

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2015–16

Melbourne — 20 May 2015

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Dr Rachel Carling-Jenkins

Mr Tim Smith

Mr Steve Dimopoulos

Ms Vicki Ward

Mr Danny O'Brien

#### Staff

Executive Officer: Ms Valerie Cheong

#### Witnesses

Ms Jenny Mikakos, Minister for Youth Affairs,

Dr Pradeep Philip, Secretary,

Ms Annalise Bamford, Director, Youth and Disability,

Mr Paul Smith, Deputy Secretary, Mental Health, Wellbeing, Social Capital and Ageing, and

Ms Jill McCabe, Director, Community and Economic Participation, Department of Health and Human Services.

**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 to the hearing today the Minister for Youth Affairs, the Honourable Jenny Mikakos, MLC; Dr Pradeep Philip, Secretary of the Department of Health and Human Services; Ms Annalise Bamford, Director, Youth and Disability; Mr Paul Smith, Deputy Secretary, Mental Health, Wellbeing, Social Capital and Ageing; and Ms Jill McCabe, Director, Community and Economic Participation. Potential witnesses in the gallery are Mr Lance Wallace, Deputy Secretary, Corporate Services, and Mr Greg Stenton, Acting Chief Financial Officer.

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 now 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.

**Ms MIKAKOS** — Thank you very much, Chair. I would like to thank the committee again for this opportunity to present on the Andrews Labor government's first budget as it relates to the youth affairs portfolio.

### **Visual presentation.**

**Ms MIKAKOS** — Under the Andrews Labor government the key role of the youth affairs portfolio will be to promote better integration of policies across government, in particular to connect young people to training, skills development and career pathways and to support community engagement. This is why I am working closely with my ministerial colleagues across government to take a more joined-up approach to issues facing young people in Victoria.

Within the youth affairs portfolio a number of discrete programs are also delivered to support economic, community and social participation by young people. As I noted in my families and children presentation, this government's first budget focuses on families. For the youth affairs portfolio this means investing in services for Victoria's young people to address the demand for key services, particularly for disadvantaged young people, and continuing to deliver those programs which have been shown to be successful.

While many young people are faring well, others are experiencing entrenched disadvantage and experiencing major barriers in terms of accessing education and training, employment and opportunities for community engagement. Ensuring all young people are engaged in education, training and employment and are connected to and supported by their community is essential for Victoria's prosperity and the wellbeing of our young people. We are refocusing the youth affairs portfolio to ensure that we support young people who most need assistance to access opportunities and to reach their full potential.

The 2015–16 budget provides \$8 million over four years to invest in programs that provide for greater social and economic inclusion for disadvantaged young people by allocating funding for new initiatives and continuing existing initiatives which contribute to this objective.

We support an evidence-based approach to youth affairs policy to ensure our programs are delivering the best possible outcomes for our young people. We have continued investment in a number of successful programs. The Rural and Regional Local Government Youth Engagement program will receive continued funding to support rural and regional communities to engage young people in local decision-making and to enable young people to have a voice in issues and changes affecting their community. The Centre for Multicultural Youth will receive continued funding to support culturally and linguistically diverse young people to build community connections, navigate educational and employment pathways and develop leadership skills. Scouts Victoria and Girl Guides Victoria will be funded to enable more young people to access opportunities to participate in leadership, skill development and community activities.

This budget also includes investment in new directions. The Youth Affairs Council of Victoria, YACVic, will receive funding to trial a place-based initiative to support young people, including disadvantaged young people, to stay connected to communities in rural and regional Victoria. Our most significant investment is funding of over \$5 million over four years to be directed to the development of new youth programs to reconnect disadvantaged young people with community, educational and employment pathways. This funding will support the new directions for this portfolio. An inclusive consultation and engagement process with young people will also be a key feature of our approach to the new investment to ensure the initiatives are informed by youth-led advice. Thank you, Chair.

**The CHAIR** — Thank you, Minister. I will kick off with the first question. Can you please outline to the committee how the 2015–16 budget has acquitted Labor’s pre-election financial statement in your portfolio?

**Ms MIKAKOS** — Thank you very much, Chair, for that question. The 2015–16 budget has acquitted Labor’s financial statement in relation to key initiatives that will affect young people in Victoria. Labor’s election commitments and financial statement reflected the Labor government’s approach to youth affairs. We do not see the portfolio in isolation but as part of a whole-of-government approach. The reasons young people become disengaged are complex and are interrelated, and the policy levers to improve outcomes for young people are embedded across government portfolios — for example, in employment, education, training and multicultural affairs.

While many young people are faring well, others are experiencing entrenched disadvantage and major barriers in terms of accessing education, training, employment and opportunities for community engagement. Ensuring all young people are engaged in education, training and employment and that all young people are connected to and supported by their community is essential for Victoria’s prosperity and wellbeing. Hence the 2015–16 budget has delivered on Labor’s election commitments in relation to school education and TAFE training and in respect of employment. I am aware that the committee has had ample opportunity already to examine these initiatives in those portfolios of the relevant lead ministers, so I do not propose to delve into them in any further detail here beyond noting the whole-of-government investment in issues facing Victoria’s young people.

I conclude by saying that the presentation I have just given indicates exciting new direction for the portfolio over the coming four years and particularly the allocation of funding of over \$5 million that will be available to be directed to the development of new youth programs to reconnect disadvantaged young people with community education and employment pathways. We are, as I said, refocusing the portfolio into new directions, and this will involve a number of discussions with the sector, with those stakeholders that advocate on behalf of young people and, most importantly, talking to young people themselves.

**Mr MORRIS** — Minister, I refer you to budget paper 2, page 19, and ‘Victorian economics forecasts’, in particular the third line down, ‘unemployment rate’. Those figures show that unemployment is now expected to be higher for longer in Victoria. What proportion of the higher forecast unemployment rate accounts for young Victorians?

**Ms MIKAKOS** — Thank you for that question. Of course the issue of employment specifically is the responsibility of the Minister for Employment, and therefore you may wish to direct your question to her specifically. But we are as a government committed to tackling the growing rate of youth unemployment, disengagement and disadvantage through economic and community participation and engagement.

We have invested in the 2015–16 budget with measures such as \$32 million over four years for local learning and employment networks to continue to work with young people who are disengaged or at risk of disengaging from education and training, and \$12 million has been provided to plan for the establishment of new technical

schools in Gippsland, Ballarat, Bendigo and Geelong. We have committed \$100 million for the *Back to Work* plan, which includes the Regional Jobs Fund; a Back to Work scheme, which provides payments to employers including the hiring of unemployed youth; and a \$50 million TAFE back to work plan, which provides grants for TAFE's to expand courses to align with the needs of local employers and to provide immediate help to TAFE's suffering financially. The \$508 million Premier's Jobs and Investment Fund will draw on the expertise of economic industry leaders to advise the government on a range of issues to drive jobs and growth in Victoria, including for young people and, very importantly, the \$320 million TAFE rescue fund, which will reopen closed campuses, assisting students at financial risk and upgrade TAFE buildings across the state.

We have a range of investment across the budget and also in the education budget, which is a record education budget, to address the issues of youth unemployment, but the specific questions you raise are really a matter for the Minister for Employment.

**Mr MORRIS** — Just a clarification first, Chair, if I may, given the comprehensive nature of the minister's response. She is saying that she does not consider youth unemployment to be part of her portfolio.

**The CHAIR** — I think, Deputy Chair, you were very specific in terms of your question, because you referred to the unemployment rate being higher for longer. I think your question was: what percentage of that are younger Victorians? The minister indicated that in terms of the specifics around those metrics, it is more a question for the Minister for Employment. But the minister was seeking to outline some of the initiatives that the government is embarking upon in order to tackle youth employment.

**Mr MORRIS** — I was seeking a clarification in order to frame the supplementary.

**The CHAIR** — Of course.

**Mr MORRIS** — I take it that youth unemployment is not relevant to this portfolio; is that — —

**The CHAIR** — Youth I employment I think would be relevant to this portfolio. I will be guided by the minister, but I think in terms of the specifics about the metrics in terms of what percentage of the unemployment rate would be young Victorians, that would be within the purview of the Minister for Employment. That would be my assumption, but I am happy to be guided by the minister on that question.

**Ms MIKAKOS** — The specific question that the member raised is more appropriate for the Treasurer, because it relates to macro-economic forecasts and estimates of those macro-economic forecasts. But I make the point that the responsibility I have is a very specific one in terms of youth affairs, and what I am looking at doing is engaging with my colleagues in relation to their particular portfolios. But each minister has their own responsibility, and the Minister for Employment has responsibility for employment programs. If you have particular questions relating to employment programs, they would be best directed to the Minister for Employment.

I make the point that we are a government that is very much committed to addressing the issue of youth unemployment — —

**Mr T. SMITH** — You just do not know what the rate is.

**The CHAIR** — Order!

**Ms MIKAKOS** — In the previous government we had in one in five young people out of work — —

**Members interjecting.**

**The CHAIR** — Order!

**Ms MIKAKOS** — We have a suite of measures that I have just addressed in my response, which are looking to respond to the issue of youth unemployment. The issue of jobs is a priority for the Andrews Labor government, and we are working across the government on this particular issue.

**Mr MORRIS** — I am not much wiser to be honest, Chair, but I will — —

**Members interjecting.**

**The CHAIR** — Order!

**Mr T. SMITH** — The Minister for Youth Affairs does not know what the youth unemployment rate is. That is pretty embarrassing.

**Members interjecting.**

**Ms MIKAKOS** — That was not the question I was asked, actually.

**Members interjecting.**

**Ms MIKAKOS** — On a point of order, Chair, Mr Smith is verballing me, because I was not actually — —

**Mr MORRIS** — A witness cannot speak on a point of order.

**The CHAIR** — Order! Minister, I will just ask you to pause for a moment.

**Ms SHING** — Can I raise a point of order? I am concerned that amidst the rabble that has been flowing across the table — and I freely acknowledge that there have been participants from all sides — as we descend into chaos and the afternoon draws to a close that the minister has in fact been verballing by Mr Smith in relation to his assertion that she is not across the portfolio insofar as the youth unemployment rate goes. I do not actually think that assists proceedings, I do not think it is accurate and I do not think it is fair. On that basis, Chair, I would seek your guidance in drawing everyone's minds back to the matters at hand.

**The CHAIR** — I think where we were before we descended into a bit of good-natured and lighthearted banter across the table, the Deputy Chair was going to ask a supplementary question, and I would ask that the Deputy Chair ask that supplementary question. If the minister wishes to answer that and to elaborate on either the supplementary question or the substantive question, she is entitled to do so.

**Mr DIMOPOULOS** — Chair, sorry, I think the minister, while she cannot raise a point of order, wanted to say that that was not the question she was asked.

**The CHAIR** — Thank you, Mr Dimopoulos, for pointing that out. What would be good would be to allow the Deputy Chair to ask his supplementary question and then the minister can seek to answer that question.

**Mr MORRIS** — Thank you, Chair. There appears to be some ambiguity with regard to responsibility for youth unemployment, but I will ask the supplementary and then the minister can determine whether she considers it to be in her portfolio or not. Minister, referring again to those forecasts, can you guarantee that youth unemployment will decline over the next 12 months?

**Ms SHING** — Sorry, on a point of order, did you just ask for a guarantee in relation to youth unemployment levels over the next 12 months?

**Mr MORRIS** — I did.

**Ms SHING** — Did you just actually ask for the minister to guarantee a matter on youth employment rates over the next 12 months?

**Mr MORRIS** — I did.

**Ms SHING** — Okay. I really hope this is captured and reflected in terms of the content of points of order that I have been raising today, because you are asking the minister to speculate in relation to forecast figures which, without a crystal ball and the entrails of a seagull, are not reasonably open for her or anyone else to try to find. In addition to that you are asking for a guarantee about matters beyond the scope and contemplation of the budget papers.

**Mr MORRIS** — There was no mention of crystal balls from me, I can assure you, but what I was asking about was a very serious subject. We have heard from the minister about a substantial number of policies — —

**Ms WARD** — Why did you not ask this of the employment minister?

**Mr MORRIS** — Presumably the degree of their efficacy has been considered, and I am asking basically whether that approach is going to work. Will the rate decline over the next 12 months?

**Ms WARD** — You are sixes and sevens with your questions.

**The CHAIR** — Order! I have tried to tread a middle path on some of these rulings today with the standing orders. While a strict interpretation of the standing orders indicates that you cannot ask for a minister to provide an opinion, in my rulings today I have allowed a degree of flexibility because I think that is important for the committee to do its job. However, I think to ask can the minister give a guarantee on this is unreasonable, because if the minister said she could give you that guarantee, I think she might not be being entirely truthful with the committee. If she were being truthful, I do not think she could give a guarantee. I would encourage the member to maybe rephrase that question.

**Mr MORRIS** — Certainly, Chair. Minister, on the basis of the policy settings anticipated by this budget, do you expect youth unemployment will decline over the next 12 months?

**Ms MIKAKOS** — Thank you for that question. As I indicated in the response I gave to the substantive question, the issue of jobs is an absolute priority for the Andrews Labor government. This is why we have put in place a range of responses through the budget settings, particularly in response to Back to Work, a record education budget and reinvestment in our TAFE system that was left in complete disarray by the previous government. We are putting in place a range of measures to assist young people to find employment.

The unemployment rate for young people 15 to 19 years of age in the April 2015 data was 23.8 per cent, and that is a very high level. We are very concerned about the fact that we have come into government in a situation where one in five young people is unemployed. This is something that the previous government did not do very much on. In fact they probably exacerbated the situation in terms of wreaking havoc with our TAFE system.

**Mr MORRIS** — I am asking about the next 12 months, not the last 12 months or the last 10 years.

**Ms WARD** — Allow her to answer, Mr Morris.

**Mr T. SMITH** — You have wreaked havoc with the Australian economy.

**The CHAIR** — Order! Mr Smith!

**Ms WARD** — Mr Smith, you have really had too much coffee today, haven't you?

#### **Members interjecting.**

**Mr MORRIS** — On a point of order, this was a serious question. It was a genuine attempt to rephrase it so the minister could respond, and we are simply getting sledging back. Could you please ask the minister to respond to the question that was asked about the rate and where it will be in 12 months time?

**Ms MIKAKOS** — If I could be allowed to conclude, I make the point that the commonwealth budget papers forecast an increase in unemployment of 6.25 per cent in 2014–15 to 6.5 per cent in 2015–16. By contrast, the Victorian budget papers forecast a decline from 6.5 per cent down to 6.25 per cent. Off the back of that range of programs that I outlined in my response to the substantive question we are anticipating that we are getting Victorians back to work, but you are asking me macro-economic questions that are better directed to the state Treasurer. I know you have had him before the committee already. I do not believe you asked him this particular question.

**Mr MORRIS** — Not about youth unemployment.

**Ms MIKAKOS** — I also make the point, Mr Morris, that you will be well aware if you look at the budget papers that the total output for the youth affairs portfolio is \$16.1 million. If you are expecting me to be able to solve youth unemployment, youth homelessness issues relating to, young people with disabilities and every other area that relates to young people right across government, then that would be quite extraordinary, and it was certainly not something the previous youth affairs minister was able to achieve. I have particular discrete responsibilities, and I am working in terms of developing a whole-of-government framework, working with my ministerial colleagues, to address the specific needs of young people, and that is through an advocacy role in

terms of informing them in their portfolio settings of the particular needs of young Victorians. But each individual minister has discrete responsibilities.

**Ms SHING** — I note also that the ABS has three distinct datasets for youth unemployment measures, so that might go some way to explaining the earlier confusion raised in the course of the Deputy Chair's question.

Minister, I take you to budget paper 3, page 65, and the \$8 million invested over four years in youth participation and engagement. In your presentation you referred to a place-based initiative to support disadvantaged young people in rural and regional Victoria. Obviously this is a significant issue for communities, for prospects and opportunities and for the futures of young people, whether they remain in their rural and regional areas, move around in an area or indeed seek out metropolitan or other centres. Can you provide some more details in relation to this initiative and how it will actually support those disadvantaged young people to give them better opportunities than they might otherwise have had?

**Ms MIKAKOS** — Thank you very much, Ms Shing. The 2015–16 budget provides new funding to the Youth Affairs Council of Victoria — best known to most members, I am sure, as YACVic — of \$962 000 over two years. YACVic is the peak body and leading policy advocate on young people's issues in Victoria. I have been very pleased to be able to have a very constructive relationship with YACVic both in opposition and now in government. This funding will support a pilot of two new regional offices in areas of identified need to provide services and support for regional young people, and this is based on evaluation findings for the YACVic Victorian rural youth services, which recommended implementation of a place-based model.

The two new YACVic regional offices will replace the Victorian rural youth services and will be based on the successful Centre for Multicultural Youth regional presence program, the continued delivery of which has also been supported through the multicultural affairs portfolio in this budget. The Centre for Multicultural Youth operates two regional offices in Ballarat and Morwell. This localised model has been evaluated and found to be effective, and this is why we are very pleased to be continuing to support it in the budget.

The new YACVic sites will be selected in consultation with YACVic and will be complementary to those run by the Centre for Multicultural Youth. Obviously we do not want to open up new offices in the same locations, so we will be looking at other areas in the state that have identified needs. The locations will be based on areas of need to provide better services and support for regional young people, and detailed outputs for the new offices will be incorporated into YACVic's 2015–16 work plan.

**Mr T. SMITH** — Minister, I refer you to budget paper 3, page 77. Your government promised to show a real commitment to improving mental health services and results for people, yet you have committed just 1.83 per cent of the funding needed to rebuild the Orygen Youth Health centre. What did you do to advocate for a more substantial funding commitment from your government?

**Ms MIKAKOS** — Thank you for that question. I am very pleased that our 2015–16 state budget has invested in a range of strategies in relation to mental health issues experienced by young people, one of which is the \$1 million commitment to rebuild the Orygen Youth Health Poplar Road site. In addition to that, we have invested \$4.4 million to ensure that 60 high-risk young people experiencing an eating disorder and their families receive intensive treatment and support and invested \$5 million to provide access to care for young people and adults with a mental illness or psychiatric disability who are experiencing significant disadvantage related to homelessness. We are also committed to developing a 10-year mental health plan for Victoria that will address the needs of young people as well.

We have a range of other supports in the budget that relate to young people in the mental health portfolio, which you have had an opportunity to ask Minister Foley about. This includes the \$45.5 million ice action plan to support families, provide treatment for users and make our community safer. I have talked about the supports I have provided in the budget in relation to youth justice diversion programs of \$1.1 million. We have a very extensive program of supports for vulnerable young people through the child protection and family services portfolio, which is actually within my portfolio responsibility, which includes \$21.3 million for the Springboard leaving care program to support young people as they transition from out-of-home care to independent living.

I make the point again to the member that he well knows that there are particular ministers who have specific portfolio responsibilities about particular programs, and the Orygen Youth Health program was a matter that Minister Foley was asked a question about when he appeared before the committee yesterday. We are very

committed to ensuring that young people experiencing mental health issues receive the supports they need, and I am very proud that our government has provided that additional investment.

**Mr T. SMITH** — Your election promise, Minister, was for \$60 million. You have provided nothing like that, so I just ask: do you admit that you broke an election promise?

**Ms SHING** — Point of order. You know what? I was resisting the urge, and then I thought, 'No, I'm going to go there'. You are asking for a concession in relation to an election promise. Again the minister has answered the substantive question. You are not going to get the grab that you are after, and if you are after something that actually interrogates the budget papers, which is the purpose of this committee, I would, through the Chair, invite you to rephrase the question.

**Mr T. SMITH** — I am not going to rephrase it.

**Ms SHING** — If you have got nothing to ask, then do not ask, Mr Smith. Save it for Parliament.

**Mr T. SMITH** — Chair, there is nothing in 2017–18, there is nothing in 2018–19, there is no funding for this election promise. It is a broken promise.

**The CHAIR** — Order! Mr Smith!

**Ms WARD** — Save your stunt questions for question time.

**The CHAIR** — Order! Ms Ward! This question was asked yesterday by the responsible minister, being Minister Foley. The substantive question related to what advocacy work the minister had done in relation to this particular proposal. The minister has answered that. The supplementary question does not relate to the minister's portfolio and tenuously links back to the substantive question. I am conscious of time. Would the member like to rephrase his question?

**Mr T. SMITH** — I have asked the question. It is a broken promise. That is all there is to it.

#### **Members interjecting.**

**The CHAIR** — I rule the question out of order. I would like to thank the witnesses for their attendance: the Minister for Youth Affairs, the Honourable Jenny Mikakos; Dr Pradeep Philip, Secretary of the Department of Health and Human Services; Ms Annalise Bamford, Mr Paul Smith and Ms Jill McCabe. Thank you very much for your time. I am not sure if we will see each other again, Dr Philip, but it has always been a pleasure, so thank you.

**Witnesses withdrew.**