That is why having workplace practices at both a state and federal level that address those issues, it is why the debate that is happening at the moment within the federal government around appropriate childcare supports is vitally important to get it right. Many of the levers around addressing female workforce participation rest with the federal government because it goes to taxation policy and childcare policy and how they do and do not intersect. Anyone who has had to try to navigate the minefield that is family benefits and family supports knows that it is very challenging.

Ms WARD — A consistent PPL would help.

Ms ALLAN — I was about to go there as well.

Members interjecting.

The CHAIR — Order!

Ms ALLAN — It is just scandalous to call women who have appropriately — —

The whole paid parental leave scheme was designed to ensure that paid parental leave was maximised based on a government contribution and a workplace contribution. To say that is double dipping — —

Mr D. O'BRIEN — We are straying a little from the question now, Minister.

Ms ALLAN — You invited the commentary.

Mr D. O'BRIEN — I am very happy to hear — —

Ms ALLAN — You invited the commentary. My point is that where we can we do need to look at ways that we can address participation for women in the workforce and that as a model employer we do that as a government. I try to do that in my own office; we do it as a department through the youth employment scheme, which is for the YES trainees, the trainee entry into the public service. That is a very important part of it. I think the public service is a fantastic employer for women, because it has the flexibility and the leave entitlements in

place to help women through those key transition points where they go in and out of the workplace. We also have our own target of 10 per cent of apprentices on major government projects. Again, apprentices are not just in the construction industry. There are apprentices in a whole range of different industries that will be able to benefit from those programs. I look forward to women featuring prominently in that, and thank you for your interest in female workforce participation issues.

Mr D. O'BRIEN — I am very interested; I am right here with the sisterhood, Minister! Thank you for taking that one on notice; it is a very important issue, as you say — female participation. I look forward to some advice on the percentage of female trainees in the construction industry. As employment Minister, have you received any advice from your department about how many female apprentices will benefit from this scheme? I appreciate it is not your portfolio.

Ms ALLAN — That data is held by the Department of Education and Training, which we can access. Fortuitously the Minister for Training and Skills is also a Minister in our department, and we work closely with him on delivering things like the 10 per cent apprenticeship target on major projects and other training initiatives, which tangentially can I say is another benefit of having this bigger department, because we have the Minister for skills at the table. It is about how we can make sure we have an eye to training opportunities, but that is going off topic a little bit. I imagine the secretary will be able to access that information from his colleague in education and come back with that. Would that be fair?

Mr BOLT — Yes.

Ms PENNICUIK — Your mention of skills is a bit of a segue into my question, Minister, about the Premier's Jobs and Investment Fund, which is \$508 million I think. My question is: how does that interact with the \$50 million jobs package in the skills area?

Ms ALLAN — Sorry, can you provide a bit more detail on which one you are referring to? It is not immediately clear.

Ms PENNICUIK — Yes, I have got to find that for you.

The CHAIR — I think, Ms Pennicuik, the first one you referred to was the Premier's Jobs and Investment Fund — the \$508 million?

Ms PENNICUIK — Yes.

The CHAIR — So I think your question was: how does that fund relate to — —

Ms PENNICUIK — Does it work with the skills fund, which is the \$50 million TAFE Back to Work Fund? Also, what role will the skills commissioner have in working with the Premier's Jobs and Investment Fund?

Ms ALLAN — I will endeavour to answer that as best I can in relation to my portfolio responsibilities, and I think the Minister for Skills may have already appeared before you.

The CHAIR — Correct; that was yesterday.

Ms ALLAN — He may have been able to pick up on that if he was appearing after me, but the Minister for Skills and I have had many, many conversations about linking up the work he is doing, whether that is through the TAFE Rescue Fund or, as you have identified, the \$50 million TAFE Back to Work Fund, and ensuring that is in alignment with the broader *Back to Work* policy, particularly with working with the training sector in ensuring that they have an alignment with the six priority industry sectors; drawing on the advice that we are receiving from the department on where the economic growth is and where some of the decline is, and making sure that there is an alignment with the training system in those areas; and that is very much also a role for the Skills Commissioner as well.

More broadly, as I mentioned, in terms of the targets that we have set, such as the 10 per cent apprenticeship target on major projects, the Minister for Skills and I are working together on ensuring that it is one thing to say that as a target to the private sector, 'Right, you want this bit of government work; you have to factor in that we

are going to require you to have a target of 10 per cent apprentices on the project', but we also have to make sure that the training alignment, the TAFE alignment, is linked in with that, so that there are TAFE providers.

For example, again using one within my own portfolio responsibilities of conversations I have had with the Minister for Skills about both the Waurn Ponds train maintenance and stabling facility and also a similar but much larger facility that will be built at Pakenham as part of the procurement of the 37 high-capacity trains, it is recognising that for the longer term there will be a stable workforce there working on the maintenance and operation of the trains. So how can we make sure that local TAFEs in those areas have the training provision for the workforce so that the local community can get those jobs? We are very much trying to work in alignment, both in terms of the broad policy settings, whether it is in *Back to Work* or the TAFE work that the Minister for Skills is undertaking, and then dropping it down a few more levels in terms of detail and trying to drive those outcomes from government activity.

Ms PENNICUIK — Thank you for your answer, because it seems to me there needs to be very strong links between these two areas. With regard to the panel on the Premier's Jobs and Investment Fund, on page 26 of BP3 it outlines economic and industry leaders, so I wonder if you could expand a little bit of who is envisaged to be on the panel, and whether that would include, for example, the Skills Commissioner, representatives from the union movement and from community groups and social groups, like VCOSS? I am just a bit concerned that it is not focused and perhaps it needs a wider representation?

Ms ALLAN — Firstly, I think it is important to see that this is going to be a very important source of external advice to government. It will not be the only source of external advice to government. Some of those organisations and agencies that you referred to in your supplementary question will get picked up as part of those mechanisms, but if I can take you back — I apologise; I do not think I have got multiple copies of this one. I did not think it was necessarily appropriate to hand out election campaign material, but our document does articulate who some of those representatives will be: from the Victorian Employers Chamber of Commerce and Industry, the Australian Industry Group, the Victorian Farmers Federation and the Australian Council of Trade Unions, which picks up one of those groups you referenced. That is not exclusive of others. I am very careful to make the point that this is the Premier's panel. It is perhaps not for me to talk further on who the Premier wishes to appoint to his panel, but it will be a bit broader than those people who are referenced there. There is work being done to appoint an independent chair of that group as well.

The approach we are taking as a department and as a group of Ministers is to link in as much as possible with the training opportunities, to make sure — as I said, it is one thing to provide the jobs at the train maintenance facility, but going to an earlier conversation, Geelong has high levels of youth unemployment. They are going to be hit very hard by the automotive industry downturn. If we can start training those young people now in train maintenance work, there are opportunities for them to be linked into that new maintenance facility at Waurn Ponds when it opens in a few years time. So it is trying to make those sorts of linkages. Indeed in the rolling stock strategy which I circulated in the previous presentation, there is a direct reference to training and apprenticeship opportunities as well.

Ms SHING — Minister, I note that you have already talked extensively around the issues facing job seekers who are women. To that end, I note that there are a number of areas that go to reducing that disadvantage, that have been covered in both your presentation and in the substantive answers that you have given to questions from the committee already.

I would like to take you to chapter 3 of BP2 that discusses the jobs challenge facing the state. I would like to get some more detail from you further to the answer that you gave to the chair initially around how the government intends to acquit an election commitment to provide support for disadvantaged job seekers. I note that disadvantage comes in many forms. Dr Carling-Jenkins has touched on that already in relation to access to employment opportunities for people with disabilities. I note that Mr O'Brien has talked about the challenges facing women in relation to breaks from the paid workforce when they try to access opportunities over the course of a working life.

There are other areas, though, which I think are relevant to this particular area of disadvantage. To me that covers as much as anything underemployment and the way in which there are particular demographics which are confined to industries such as retail and hospitality, or are over-represented in those sectors, who do not perhaps have access to participation in a full-time jobs market and to the training opportunities which are

invariably linked to those sectors because of the way in which training and skills development is provided. That, I think, picks up on what Mr O'Brien touched on earlier in relation to female representation in the construction industry, also linking in with culturally and linguistically diverse communities, and regional communities as far as distance and the tyranny of distance is concerned in accessing job opportunities.

How does the government intend to acquit that commitment to provide real, meaningful support to job seekers who fall across a range of those areas of disadvantage?

Ms ALLAN — Thank you, Harriet. Your question I think demonstrates some of the complexities of both addressing the issue for the individual with the barrier to the workplace and how you place that in a broader government policy setting. I have got employment programs, and the Minister for Training and Skills and the Minister for Education have a role, obviously, and the Minister for Health and — what are Martin's various titles? The Minister for Disability and Housing — all those issues.

Mr T. SMITH — Creative industries, if I can assist, Minister.

Ms ALLAN — Creative Industries is an outstanding portfolio, and it was very prescient of the Premier to make that portfolio appointment, because it is recognising that creative industries make an enormous economic contribution to the state. It is one of the strategic advantages that Victoria has.

Members interjecting.

Ms ALLAN — You have listed — and I know you do not mean it to be an exhaustive list — —

Ms SHING — By no means an exhaustive list.

Ms ALLAN — There are many different groups, and it is very important that government recognise that it does not just have a role to play in supporting people with those particular barriers and challenges but there is also a responsibility in recognising that sometimes the decisions you make can make it either easier or harder to address those things, and I think we are seeing some of that play out in the federal sphere at the moment.

I touched on before, I think in the answer that I gave to Rachel around the work that I have asked the department to do on reviewing the approach to employment programs, how we can do better and what is best practice. That will be quite extensive and will also involve consultation with various community groups. I have already, indeed, had a number of conversations with agencies and organisations. I had a very good conversation recently with Jesuit Social Services about some of the interesting work that they are doing and how that can be drawn in as well, also Monica Gould's group in the north — youth connections, I think. No. The name of her group has just slipped my mind for the moment, but they are doing some work, and they all also talk about the intersection with federal government policy settings as well around that. We have got quite a bit of policy work to do in this area in both being very clear — I think it is easy to define; it is a different thing to be very clear — on what the state's role is in delivering these sorts of programs and then putting in place the architecture that allows groups to — —

We talked about agencies before that can apply for the funding support and get the outcomes, because I think again one of the ingredients that works in successful employment programs is having a focus on payment on delivery, if you like, and structuring the funding agreements in a way that the funding is provided once an outcome is derived, and that outcome has to be a substantial outcome. In previous practice the outcome measure that I had used in previous employment programs was, I think, a 16-week employment outcome — not just a placement, but that the person had been there for the best part of four months — because that demonstrates some ongoing sustainability and longevity in that employment situation.

These are some of the things that are being looked at, but also it has to be set in that broader context of recognising what we do in supporting the health system, what we do in improving education and training opportunities — a bunch of activity. The Minister for Early Childhood has not been here yet, and when she does come she will no doubt talk to you about some of the work she is doing around addressing some of those early childhood issues to make sure you get young people on the best footing possible in life.

Also I should reference that the *Ice Action Plan* has some of this in its implementation as well. Some of the community-based responses around the *Ice Action Plan* is recognising that some of the issues around ice use

and abuse are made that much harder when that person is not connected to employment and feels dislocated and disconnected from their local community. There is a vast array, and I have not even touched on the work that the Minister for Aboriginal Affairs, Natalie Hutchins, and I are going to do. She has commenced some conversations around an Aboriginal economic development strategy. There is also recognising that there are many people who are broadly termed clients of the state who we have a direct relationship with, so people with a disability, people in mental health — —

Ms SHING — Consumers of services.

Ms ALLAN — Consumers of services — office of housing tenants, a whole range of people that we have a statutory relationship with already —

The CHAIR — The Minister, to conclude her answer.

Ms ALLAN — and that we can target our services to in that way.

Mr MORRIS — Minister, in your presentation you referred to the Regional Jobs and Infrastructure Fund. Unfortunately on the watch of this government we have already seen significant job losses in regional Victoria, and not only are there going to be no VicRoads jobs in Ballarat but we have seen losses at Telstra, losses at Allied Mills, losses at IBM, losses at Fairfax Media, losses at Treasury Wine Estates, just to name a few, and all of those have either been jobs in regional Victoria or directly affected regional Victoria.

It is easy though to talk about regional Victoria in a generic sense, and I am more interested in specifics. Can the Minister outline for the committee what programs and strategies the government will employ to support the regional town of Shepparton?

Ms ALLAN — Okay. I was preparing myself for a Ballarat question in terms of your preamble, but you have jumped straight to Shepparton. Picking up on some of the breadth that was provided in the preamble, I think what we saw grow over the past four years in regional Victoria under the previous government was the unemployment queue, where the figures that I presented earlier demonstrate that the unemployment rate went up from 6.6 per cent — I am sorry; I will have to go back to my earlier presentation to make sure I get my figures right so I do not mislead the community — from 5.8 per cent to 6.6 per cent over that previous four-year period. You read out a list of job losses, and I think what we have to remember is that what sits behind that list of job losses — and I could match you and raise you a commensurate list of jobs that went from regional Victoria over the past four years — and each and every one of those numbers is a worker and their family —

Mr MORRIS — Absolutely.

Ms ALLAN — and more broadly cases of communities. The community of Shepparton know this extremely well through some of the challenges that they have had to face in recent times, again made so much harder by a federal government that was not prepared to partner with the state government on issues around supporting jobs in that community. I think the advocacy of the federal member for Murray demonstrated the level of frustration she had with her own government in failing to recognise that it had a vital role to play in supporting the community of Shepparton.

The Minister for Regional Development is at the committee next week. I am sure the Minister for Regional Development would be able to take you through in quite a lot of detail how the \$500 million Regional Jobs and Infrastructure Fund will have a range of initiatives under that that will support the community of Shepparton. Indeed I know already that the City of Greater Shepparton and others will come to government with a list of proposals, and some of those conversations are already underway. Indeed the Minister for Regional Development is leading a review.

One of the messages we heard very clearly over the past four years is how the previous government's approach to regional economic development just was not working. It did not have a strong enough focus on jobs and infrastructure — —

Mr D. O'BRIEN — On a point of order, Chair, we have been very tolerant. The Minister has all day been talking about the previous government. We would just like to hear what her government is doing.

Ms WARD — Further to the point of order, obviously Mr O'Brien has not been listening closely to what the Minister has been saying, because in fact she spent a great deal of the morning addressing what the government's plans are.

Ms SHING — Further to the point of order, the substantive question that was asked — —

Mr D. O'BRIEN — No show without Punch.

The CHAIR — Order.

Ms SHING — You have come to expect this from me now, Mr O'Brien. The substantive question that was asked listed a number of job losses that have occurred, and those job losses have occurred in the course of both the previous government and since. On that basis I think it was well within the purview of the initial question for the Minister to respond in the way that she has done.

Mr MORRIS — I was going to stay out of this, but on the point of order the preamble — and I know it becomes part of the question — may have mentioned those things, but the specific question was about Shepparton.

The CHAIR — I think what the Minister was endeavouring to do was to set the scene, to talk about some of the challenges that the government has confronted since it has arrived in office. The Minister has spoken at length about a number of initiatives the government is looking at tackling in relation to this portfolio, and I think that the Minister is in the process of answering the question in relation to what she can talk about in relation to Shepparton, understanding of course that some of these issues cover off on a number of portfolios, including regional development.

Ms ALLAN — Thank you, Chair. We will be working with the Shepparton community, whether it is through the City of Greater Shepparton, the Committee for Shepparton, who have been participants in the regional review that has been led by the Minister for Regional Development. The advocacy of the member for Shepparton should not go unremarked upon. She has provided a very strong voice for that community within the Parliament. She is already placing some pressure on me as Minister for Public Transport, so I am aware of her advocacy already on behalf of her local community.

If I can go back a couple of steps, we are taking an approach where, if you have the policy settings in place, which we do through our *Back to Work* plan, we are backing that up with programmatic funding through the Regional Jobs and Infrastructure Fund that very much, at its heart and soul, has a focus on creating jobs and supporting economic activity in regional Victoria. I have to say that this is a different approach to a previous approach over the past four years where that economic focus was missing. That is the feedback that the Minister for Regional Development is getting through her review, and we look forward to having many opportunities to working with the Shepparton community and indeed all communities across regional Victoria on how they can have the support of the Andrews Labor government's *Back to Work* plan to support jobs, to support economic activity but most importantly to help keep people active and keep economic participants active in their local community right across regional Victoria.

Mr MORRIS — I guess the summary of that is, 'To be advised'. Minister, given that only 2.9 per cent of proposed infrastructure funding is slated for regional Victoria while the other 97.1 per cent goes to Melbourne, what support, whether it is financial or otherwise, will you be giving to creating and supporting jobs in the regions?

Ms ALLAN — I think I have just quite clearly outlined through the very different approach we are taking to past practice from the previous government through the Regional Jobs and Infrastructure Fund that we will be actively supporting regional communities. However, I think it would be quite wrong of you to allow those figures that you have put on the record around a supposed share of infrastructure spend to stand, because they are not correct.

Mr D. O'BRIEN — Careful.

Ms ALLAN — They are not correct, and they do not, I am sure — —

Mr D. O'BRIEN — Want to go back to last year, Minister?

Ms ALLAN — I am absolutely certain that they would not take into account — you would not have taken it into account, because it would not have been within the ability of your methodological approach, to recognise that the Melbourne Metro project benefits regional communities. The level crossing removal program benefits communities in Gippsland and indeed — —

Members interjecting.

Ms ALLAN — I spent a lot of time in the last presentation — I thought we had quite a good conversation in the last portfolio presentation going through — —

Members interjecting.

Ms ALLAN — I think it is interesting. Your approach is noted. It is not agreed with, and certainly when it comes to working with regional communities we will take a vastly different approach to the failed approach that was taken by the former government over the last four years.

The CHAIR — I would like to thank the Minister for Employment, the Honourable Jacinta Allan, for her attendance this morning, as well as Mr Bolt, Ms Eddy, Mr Hanney, Mr Carrick, Mr Meek, Mr Noble and Mr Bamford. I think there were a couple of questions taken on notice; the committee will follow up on these in writing. A written response should be provided within 21 days of that request being received.

Witnesses withdrew.