

# TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2018–19

Melbourne — 31 May 2018

#### Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

#### Witnesses

Mr Ben Carroll, Minister for Industry and Employment,

Mr Justin Hanney, Head, Employment, Investment and Trade,

Mr Tim Ada, Deputy Secretary, Industry Development and Innovation, and

Ms Lill Healy, Deputy Secretary, Policy, Programs, Small Business and Employment, 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 2018–19 budget estimates. All mobile telephones should now be turned to silent. I would like to welcome the Minister for Industry and Employment, the Honourable Ben Carroll, MP; Mr Justin Hanney, Head Of Employment, Investment and Trade; Mr Tim Ada, Deputy Secretary, Industry Development and Innovation; and Ms Lill Healy, Deputy Secretary, Policy, Programs, Small Business and Employment.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record. 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.

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Witness advisers 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 must remain focused only on the persons speaking. Any 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 10 minutes. This will be followed by questions from the committee.

**Mr CARROLL** — Since November 2014 over 333 000 new jobs have been created in Victoria. That is an 11.4 per cent jump — the largest increase in both absolute and percentage terms of all the states in Australia. Our massive investment in infrastructure — an average of 9.6 billion a year, which is 4 billion a year more than over the past decade — is helping create tens of thousands of jobs and is a huge boost to our Victorian economy.

The 2018-2019 Victorian budget will continue the work we have been doing to get Victorians working. It is also a budget that creates jobs but more importantly helps those facing barriers to employment to get a foot in the door. We have a strong economy built on economic participation, and we are making sure all Victorians share in our state's economic growth.

Our flagship, Jobs Victoria Employment Network, the main program delivered under Jobs Victoria, is funding a network of 51 service providers across Melbourne and regional Victoria, providing personalised support to long-term jobseekers and linking them to suitable employers. Since commencing in late 2016 the Jobs Victoria Employment Network has supported more than 3500 long-term jobseekers into work. The 2018–19 budget allocates a further 21.9 million to expand Jobs Victoria to provide additional services to long-term jobseekers. This includes a new personalised program for the long-term unemployed, including young Victorians, particularly those facing significant barriers to employment.

As a case study, two weeks ago I had the pleasure of joining the Treasurer at the Werribee zoo to visit several Jobs Victoria clients. Charity is a South Sudanese woman who was placed at Werribee zoo by Jobs Victoria partners Westgate Community Initiatives Group and Wyndham Community & Education Centre. She received support in developing her résumé and with work preparation as well as mentoring services, which helped her to gain employment in customer service at Werribee zoo. Since arriving in Australia in 2002 Charity had only been able to secure intermittent employment to support herself and her daughter, despite having completed tourism qualifications. Thanks to our support through Jobs Victoria, Charity is now working in customer service as a new greeter at Werribee zoo.

Our Major Projects Skills Guarantee gives young people as well as workers looking to re-skill the opportunity to work in Victoria's best infrastructure projects. It achieves this by requiring all publicly funded infrastructure projects over the value of 20 million to utilise Victorian apprentices, trainees and engineering cadets for at least 10 per cent of labour hours. Since the commencement of this policy on 1 January 2016 almost 1000 apprentices,

trainees and engineering cadets have been engaged under the Major Projects Skills Guarantee and have completed some 775 000 hours on our major projects as of March 2018.

A 6 million boost through the 2018–19 budget will support new, dedicated services to connect young Aboriginal people, people from migrant communities and women with Jobs Victoria. The Major Projects Skills Guarantee is about helping people get their start on one of our game-changing projects. This program will support young people and women at risk of economic exclusion to share in the economic opportunities offered by Victoria's record investment in major projects. Over the life of these projects it is expected that job opportunities will be generated for some 3500 apprentices, trainees and engineering cadets.

A case study is the Melbourne Metro rail tunnel project. Almost 2000 jobs for Victorians have been created so far by the Metro Tunnel. The new jobs have helped drive the total number of hours worked on the project past 5 million hours already. Already we have got more than 80 apprentices, trainees and engineering cadets working on this project thanks to our Major Projects Skills Guarantee. Together they have completed more than 78 000 hours of work on the Metro Tunnel, exceeding the required 10 per cent already under the major projects guarantee — a huge feat. Those hours have given them valuable on-the-job training, allowing them to immerse themselves in a true 21st-century project.

The Victorian government is committed to leveraging procurement to improve opportunities for local businesses and to create jobs for local workers. Since 2014 the government has set local content requirements for 87 strategic projects, with a combined total of over \$55 billion, supporting tens of thousands of local jobs. The 2018–19 budget includes 5 million to create the office of industry participation and jobs to support the delivery of the Victorian industry participation policy and our Major Projects Skills Guarantee requirements, including strengthened compliance roles.

Since coming to office total infrastructure investment announced by the Andrews state government is expected to support the creation of over 75 000 new jobs. A great case study is Stilcon Holdings. The \$200 million Joan Kirner Women's and Children's Hospital is currently underway in Sunshine and will use 85 per cent local content in its construction, creating 600 jobs. Stilcon Holdings, a Sunshine West steel manufacturer that employs 120 workers, is supplying the structural steel for this project.

Other steel requirements: we have 100 per cent local steel on the level crossing removal program, 93 per cent for the Metro Tunnel and stations, West Gate tunnel we expect to have 92 per cent local steel content, and Latrobe Regional Hospital 90 per cent local steel content.

The Industry Capability Network supports the government in its implementation of our Local Jobs First policy by facilitating local industry participation. To ensure regional businesses have more opportunity, the government has also announced in the 2018–19 state budget the expanded ICN services to Ballarat, Bendigo, Geelong and Shepparton. The expanded services will be modelled on the successful ICN rollout in the Latrobe Valley, which commenced in 2017. This will enable regional businesses and workers to have a greater involvement in government procurement opportunities, including some of our biggest projects.

A wonderful case study is Latrobe Valley Enterprises. The \$11 billion Metro Tunnel project, as mentioned earlier, will create nearly 7000 jobs, including 500 apprentices, trainees and engineering cadets, and has a local content target of over 84 per cent, providing valuable opportunities for local businesses. The Metro Tunnel will exceed minimum local content requirements, with 88 per cent of the new tunnels and underground stations to be sourced locally.

Latrobe Valley Enterprises are a Morwell-based social enterprise providing employment and training for people with disabilities. With support from the Industry Capability Network in the Latrobe Valley, they have successfully bid for a contract to make signage for the Metro Tunnel project. As an Australian first, the Social Procurement Framework will see Victorian government departments and agencies use their buying power to deliver social and sustainable outcomes. It will provide more opportunities for Victorian social enterprises to bid for government procurement contracts by requiring government departments and agencies to consider social and sustainable outcomes as part of procurement assessments using a scalable approach based on expenditure and location. These procurement opportunities will create jobs for people facing barriers to employment, continuing the work started with the support for social enterprises in the 2017–18 budget. Support included funding for the research project *Map for Impact*, which showed there are some 3500 social enterprises in Victoria, employing over 60 000 people and contributing \$5.2 billion to the Victorian economy.

A great case study is the Knoxbrooke Enterprises Yarra Valley nursery. An example of social procurement action is Knoxbrooke Enterprises, a wholesale social enterprise nursery that employs people with disability. It has provided the Bayswater and Heatherdale level crossing removal projects with plants and landscaping services and was recently awarded a 5000 contract to supply plants for the other level crossing removal projects. As many members would be aware, the Level Crossing Removal Authority has a 3 per cent target of total contract spent to be procured through social enterprises, Aboriginal businesses and direct employment of disadvantaged jobseekers in the supply chain.

Chair, we are building a world-class advanced manufacturing and engineering hub right in the heart of the Fishermans Bend Employment Precinct. The 2018–19 Victorian state budget has provided \$20.4 million for Fishermans Bend Employment Precinct activation. This will be used to attract key anchor tenants to the site as well as undertake master planning and site preparation works.

In December 2017 the Victorian government announced that it had sold approximately seven hectares of land on the precinct to be available to the University of Melbourne. The university will create a campus for their school of engineering on the property and plans to invest close to \$1 billion over a 10-year period. This will significantly increase the number of engineering students at the university from 2700 to approximately 7000 and provide Victoria with state-of-the-art research facilities, including a wind tunnel, autonomous vehicle testing and smart building capabilities.

As demonstrated at Fishermans Bend, manufacturing is an essential industry, contributing over \$27 billion to the state's gross product. In April this year Victoria recorded 15 months of consecutive growth, recorded by the Australian Industry Group manufacturing index, the longest run of expansion in nearly two decades. We have already committed over 120 million in manufacturing support, creating over 6000 jobs and driving more than 1.6 billion in private investment.

A wonderful case study is Holden Special Vehicles in Clayton. Holden Special Vehicles is transforming its operations thanks to a 1.5 million Local Industry Fund for Transition grant. As part of this project, the company has established a purpose-built facility and purchased new high-tech equipment so it can diversify its vehicle production lines and expand into the modification of imported vehicles. This includes imported vehicles from General Motors, in particular the Camaro from left-hand to right-hand drive, and as well it requires hundreds of new cars to be designed, engineered and manufactured. This investment will create 50 new jobs, all suitable for ex-auto workers.

I would like to finish, Chair, on an announcement recently that the Victorian government has identified several sectors — future industry sectors, as we see it — experiencing growth. Since November 2014, according to the latest data from the Australian Bureau of Statistics, 162 400 jobs in these future industries have been created, accounting for around 50 per cent of all new jobs in Victoria. Construction and professional services recorded the largest increases of employment, with construction jobs surging by the increase in residential housing and government infrastructure projects. Food and fibre has also seen strong growth, with just under 20 000 jobs added since 2014, now totalling close to 240,000 jobs in Victoria.

The number of jobs created across these future industries is likely to be higher than the 162 400, as this does not include jobs created in three of the eight sectors, including international education, defence and new energy technologies, for which the ABS classification and reporting is not readily available. That concludes my opening remarks, Chair.

**The CHAIR** — Thank you, Minister. Minister, I will lead off if I may. The budget paper reference is budget paper 3, page 139, and the departmental objective indicators, one of which is 'jobs and investment resulting from government facilitation services and assistance'. There has been much comment about manufacturing in Victoria and the state of manufacturing, and I am just wondering if you can outline to the committee how many people are employed in this sector currently?

**Mr CARROLL** — Victoria has always been a manufacturing state, and will continue to be so. We actually on Monday night had the Victorian Manufacturing Hall of Fame Awards, with over 500 people in the room, and there is a real buzz about manufacturing in the state at the present moment. But we are home to manufacturing — more jobs than any other state, employing over 286 000 people in the sector. Victoria's manufacturing industry contributed 27.7 billion, some 7.4 per cent of total industry gross value added product in 2016–17, the fifth largest industry contribution to GVA in the state. In 2016–17 Victoria exported 18.6 billion

of manufactured goods, an increase of 305 million over the 2015–16 financial year. We are boosting support for local manufacturers with more than 12 million in new initiatives under the *Advancing Victorian Manufacturing* statement. These initiatives are helping to drive manufacturers to prepare for the next phase of technological innovation, remain globally competitive and become more export focused.

Industry 4.0 is very much being termed by Germany as the next revolution in industrial design, and our 18 million Future Industries Manufacturing Program is really making sure that our industries and our manufacturing components have the very best equipment and the support that they need from the government. Overall I am very proud that the government has provided over 120 million in support for the manufacturing industry, creating more than 5000 jobs but also resulting in over 1.4 billion in private investment.

**The CHAIR** — You mentioned the Future Industries Manufacturing Program. Can you outline to the committee some of the examples of companies that have been supported through this program?

**Mr CARROLL** — I certainly can, Chair. Our future industries program has a real focus on the growth sector. When we talk about future industries we are talking about medical technologies and pharmaceuticals. When you think about demography you think about the growing middle class in India and China and our proximity to Asia. There is a real opportunity for Victorian businesses involved in medical technologies and pharmaceuticals to be involved in that. And food and fibre: we might only be 3 per cent of Australia's landmass but we have 25 per cent of the food and fibre industry in Victoria, so we should be very proud of that too.

Also transport technologies: without a doubt electric vehicles — and there has just been a parliamentary inquiry into electric vehicles — and autonomous vehicles, are where the global players are looking at the moment. We have identified that as a future industry — transport technologies. La Trobe University at the moment has an autonomous bus going around its campus. It is very important for the Victorian government to support such initiatives and to see what we can do in that area.

Defence technologies: we were very keen obviously to win the Land 400 defence vehicle contract, which has recently gone to Queensland, but we have a 400 supply chain in defence and some of the best capability not only in Victoria but in Australia. At the manufacturing awards it was great to see Marand engineering be awarded. But there are also construction technologies, international education and professional services.

I am very proud that since 2014 the future industries sectors have contributed over 162 000 jobs — 50 per cent of all new jobs in Victoria. When you look at the construction and technology sectors, the Hickory Group, which you may be aware of, are doing prefabricated housing and apartments and using that to become a real exporter in the area. There is real demand for that going forward. As we know, we are going through a population boom — the biggest population boom since the gold rush — and companies like Hickory are tapping into that and making every effort to be part of that boom. They are also making sure that they have the right products not only in Victoria but overseas. We know that with job opportunities having a real export focus like Hickory is so important.

**The CHAIR** — Minister, can you outline just in terms of what the government is doing to support manufacturing in regional Victoria too, please?

**Mr CARROLL** — I am wearing my hat as employment minister as well. The great thing about the manufacturing industry is that 80 per cent of the jobs in manufacturing are full-time, but also manufacturing is so important in regional Victoria — a great freeway network, access to raw materials, great access to industrial land. I was in Castlemaine only recently seeing firsthand Vossloh Cogifer, which with our support are doing all the drilling and machining for a lot of the rail infrastructure that we are putting in.

Manufacturing in regional Victoria is a very important component, so we are rolling out regional manufacturing clusters. We are really wanting to see collaboration at that small and medium-sized enterprise — different manufacturers coming together in Bendigo, Ballarat and across the state. Tim Piper from the Australian Industry Group has been a great supporter in this. He has been a great partner with the Victorian government. We are very proud of rolling out the regional manufacturing clusters because we want to support not only manufacturers in Melbourne, south-east Melbourne, but right across regional Victoria. It is why we put the Industry Capability Network in the Latrobe Valley, which has been a resounding success for that region.

We are very keen to support regional manufacturing. Vossloh Cogifer is in Castlemaine, and it was amazing when I was there a couple of weeks ago to see a regional manufacturer that has been there over 100 years — they are adopting 3D printing, they are adopting the latest technology. Always, wherever I go, I get the question: will this cost jobs, the 3D printing, the latest technology? Vossloh Cogifer said no, they are going to get more volume through and they are actually seeing there will be a creation of jobs, and on the back of that too more upskilling and also more investments and more of their workforce having to go on and do TAFE often to operate some of this machinery. So it has so many mutual benefits, and we want to make sure that regional manufacturing is always a cornerstone of our Victorian economy.

**The CHAIR** — Just in the remaining 90 seconds, I am wondering if you could talk in a bit more detail about the support the government is providing to medical technologies and the pharmaceutical industry.

**Mr CARROLL** — Yes. Medical technologies have been identified as a future industry. We are providing wonderful support to that sector. If I could just give a quick case study: CSL, a global leader in not only Victoria but indeed the world with their blood products and plasma. I was very honoured to be able to open up their new facility in Broadmeadows. It is a \$230 million investment in arguably one of the greatest advanced manufacturing factories in Australia. It is doing enormous work in terms of plasma but also in making sure that we have the right products that have been exported orientated. We are doing a lot with our university precincts as well. As you would be aware, CSL also have a location at Parkville. We are very proud of what we are doing with medical technologies. As I touched on earlier, there is so much to do in medical technologies with the rising middle classes in India and China and, demographically, our own population getting older. There is so much to do in medical technologies. That is why we have identified this. Also too on the pharmaceuticals side a great success story has been Swisse vitamins.

**The CHAIR** — Order! We might come back to that, Minister.

**Mr D. O'BRIEN** — Good morning, Minister. Budget paper 3, page 10, references Jobs Victoria. The government established Jobs Victoria in 2016–17 as a \$53 million program. Last year you committed a further 10.6 million and now this year a further 21 million. Specifically the funding is to increase employment opportunities 'for disadvantaged jobseekers and young people', so why were they not included in the initial program? Why was that not a focus originally?

**Mr CARROLL** — That is a good question, Mr O'Brien. You probably saw the *Employable Me* series on the ABC recently. It has been a big focus of mine since I became the minister seven months ago. Jobs Victoria grew out of a review conducted by the University of Melbourne, and it looked at principally the commonwealth government as being responsible for employment programs in this state and across Victoria. The review conducted by the University of Melbourne did identify that there were real gaps in commonwealth provision of job opportunities in Victoria; hence the Jobs Victoria program was born. It has been a runaway success, with over 5000 long-term unemployed — a real bottom-up, tailored approach. However, since I have become the minister we have added a new stream to that program as well through the Jobs Victoria Innovation Fund.

What you would have seen on the *Employable Me* ABC series, Mr O'Brien, was the skill set that people living with autism have. I am very proud that I could help work and get Specialisterne, which grew out of a company in Denmark. An entrepreneur saw his son was not getting past the first interview stage. His son had autism, but his son had particular skills with coding, research and computing. So we have brought Specialisterne. They are now at La Trobe University. It has a big focus on people living with autism getting employment opportunities, particularly in the banking sector — financial services — where their skills are very good.

I am very keen to expand what we are doing with people with disability. I think it is very important. We have also got the Ticket to Work program, which is helping young people with after-school work, whatever disability. I met a young bloke, Julian, with Down syndrome, who is now working in his local basketball stadium in the catering section. If it is okay with you, Mr O'Brien, I might ask Lill Healy if she could go a bit more to the specifics about when the program was created and the disability stream.

**Ms HEALY** — If I could just make a couple of comments in regard to both the disability stream and also the inclusion of young people in the original program, Mr O'Brien, young people of course, and people with a disability, were very much part of the original design features of Jobs Victoria because the target is around people who were long-term out of work as well as those who are at risk of long-term unemployment, and of course those two cohorts fit squarely into that design. To date we have actually expended \$6.7 million to focus

around young people, and there are a whole range of the existing services that have delivered outcomes for young people. In addition of course to the Jobs Victoria Employment Network funding we also have the youth cadetship program and the youth employment scheme.

So young people are very fairly and squarely in the original design, but we also recognise the challenges that young people do face in the economy in gaining a foothold into work. We recognise that there is a significant issue there, so that is why in the current budget additional funds have been dedicated to top up a really specialist, focused effort for young people, and we are now working with the specialist providers across Victoria, the organisations like the Centre for Multicultural Youth or the Brotherhood of St Laurence, who really know how to get beside young people and design initiatives to really put some extra help beside them. The additional funding in the budget is toward that to complement the work that is underway.

Similarly with disability, again with the government's disability inclusion plan and with the Department of Health and Human Services we have dedicated additional funding to recognise that, for those who have a physical or a mental health issue, there are really significant barriers to getting that foot in the door and then retaining employment, so that is why we have put additional funding on top of the existing Jobs Victoria funding — to make sure that, one, we understand the issues, two, we have got the right providers beside those people and, three, we can actually get some sustained outcomes.

**Mr D. O'BRIEN** — Just on that point then, why, Minister, is the funding cut by \$10 million in next year's budget and not funded at all in the out years?

**Mr CARROLL** — I do not know if it is cut —

**Mr D. O'BRIEN** — Well, just going on the phasing, it is —

**Mr CARROLL** — We initially set it up, and we have added 21.9 million to it, and it is based on the runaway success that it is.

**Mr D. O'BRIEN** — If you have a look at page 10 of budget paper 3, it is \$12.5 million next year for the disadvantaged jobseekers stream, 2.5 million the following year and nothing in the out years.

**Mr CARROLL** — But that is the phasing, Mr O'Brien. It has been phased over four years, and then it has had an additional \$10 million investment.

**Mr D. O'BRIEN** — What I am asking is: why is it not continued?

**Mr CARROLL** — Next year we are actually hoping to build on it. When you have got a successful program like this, which is really leading the way, and I can go through the success of Jobs Victoria compared to the commonwealth government's Jobactive program, with Jobs Victoria we have actually — and I have got so many people from interstate and the commonwealth level wanting to talk to me about it now — rewritten the rule book on employment services. We have got government as a central agency but then working with the people on the ground — 51 service providers including the Brotherhood of St Laurence and Jesuit Social Services — people that know where the communities of disadvantage are, whether it be public housing or whether it be regional Victoria, and then working with those service providers and working with government to make sure they get every opportunity, and —

**Mr D. O'BRIEN** — Minister, I appreciate this answer, but that is not coming to the question that I asked. If it is such a good program, as you say, that other states are coming to us, why is it not funded in the out years and why is it cut after 2018–19?

**Mr CARROLL** — So we have added 21.9 million, Mr O'Brien, and I am hoping to be able to boost that going forward into the future because it is such a runaway success. As I said before in the opening remarks, it is such a vital program because it is filling the gaps of the commonwealth government and it is doing everything it can to make sure it is getting long-term unemployed into work — over 5000 long-term unemployed, averaging about 30, 40 or 50 people a week, getting a foot in the door. You could put no price on the dignity of employment; it is just changing lives. That is one of the great roles I have as employment minister every day. Whether you have got a disability or you have been through family violence — whatever your background and whatever your circumstances — we are very proud of this initiative. It has been evidence-based, it has been audited and it has been reviewed. It stacks up, and it is a very important program to get people to work.

**Mr D. O'BRIEN** — Could I just ask: you mentioned the 6000 jobs, or it says Jobs Victoria supported 6000 Victorians into jobs, in your opening presentation. Is that just supported 6000 clients, or have they actually all found jobs? If so, how many have gone past the six-month employment and were still in work after that?

**Mr CARROLL** — It is over 6100, to be exact, that have been supported into work since the program commenced in 2016. I must say too the target was 5000, Mr O'Brien, so if we can get to over 6000, we are very pleased with the success of the program.

**Mr D. O'BRIEN** — That is 6000 actually into work, or is it just 6000 assisted?

**Mr CARROLL** — No, at the moment it is supported under Jobs Victoria. So you have got Jobs Victoria, and then you have got the Jobs Victoria Employment Network. So Jobs Victoria is the overarching body, and then you have got the Jobs Victoria Employment Network, which is the JVEN program. So Jobs Victoria has put over 6100 people into work. The JVEN program, with its 51 providers, has put over 3500 people into work.

**Mr D. O'BRIEN** — In addition or —

**Mr CARROLL** — I might just ask Deputy Secretary Healy on the —

**Mr D. O'BRIEN** — That is in addition to the 6100?

**Mr CARROLL** — No, it is including, I understand.

**Mr D. O'BRIEN** — Can I just take you back to the second part of the question, which is: how many have gone beyond six months employment?

**Mr CARROLL** — I might ask Deputy Secretary Healy to answer that specifically on the six months.

**Ms HEALY** — Thanks, Minister. Mr O'Brien, the 6000-plus figure that the minister has referred to, as he said, is the Jobs Victoria suite of programs overall, of which the Jobs Victoria Employment Network is the main employment placement program. To date, for the Jobs Victoria Employment Network, there are over 3500 people that have been placed into work, and currently about 35 per cent of those are retained post the 26 weeks.

**Mr D. O'BRIEN** — Thirty five per cent?

**Ms HEALY** — Over 35 per cent of those are retained at the 26 weeks at this point. If you think about that number of —

**Mr D. O'BRIEN** — Sorry, just to clarify —

**Ms HEALY** — Yes, I will clarify.

**Mr D. O'BRIEN** — Putting it the other way around, 65 per cent are no longer in work?

**Ms HEALY** — Let me clarify that number. So when we place someone into a job the trajectory has probably been — going back to your first question — because they are long-term unemployed folks, that a service provider, a Westvic or a Brotherhood of St Laurence, may have been working with that person, beside them, for three months or six months before they are ready to be in a job and be sustained in a job. That is the nature of the challenges that people are facing. So if someone who is in a job for 26 weeks, that is a fantastic outcome. So the contracting and the numbers that you see are over a long period of time. So because the achievements —

**Mr D. O'BRIEN** — Sorry, I am just conscious of time. Could I just put a couple of questions on notice related to that. How many of the 6100 jobs are — or could we get a split in employment numbers by category, so whether they are ex-youth justice offenders —

**Ms HEALY** — Certainly.

**Mr D. O'BRIEN** — long-term unemployed, and also how many are manufacturing or auto supply chain workers — just on notice, if you are able to.

**Ms HEALY** — I am really happy to provide the data to the committee. Thanks.

**Ms PENNICUIK** — Good morning. Minister and staff of the department, for attending today, thank you. Minister, I draw your attention to budget paper 2, 'Strategy and Outlook', pages 1 to 3, but also your own presentation and everything we have been talking about, which is the creation of jobs. We are hearing an awful lot about how many jobs have been created by the Victorian government but not a lot about some of the persistent challenges in employment and unemployment in specific locations and among particularly vulnerable groups. We know there are more jobs being created in Victoria than other states, but job growth is not having a huge impact on either employment or unemployment rates, and if you look up page 17 of budget paper 2, you will see that the employment rate is projected to fall over the budget estimates and there is going to be little change whatsoever in the unemployment rate. So I would like to explore the distribution of job creation a little. Are you able to tell us what the top three, four or five labour market regions that are experiencing the highest levels of job growth in Victoria are and whether there are any Victorian labour market regions that are experiencing net job loss or going backwards?

**Mr CARROLL** — Thanks, Ms Pennicuk. We are very proud in Victoria. We do have at the moment the second lowest unemployment rate amongst the states, at 5.3 per cent. We have recorded the highest levels of labour force participation on record. Since November 2014 there are an additional 322 900 people employed. Our unemployment rate has fallen by 1.5 percentage points to 5.3, and the number of unemployed Victorians has fallen by 30 800.

In relation to sectors — and then I will get down to some of the locations, if I can, in a minute, Ms Pennicuk — across industries: construction, up 71 100; professional services, up 62 000; and health care, up 59 100 workers over the same period. We are continuing to see transitions in our manufacturing sector. As you would be aware, the national disability scheme, the NDIS, is a massive growth for employment but also with the work plans and the people with disabilities. You will see an uptake in employment for them. It is expected to grow, and I am working very closely with Minister Foley in that area.

**Ms PENNICUIK** — Excuse me, Minister, I do hate to interrupt, but the question was about regions rather than industries.

**Mr CARROLL** — Sure. In Ballarat in November 2014 the unemployment rate was 6.9 per cent; it is currently 5.5 per cent. In Bendigo the unemployment rate was 6.9 per cent; it is currently 6.1 per cent.

**Ms PENNICUIK** — My question was: which of the regions are having their highest levels of job growth and which are experiencing net job loss or going backwards?

**Mr CARROLL** — They are experiencing great growth. I will go through and cover off all the regions if you would like me to, Ms Pennicuk.

**Ms PENNICUIK** — I would. That was the question.

**Mr CARROLL** — Geelong was 8.1 per cent unemployment rate; now it is 6.5 per cent.

**Ms PENNICUIK** — It is not unemployment rate; it is increase in job growth or a decrease in jobs.

**Mr CARROLL** — Yes. The data we get on jobs growth and decrease — and I had to make this point in my presentation — is an evidence base from the Australian Bureau of Statistics, and then we have to drill down at a departmental level to get some of the exact trends and statistics that you are talking about. I have got labour force data that I can go to on what the unemployment rates were in November 2014 and what they are now, and I can talk about the different sectors. If it is okay with you, Ms Pennicuk, I might just ask the department if they can comment specifically on what you are talking about in terms of the growth and where the decreases have been in regions. Deputy Secretary Hanney?

**Mr HANNEY** — I am happy to. We cut it by industry type and then we cut it by place. If I can just make two comments: one, for example, we know there has been growth in agriculture and there has been growth in retail trade —

**Ms PENNICUIK** — Can we go to the regions? I am happy for you to —

**Mr HANNEY** — Ms Pennicuik, what I am saying to you is that you then have to transfer that into regions. Ballarat has had an increase in employment numbers and Bendigo has increased employment numbers, so if you think through the larger regional centres they have all has strong employment growth. It is when you get into some of the more rural communities where you are seeing some of them transition; that is where you have got them. So in the Wimmera —

**The CHAIR** — One minute.

**Ms PENNICUIK** — Mr Hanney, you know how it works here — the time starts to run out. If you are able to provide that to the committee on notice — what you are reading from — that would be great.

**Mr HANNEY** — I am happy to. The list I was referring to goes region by region.

**Ms PENNICUIK** — I just wanted to go to a comment that the minister made about the highest participation rates, because if you look at page 17, where you have got the falling employment rate and the falling unemployment rate, Mr Martine told me that that was because there was a low level of participation, so perhaps you could provide some information about the participation rate in Victoria. We have got two different answers to that question so far.

**Mr CARROLL** — It is a high participation rate — the strongest it has been in decades. The formula that goes in and the way it is calculated, Ms Pennicuik, you might be aware, is through a —

**The CHAIR** — Order! We might come back to that. Ms Ward until 10.21 a.m.

**Ms PENNICUIK** — If I could have that on notice.

**Mr CARROLL** — Yes, sure.

**Ms WARD** — Good morning, everyone. Good morning, Minister. It is delightful to see you all here, as the Parliamentary Secretary for Industry and Employment. Minister, can I get you to go to budget paper 3, page 15 — and it is also mentioned on page 14 — which talks about Jobs Victoria and the government's jobs strategies. Earlier in your responses you spoke about the budget allocation towards growing jobs. Can you please talk us through this in more detail?

**Mr CARROLL** — Thank you, Ms Ward, and a good parliamentary secretary you are. We have invested over 21.9 million in funding in this year's budget. More than 6100 Victorians have been supported into work since late 2016. As I mentioned earlier, the Jobs Victoria Employment Network, which commenced in October 2016, has now supported more than 3000 long-term jobseekers into employment.

We have now also established a range of different programs under the Jobs Victoria banner. The Jobs Victoria JobsBank is now really linking up with our major investments in projects and infrastructure. It is working with businesses across Victoria, and it has already now got 200 jobseekers who have been struggling to find work due to complex and personal barriers. We have got major businesses that are getting part of our procurement work now pledging job opportunities because they see the community dividend that they get from the government's procurement, but then they want to also assist us to tackle long-term unemployment.

We have got the five work and learning centres run by the Brotherhood of St Laurence in partnership with local service providers. We have got the Youth Employment Scheme providing training and work experience for 280 young people. We have also got the Jobs Victoria Youth Cadetship Scheme, which is a pilot program which extends the YES program. Over four years it will provide 135 YES graduates with a further two years of valuable experience.

It is very important, Ms Ward, that we grow the success of the Jobs Victoria program and we grow the success of the Jobs Victoria Employment Network and the JobsBank, really linking up with the major contractors that are getting on with the job of building Victoria for the 21st century, then bringing the young people along too to give them the job opportunities as well.

**Ms WARD** — Thank you, Minister. With JobsBank, are you able to talk us through a bit more about the long-term jobseekers that are registered with JobsBank and their complex case histories and how that connection happens with business? How do you work through that?

**Mr CARROLL** — Certainly, Ms Ward. Jobs Victoria JobsBank is a \$5 million program that is linking leading Victorian businesses with 200 jobseekers who do face multiple and complex barriers to employment. Major businesses are pledging hundreds of jobs, and jobseekers will be supported with intensive case management and access to a flexible funding model to tackle barriers such as travel costs, child care and appropriate work clothing. Employers are being supported through my department to help create a supportive work environment. Some of Victoria's biggest employers, including Bombardier, John Holland, National Australia Bank, AGL and Linfox have pledged jobs under JobsBank. A total of 285 have been pledged by 42 Victorian employers to date.

I had the great pleasure in April of visiting a JobsBank employer, Coleman Rail, in Port Melbourne to meet with long-term jobseekers who are being supported into employment. A good example, going to the heart of your question about people with some complex needs, was a young fellow I met, Chris Barber, who had been unemployed for over eight years and struggled to find work because he did have a criminal record. Through JobsBank Chris has received training and employment support and was placed into a job working for Coleman Rail, and he is now working on some of Victoria's biggest rail infrastructure. The job has changed his life.

That is why as a government we want to do everything we can to help more and more people like Chris, more and more people that have not got through that interview, to get the support and training. It is wonderful that we have now been able to tap into, with JobsBank, the major contractors getting major work through the government's record investments in infrastructure to also pledge jobs for the long-term unemployed.

**Ms WARD** — Thank you. It is interesting that you talk about how this can change people's lives. You also mentioned in your response to Mr O'Brien earlier the programs that the Victorian government is offering and how that compares to the federal government. Could you expand on that a bit more, please?

**Mr CARROLL** — Yes, certainly. I mentioned to Mr O'Brien the work we are doing through the Jobs Victoria Innovation Fund, a new stream that we have added under the Jobs Victoria banner. I did a case study on Chris before, but if I could talk about Adam Walton, who I met recently, Adam is 35 years of age, has autism and has struggled to find work and keep work. Through our investment in Specialisterne and their Dandelion program, which was only recently featured on ABC Radio National, Adam has had a support network, and after completing a series of skill-building and training workshops Adam has found work with a state government department. He actually emailed me recently to just say what a pleasure and how the job has changed his life. He feels more relaxed in his current work environment because his colleagues are aware of his autism and his employer has implemented the tailored support that Adam needs.

I was very fortunate to meet Julian McAlpine, a year 12 student, and actually shoot some basketball hoops with Julian recently. Julian has Down syndrome, but through our Ticket to Work program he has been placed with a part-time job at a cafeteria — no better, he loves basketball — at his local basketball stadium. It is a job he loves. I got to meet Julian's parents and his brother and sister. It has not only changed Julian's life, but his family are seeing how happy he is working in a cafe at his local basketball stadium. Because of us partnering with Ticket to Work, partnering with Specialisterne and really making sure that we have got all the programs in place, people like Adam and Julian are great case studies, and they need to be basically promoted as the stars of our Jobs Victoria initiative.

**Ms WARD** — So the Victorian government is filling in a gap that has been left by the federal government.

**Mr CARROLL** — Yes, that is what our review showed. The commonwealth government is principally the employer for employment services. I do not know if you saw the 7.30 report last night, but my counterpart, Michaelia Cash — they are trying to get her on the program, which has not been easy by the sounds of things, but she is my counterpart in Canberra —

**Ms SHING** — She is a little tied up right now.

**Mr CARROLL** — Yes. She oversees the commonwealth Jobactive program. Jobactive, putting it in a nutshell, is compliance-based, rigid, 'Get the outcomes'. Jobs Victoria is tailored, bottom-up, 'Do you need assistance with interviewing?', 'Do you need assistance with access to computers?', 'Do you need assistance with transport?'. It is really making sure they have every support available. When you are partnering with Brotherhood of St Laurence, when you are partnering with Jesuit Social Services and when you are partnering

with organisations that get it, get people and get social policy, it makes a big difference to their lives, and it is a wonderful initiative.

**Ms WARD** — So the federal scheme would seem more like a tick-and-flick process rather than an actual drill-down, helping to work out what the problems are as to how to get people into work.

**Mr CARROLL** — Yes. I have written to my counterparts in Canberra to see if we can get a bit more collaboration on Jobactive and Jobs Victoria. There are all sorts of issues and complexities if you are on, say, a disability support pension in terms of accessing Jobs Victoria assistance, so I am trying to work through those issues. My predecessor, Minister Noonan, had a go at this as well, so it is very important that we try and nut out some of these issues. Jobs Victoria, without a doubt, fills a gap that we are facing in Victoria by the commonwealth.

**Ms WARD** — You have also referred to the Jobs Victoria Innovation Fund and the improvements that that can give for job seekers. I note that you have responded in part about how this helps people with disabilities. Could you please expand on that a bit further?

**Mr CARROLL** — Yes, I certainly can, Ms Ward. I mentioned the work of Specialisterne that are now based at La Trobe University, a Danish organisation with a real focus. I think their goal is to put 20 000 people globally with autism into work by 2030, and it is making a real difference. But also too, our Ticket to Work program has a real focus on people with disabilities who are part of that younger cohort, getting after-school training and after-school employment opportunities, because we know if you can combine some tuition plus after-school employment, it gets it on their resume. As employment minister so many people tell me they just cannot get the work experience. That is what they just cannot get on their resume. So the Ticket to Work and the Specialisterne programs are all about making sure that our local young people do get the access and do get opportunities. I am also working very closely with Minister Foley on the state disability plan, and we are very committed to doing everything we can so that people with disabilities are not left behind and can be part of our growing economy.

**Ms WARD** — I think you will be pleased to know now that we have reopened Greensborough TAFE. There is a cafe there. It is a social enterprise run by Araluen, one of my local disability providers. Training is being provided through the TAFE as well as job opportunities. It is just fantastic some of the stuff that is going on.

**Mr CARROLL** — Excellent.

**Ms WARD** — Could you also talk to us about retrenched workers, please? We know that this can be a problem, and in outer suburbs like mine you can find that once people hit a certain age retrenchment becomes a really serious issue. Could you talk us through what Jobs Victoria services are available to people who have been retrenched?

**Mr CARROLL** — I certainly can, Ms Ward. To date about 1700 retrenched workers have been supported through our Workers in Transition program. This program is being used by business to introduce retrenched workers to local employers who are looking for workers. A great example is some of the jobs at Murray Goulburn Co-operative across multiple locations. These people have now been connected to new roles in truck driving, jobs in Warrnambool, meat processing roles at Australian Lamb in Colac and new dairy processing roles at Burra Foods in Leongatha. Retrenched workers are also connected to workshops on topics such as job search techniques, using social networks to find jobs but also too improving digital literacy and things like that that are so important. We do see workers who have been retrenched after many years with the same company when they have had little, if any, recent job search experience.

**The CHAIR** — Order! We can come back to that, Minister.

**Mr D. O'BRIEN** — Minister, the latest stats from the ABS show youth unemployment in Shepparton has increased by over 55 per cent in the last 12 months, up from 9.7 per cent in February 2017 to 15 per cent in February 2018. What are you doing to support the youth of Shepparton?

**Mr CARROLL** — Mr O'Brien, in November 2014 the unemployment rate in Shepparton was 17.4 per cent for youth and 16.5 —

**Mr D. O'BRIEN** — I asked a question about the growth in the last 12 months, Minister.

**Mr CARROLL** — so there is always more you can do in youth, but we are seeing that. To go to the heart of your question — ‘What are we doing for youth?’ — we are doing a range of programs, and you would appreciate too that Shepparton does have a big Indigenous population. In my former role as the Parliamentary Secretary for Justice I met with some of the young people up there working on the Shepparton court, which we have also mandated to use local SME and local content. So we are making very big inroads in terms of our investments in Shepparton and making sure — and I have met with the council there — that any young person that wants an opportunity to work on some of our investments in Shepparton can.

We have invested over \$6 million over two years to establish new services to connect young people from Aboriginal and migrant communities as well as women, into some of our major projects including the court upgrade; \$3 million over two years to establish a specialist employment support program for long-term unemployed; and \$900 000 over two years to support young people through a range of services. Our \$6.7 million has been allocated to five specialist employment programs with the focus on youth unemployment. If I could ask my deputy secretary, Ms Healy, to comment on specifically Shepparton in terms of the youth unemployment, above and beyond what comments I have made, she may like to add to that.

**Ms HEALY** — Thanks, Minister. Mr O’Brien, a couple of the features in Shepparton, I think there is some really targeted effort through a work and learning centre. This is an initiative that we run in partnership with the Brotherhood of St Laurence and there are in fact five across the state, but in Shepparton that work and learning centre has some really deep engagement with local young people. In addition to I think the strength of the JVEN model that we have talked about already today, it spends a lot more time right beside the person and their family, and particularly where you have got intergenerational unemployment you really do need to have a long-term view and a really complex set of services around someone. So the work and learning centre has terrific results with young people and their families, because that context is important.

I would also point to in Shepparton the Algabonya project, which again is a strong partnership led by the traditional owners and the local groups there to focus on Aboriginal young people. There are a couple of things that the project is doing. One is it is partnering with businesses. So they have got half a dozen businesses around the table that have made a pledge to say, ‘We’ll provide jobs and you bring those young people to us and support them through and into those jobs’. They have also put in some really targeted training in partnership with Melbourne University — the Kaiela Institute has been created. So, yes, Shepparton has a set of characteristics that needs some really specialist and just targeted supports that are locally driven and really responsive to local needs.

**Mr D. O’BRIEN** — Thank you. Minister, budget paper 3, page 27 has a line that relates to the Bendigo GovHub, which I note the government has promoted as providing a major jobs boost for Bendigo, and the recent government media release talked about jobs, jobs, jobs. There was \$1 million last year for a business plan, but this year’s budget makes no mention of that or the business plan. Are you able to advise where that is at?

**Mr CARROLL** — Certainly, Mr O’Brien. Deputy Secretary Hanney has been working closely on the Bendigo GovHub. I will ask him to advise on the business plan.

**Mr HANNEY** — In order of the three business plans, Mr O’Brien, Morwell was announced last week in terms of the awarding of the contract; Ballarat is well advanced in terms of the design work; the business case is still being prepared for Bendigo. It is at a point where we have allocated — you can see there is money allocated in the budget in terms of some of the costs to do with the construction and also the operational costs. Your question I think will be: which part of the business case is not finished? It is the part about local tenants, so negotiations with the water authorities and some of the groups who are based in Bendigo, trying to ensure that they are given best opportunity to participate in the project along with the City of Greater Bendigo.

**Mr D. O’BRIEN** — So is it going to be a new facility or utilising an existing building?

**Mr HANNEY** — It is likely to be a new facility, just because the existing buildings there are not large enough to be able to cater for the number of staff that will be locating. I think it is either six or seven various government departments, and the idea is that you are sharing facilities. You share reception, you share meeting rooms, all of those things, which will save costs.

**Mr D. O'BRIEN** — So on the budget papers, as I have said BP 3, page 27 has the bulk of the funding, \$13 million, in 2020–21, so when will it actually be finished?

**Mr HANNEY** — It is anticipated that it will be about an 18-month to two-year construction build, and it has still got to go through planning permit stage et cetera. So the phasing of that money is in keeping with the timing of the construction. I cannot give you an exact completion date just in terms of where it is at. I can with —

**Mr D. O'BRIEN** — It is presumably going to be at least 2021; is that right?

**Mr HANNEY** — Working backwards — 18-months to two-years build, and some more design work, and then finalisation of the business case — that is right.

**Mr D. O'BRIEN** — Are you able to advise how many of the jobs that are proposed to go there are simply relocations of existing positions and how many will actually be new jobs?

**Mr HANNEY** — I cannot give you those figures here, but can I suggest you ask that question to the Minister for Regional Development, because it is her project, not Minister Carroll's.

**Mr D. O'BRIEN** — Thank you.

**Mr T. SMITH** — Minister, welcome to your first estimates, by the way.

**Mr CARROLL** — Thank you, Mr Smith.

**Mr T. SMITH** — If I could refer you to budget paper 3, page 121 and the output line item for 'Industry and Enterprise Innovation', this shows a 10.5 per cent cut in funding for this budget, and that follows on from a \$47.5 million underspend in 2017–18. Minister, the explanation in the budget on page 141 is 'The lower 2018–19 target is primarily due to the funding profiles for a number of initiatives'. Can you explain to the committee the changes to the funding profiles and perhaps on notice each of those initiatives which have been changed?

**Mr CARROLL** — Mr Smith, I have just looked up page 141. Are you talking about LaunchVic?

**Mr T. SMITH** — 121, which is the 10.5 per cent —

**Mr CARROLL** — 'Industry and Enterprise', yes.

**Mr T. SMITH** — decrease in funding, and a substantial underspend in 2017–18.

**Mr CARROLL** — Yes.

**Mr T. SMITH** — Then 141, which is 'Industry roundtables and engagement forums'. Also 'Major research and evaluation projects'.

**Mr CARROLL** — Mr Smith, I might just ask Justin Hanney, the deputy secretary, to talk about that.

**Mr T. SMITH** — Sure.

**Mr HANNEY** — The majority of the movement in the percentage you are referring to is the rephrasing.

**Mr T. SMITH** — Mr Hanney, I can't hear you, mate.

**Mr HANNEY** — Sure. It is the rephrasing of the Future Industries Fund, which is what that percentage reflects.

**Mr T. SMITH** — So the 10.5 per cent decrease is why, sorry?

**Mr HANNEY** — So it is the rephrasing of the Future Industries Fund, and let me just qualify that. Again, if I am not correct, I will come back and correct it on notice, but 'Industry and Enterprise Innovation', when I look at that 10.5 per cent variation, I believe it is to do with the rephrasing of the Future Industries Fund to —

**Mr T. SMITH** — What does that mean, sorry?

**Mr HANNEY** — So the Future Industries Fund, which has the six various components to the fund, the timing of the allocation of those payments is therefore reflected in the ‘revised’ — when you look at ‘budget’, ‘revised’, ‘budget’ — and hence the change in percentage.

**Mr T. SMITH** — Okay, but can you give me sort of an understanding about what aspects of the Future Industries Fund were altered in that period of time?

**Mr HANNEY** — Minister, if it is okay, I think Tim Ada is probably best to —

**Mr CARROLL** — Sure. Deputy Secretary Ada?

**Mr ADA** — Mr Smith, on future industries, considerable time was taken consulting widely with stakeholder groups, businesses, the academic community and unions with regards to the development of sector strategies. That took time.

**Mr T. SMITH** — What was that, sorry?

**Mr ADA** — The development of sector strategies, which you might recall was a commitment related to the Future Industries Fund, the development of eight sector strategies to guide the government’s investment, took some time, and that was time well spent from our perspective because the sector strategies therefore reflect the priorities of the industries. Also, a number of the initiatives now funded through the fund took some time to conclude, co-designing those initiatives with industry and research stakeholders, and a number of the financial commitments as part of those contracts are back-ended.

**Mr T. SMITH** — This fund started when, sorry?

**Mr HANNEY** — Mr Smith, it is a combination of funds. I will just go into it. The ‘Jobs and Investment’ output costs increased by the 24.6 million from the target of 20.27. There are a couple of reasons for that. I explained future industries. It is also to do with IAAP fund, which is included within it —

**Mr T. SMITH** — What is that, sorry?

**Mr HANNEY** — It is the industry assistance fund — it is the fund where footloose businesses are being attracted to the state or from interstate. ‘Industry and Enterprise Innovation’ and ‘Jobs and Investment’ outputs, part of that fund was also rephased —

**The CHAIR** — Order! We might come back to that.

**Ms PENNICUIK** — Minister, if I could just continue sort of what I was talking about before, the line of questioning, I would like to delve into which demographics are being impacted in terms of unemployment or underemployment. We were talking about regions before, which Mr Hanney is going to give me some information about. But, for example, young people’s unemployment or underemployment and the proportion of young people that are employed in insecure work, how much has this changed over the last, say five years, and has the department done any work on the forward estimates in terms of particular demographics? You have been talking about programs to assist certain demographics, and I appreciate that, but I think there are also challenges in certain demographics, which I am wanting to know more about.

**Mr CARROLL** — There certainly is, Ms Pennicuik. We are focusing on a range of locations and a range of demographics. Just recently you would be very familiar with the good work being done at the Huddle at North Melbourne. We are partnering with the Huddle and the Brotherhood of St Laurence to make a real focus on youth unemployment, but also too we are wanting to look right through the western suburbs of Melbourne as well, where we can work and use some of the leverage we have got and some of the outcomes we have had to date at the Huddle — which have had some 50 000 young people go through their doors since 2010 — to really focus on that. We are also doing it through the neighbourhood renewal programs on our public housing estates. It just makes sense. Public housing has a very high incidence of unemployment. Again we have got through our neighbourhood renewal programs there some really wonderful local partnerships. I know out in my electorate the City of Moonee Valley, the work they are doing in partnership with the public housing estates to not only create jobs but also too to support many of the tenants — and we are putting funding in this — to actually start their own small businesses and become employers and then create jobs themselves. Also, though, with

demographics, obviously the government has made a very big investment in relation to family violence, and we are wanting to support women —

**Ms PENNICUIK** — Sorry, Minister, I hate to interrupt you, it is just that time is very much of the essence. I have only got this 5-minute slot. I wonder if perhaps you can concentrate on which are the demographics that are particularly being impacted by unemployment, underemployment and insecure work in the budget estimates.

**Mr HANNEY** — I can clarify that and also answer your question, the last one. Of the areas, employment increased in six of the eight ABS regions/areas since November 2014, with the largest employment gains in the Geelong, Warrnambool and south-west regions. The two regions that reported declines in employment are the Bendigo region — so I stand corrected on what I said before — and the Hume region, which saw a decrease of 3100 workers and 600 workers respectively. The targeted area —

**Ms PENNICUIK** — Thanks, Mr Hanney. If you could give me all the regions on notice, because I think we are going to run into the 1-minute time soon.

**Mr HANNEY** — So young people specifically in three areas as well are a target where there is much higher unemployment in relative terms compared to other areas. One of those areas is Latrobe, Gippsland, one of those is Bendigo and one of those is in the Geelong region.

**Ms PENNICUIK** — And in terms of underemployment and insecure work, particularly for young people, has the department got anything about that into the forward estimates?

**Mr CARROLL** — We have got a range of programs, Ms Pennicuik, in terms of young people. We have got the YES trainee program that we are supporting. You would be familiar with that.

**Ms PENNICUIK** — Yes, thanks, Minister. Sorry, Minister, it is not the programs; it is how is that demographic going to fare? What are the figures that the department has for that demographic, for insecure work?

**Mr CARROLL** — Yes. It would be nice to crystal ball on how that demographic is going to fare in the future —

**Ms PENNICUIK** — I am sure you are doing some work on it.

**Mr CARROLL** — but through the investments we are making we have put \$5 million over two years to establish a specialised employment support program for long-term —

**Ms PENNICUIK** — I think I see Ms Healy nodding at me. Maybe she has some information.

**Mr CARROLL** — I might ask Ms Healy, but I just want to make the point: \$5 million targeted investment into youth unemployment. You were crystal balling before. Let us get that investment out to the people. Let us actually reach out to the youth and see what we can do to support them.

**Ms PENNICUIK** — Sure. If there is any more information that you can provide on the question, that would be great. Thank you.

**The CHAIR** — Order! Maybe take that on notice.

**Mr DIMOPOULOS** — Good morning, Minister, and officers. I just want to take you back to the Future Industries Fund and job creation. Budget paper 3, page 141, lists some of the performance indicators in relation to engagement with businesses, but also the last page of your presentation — and I am sorry, Minister, I missed your presentation — talks about 162 400 or almost half of all new jobs in Victoria having been created in future industries. That is an impressive record. I just want to get a sense from the investment in the budget of the ways the government will continue to try and secure the growth across the future industries.

**Mr CARROLL** — Yes, certainly. Thanks, Mr Dimopoulos. Since November 2014 the future industries sectors have created over 162 000 jobs — you are right to identify that that is outstanding. But when you drill down to that — 55 per cent of all new jobs in Victoria since 2015–16 — the Future Industries Fund has been

allocated over \$272 million, of which \$262 million has been committed and \$124 million has been expended. This does support a number of sectors, particularly the growth programs. If you look at the sector growth program, which is a stream of the Future Industries Fund, it provides grants of up to \$1 million to undertake Victorian-based projects aligned with the future industries sector to create new jobs and provide for growth.

The New Energy Jobs Fund: I had the pleasure of awarding funds to Keppel Prince in Portland, the largest wind manufacturer in Victoria, a regional-based manufacturer. It had some issues previously, but now, with the support of the Andrews government, is going really well — and that is green jobs and it is going very much into the future. The New Energy Jobs Fund is really making sure we promote development in renewable energy generation and build capacity in Victoria.

The Future Industries Manufacturing Program provides up to half a million dollars to help implement new manufacturing technologies. The defence industry supply chain: we know we have got 400 defence companies as part of our supply chain, and we are making sure the SMEs can win more domestic and international defence work. The Boost Your Business Voucher program provides annual vouchers of up to \$50 000 to support Victorian businesses, with the aim of increasing the number of Victorian businesses engaging with new markets.

**Mr DIMOPOULOS** — You mentioned clean energy technology. Monash University and the precinct around Monash is a bit of an ecosystem for a lot of those businesses.

**Mr CARROLL** — Yes, it certainly is.

**Mr DIMOPOULOS** — That was just a comment, not a question. The question I want to ask you is in relation to one of the other future industries, which is construction technologies. Construction is obviously a big part of the boost to the employment growth of Victoria but also a key activity in my electorate with the level crossing removals. Is this fund assisting the construction industry to come up with more modern practices, and can you explain a bit more about how that investment works?

**Mr CARROLL** — Certainly, Mr Dimopoulos. On construction technologies, I mentioned earlier the population boom and the construction boom, but construction in Victoria is a \$29.5 billion industry employing 290 700 people, and it is actually the largest employer of full-time workers in the state at the moment. The *Construction Technologies Sector Strategy*, released in 2016, focuses on digital construction technologies, prefabricated construction and new construction and product. The *Construction Technologies Sector Strategy* was released in March 2016 and was actually focused on improving the adoption of digital technologies, growing prefabricated construction and attracting opportunities in new construction materials and product. The strategy also emphasised the benefits of collaboration between the project's growth and the competitiveness of the industry and the benefits to a Victorian economy and workers.

Funding of \$1.5 million was provided in the 2017–18 state budget to promote prefabricated construction and digital technologies. I am very pleased that in Victoria we have one of the leaders in cladding, and we have seen some of the issues overseas with cladding. We have been showcasing some of the cladding IP we have in Victoria through our manufacturing showcases, and this is a real opportunity for Victoria. Since November 2014 grants of over \$2 million have been provided to support Victorian companies, and at the moment a great example is how we are leading in the development of a whole-of-government building information modelling implementation plan, in collaboration with the Department of Treasury and Finance. The BIM, the Building Information Modelling, is highlighted in the sector strategy as a key transformation in the industry, underpinned by digital technologies. It brings all aspects of construction and asset management together.

**Mr DIMOPOULOS** — So it is essentially a fund that helps not only employment growth but obviously industries innovate and creates new IP, I suppose, as you mentioned, Minister. Just in relation to food and fibre, can you give us a sense of how the investments assisted job growth in the food and fibre sector?

**Mr CARROLL** — I certainly can. Food and fibre sector: I mentioned earlier in my presentation, our land mass is only 3 per cent but we contribute 25 per cent food and fibre. It is also interesting on the downturn of auto manufacturing how many ex-auto workers, through our Local Industry Fund for Transition, are now finding work in the food and fibre sector. We have got wonderful collaborations happening in the food and fibre industries. I was out at a Chocolatier only recently.

**Mr DIMOPOULOS** — I saw you on the news. I was envious because I wanted to be there eating chocolate.

**Mr CARROLL** — Of course we have only just had Easter, but they are already celebrating and starting to work on the Easter eggs for next year.

**Mr D. O'BRIEN** — I notice you did not bring any in for us, Minister.

**Mr CARROLL** — Sorry?

**Mr D. O'BRIEN** — I notice you did not bring any in for us.

**Mr CARROLL** — No. Next time, Mr O'Brien.

**Ms WARD** — Good point, Mr O'Brien.

**The CHAIR** — Those sugar lips, O'Brien — you never disappoint.

**Mr DIMOPOULOS** — Minister Eren did yesterday, Minister, so next time, next PAEC.

**Ms WARD** — Minister, could you take that on notice?

**Mr D. O'BRIEN** — Let the record show.

**Mr CARROLL** — I can take that on notice.

**Mr DIMOPOULOS** — Sorry, Minister. Keep going. Food and fibre, chocolate factory.

**Mr CARROLL** — With food and fibre and also the work through Minister Pulford as agriculture minister, you are seeing real opportunities again in that industrial revolution with agriculture and technology coming together, and it is a very important sector we want to be part of. I had a recent visit to China. I have seen some of the collaboration occurring at the university sector level, particularly Monash University and RMIT. Many of you will be aware with food and fibre that there is a proposal to have in the northern suburbs of Melbourne, through RMIT and the work of Martin Bean, a food and fibre precinct on the back of the Epping market. We are seeing now that real tertiary collaboration coming from the university sector, focusing on the strengths in the small and medium-size enterprises, the small businesses coming together with the bigger ones, and getting collaboration, creating jobs. But there is a real focus on precincts, which is what could be a real game changer out in the northern suburbs, where there is a real density of food and fibre manufacturers, in partnership with the food innovation centre at RMIT and then great links to industry as well.

**Mr DIMOPOULOS** — I suppose the market will do what the market will do — take opportunities — but I think there is an earlier role for government investment and strategy to give confidence to that market that there is a growth opportunity here and a strategy. You mentioned earlier the Boost Your Business voucher —

**Mr CARROLL** — The Boost Your Business voucher.

**Mr DIMOPOULOS** — I am sorry, I missed your presentation, so you may have covered it. Can you explain a bit more about what that investment is about and what it has achieved?

**Mr CARROLL** — I certainly can. The Boost Your Business Voucher is a new program, which is grants based, where we can go to companies and get them up and running and started very quickly with support. It is a very broad-based program, so whatever the company's issues may be, whichever next phase they want to go into development, whether it be new energy, whether it be farming technology, we can go straight to them very quickly and give them a grant to do whatever they need to do in terms of upskilling but also the next development of what their plant may need. Right now we are seeing more of industry looking at their plants. Through the leadership of the Victorian government and the renewable energy target we are seeing a real boom and a real focus on plant machinery, solar and cogeneration, and we are really wanting to support businesses to make that transition to help them. If you can show leadership and put some downward pressure on energy, it really supports them, and it has been a runaway success in terms of the support we are giving. The Boost Your Business vouchers have come under our advanced manufacturing stream. It is a very important program to help manufacturing businesses innovate, build and grow export capabilities.

**Mr DIMOPOULOS** — Have you got some examples of where businesses have been assisted through the program?

**Mr CARROLL** — I can give you some examples. We have got various examples around at the moment. Since the program was announced, 24 projects have been approved under the advanced manufacturing stream, and in relation to some of the specific examples, Mr Dimopoulos, you have got Palm plastics, which is a manufacturing innovation in the City of Kingston; you have got Morse wind farms; you have got Padula Serums, which is a manufacturing innovation in East Gippsland, which will be very close to some of the members of this panel. You have got a whole range of them at the moment that are really looking to see what they can do. Boron Molecular is a very interesting one out in the City of Greater Dandenong. It has got a project that took over \$110 000, and it is really, as I said earlier, into medical developments internationally, working very closely with the CSIRO to develop more cost-effective manufacturing syntheses to manufacture a whole range of different drugs and really drilling down to medical technologies needed not only here but overseas as well.

**Mr DIMOPOULOS** — Is there a cap on these grants? Is it a standard figure or do they vary?

**Mr CARROLL** — Mr Dimopoulos, it is capped at 50 000, so we work with them early, though, to see what range of funding they would need. We are very keen to see what we can do with them and to work with them. Often you may see a manufacturer come to the state government, and often the Boost Your Business voucher program can lead to other opportunities with other government departments.

**Mr T. SMITH** — If I could just pick up where we left off before, which is the 10.5 per cent cut in funding on page 121 of the budget, I think evidence has been provided about the Future Industries Fund. I suppose my specific question is: this reduction and the underspend, and I am still a little bit confused as to how that was occurring; I think Mr Ada was providing evidence — I am wanting to know also: do the cuts from the industry portfolio or the innovation portfolio, or both, overlap? Can you provide to the committee, I suppose, more specific evidence than you did in the previous 10 minutes when I was asking previously?

**Mr CARROLL** — Thanks, Mr Smith, I have just got page 121 in front of me. I do notice, before I ask Mr Hanney to elaborate on the answer, that:

Variation between the 2017–18 budget and the 2018–19 budget. Explanations for variations greater than five per cent are included in the footnotes to the relevant —

**Mr T. SMITH** — Yes, which I —

**Mr CARROLL** — You have had a look at that?

**Mr T. SMITH** — I noted that in my initial question.

**Mr CARROLL** — You saw that.

**Mr T. SMITH** — I erred, Minister. I said page 141; I actually meant page 142.

**Mr CARROLL** — Page 142?

**Mr T. SMITH** — Yes. Do you see it at the bottom there?

**Mr CARROLL** — Yes. The target is probably due to the funding profiles for a number of initiatives. In relation to the funding profiles for the initiatives and the reduction, Mr Smith, I will ask Mr Hanney to elaborate.

**Mr HANNEY** — Sure. That fund sits across two ministers' portfolios. It is in both Minister Dalidakis's and Minister Carroll's. The answer to your question that I gave last time is that it is the same. There are two things. One is the timing of those budgets and the phasing of the budgets. I will just explain the first one. I think your question last time was the difference between 17–18 and 18–19 —

**Mr CARROLL** — It was 17–18 and 18–19, and also the revised 17–18.

**Mr HANNEY** — Sure. So that difference of 36.5 is the timing of the payments out of two of those areas, so it has been rephased to reflect that. One is the IAAP, which I explained is the investment attraction and assistance program. The other one is the timing with the Future Industries Fund, so it is a timing issue. In terms

of the appropriation this year in the budget it reflects the fact that last year had a larger amount because the investment assistance program had an additional amount for energy support for firms. That energy support fund was last year, and again it reflects that some of the rephrasing is still being spent and will be spent in this year as well. So it is not a reduction, Mr Smith; it is that that program was funded in the last year, which shows a larger amount, and it is not in this year's budget.

**Mr T. SMITH** — So that energy support fund has concluded.

**Mr HANNEY** — No, it has not concluded. It will be ongoing. I can speak to the support —

**Mr T. SMITH** — Yes, could you?

**Mr CARROLL** — The energy support fund is ongoing, Mr Smith. We are working very closely with the sector in terms of cogeneration, solar — I think there are about 300 businesses that we are working with, but we are also funding them under that IAAP program to look at their plant, to look at their opportunities and what they may need to do. If you would like some more detail on that, I can ask Deputy Secretary Ada to speak to it, but it has been going very well. I am regularly updated by the department on our energy users. Mr Dimopoulos asked about food and fibre. Obviously that is a sector we have identified that we want to work with and assist. We are looking very closely at the commonwealth and what they are doing with the energy guarantee. We are working very closely with Minister D'Ambrosio in this sector as well, because there are a range of programs across government to support industry in this area.

**Mr T. SMITH** — So if you could provide to me what you have been doing to provide cheaper electricity for manufacturers through this fund?

**Mr CARROLL** — Yes, to the program. We are doing a lot, and you would be aware, Mr Smith, of the work that has been going on at the Commonwealth level, and through COAG in particular, for electricity and gas. You would also be aware that we do live in an international market, and the exportation of gas prices, particularly those three LNG plants in Queensland, have really seen some pressures put on here. So —

**Mr T. SMITH** — No, Minister, I am interested to know what this fund and what you as Minister for Industry and Employment are doing to assist manufacturing with cheaper energy prices.

**Mr CARROLL** — You have highlighted manufacturing. Let me give you an example. Benalla manufacturer D & R Henderson is a manufacturer of softwood timber in regional Victoria, particleboard and laminated products.

**Mr D. O'BRIEN** — Tell us about how the hardwood timber is going in Benalla.

**Mr CARROLL** — No, you asked about the fund and what we are doing to support it. They received assistance to commission a 1.3 million upgrade of their timber flake drying system. This program and this upgrade has seen that manufacturer continue to support employment in regional Victoria. We are not talking small-scale employment here with D & R Henderson; we are talking about 185 employees and their being able to increase production and capacity and reduce gas use. They are just one example of businesses right across the state that we are assisting. We are going through and working very closely with them. I visited a range of businesses that have been affected by gas and electricity prices and we will continue to support them.

**Mr T. SMITH** — What are you going to do about base load to support them?

**Mr CARROLL** — That might be a question you should ask the relevant minister in terms of base load.

**Mr T. SMITH** — No, you are the Minister for Industry and Employment.

**Ms WARD** — I think they have run out of industry and employment questions, Minister.

**Mr T. SMITH** — No, I will refer to a specific example, if you like. Your government along with the commonwealth supported Kestrel Manufacturing with a grant in 2015 —

**Ms WARD** — And this relates to the budget papers?

**Mr T. SMITH** — Mr Watson is the owner of Kestrel Manufacturing, and his electricity prices have gone up by at least \$100 000. My question going to your energy support fund, which is what we were discussing previously, is how, under the minister's portfolio, he is assisting people like Mr Watson to reduce their energy prices. Because after Hazelwood closed, energy prices went up, and a number of energy companies around the country have predicted 15 per cent rises in energy prices this year. I want to know from the minister for industry what he is doing —

**Ms WARD** — So you are rehearsing for the energy minister.

**Mr T. SMITH** — No, I think this is entirely within order, Chair, because I want to know what the minister is doing about energy prices for heavy and light manufacturing in Victoria. I think that is a perfectly reasonable question.

**The CHAIR** — I am happy for the question to stand. Probably the only qualification I would indicate, Mr Smith — and the minister can speak to this in greater length — is that it is fair and reasonable to ask the minister whether there are any grants or funding programs to support base load power, but I think the minister might be limited in terms of what he can say because it might be more in the purview of the minister for energy. I am just trying to assist you, Mr Smith.

**Mr T. SMITH** — I am not asking the minister about electricity plants. I am asking about what he is doing to support the industry with their increased energy prices.

**The CHAIR** — You did mention base load, but anyhow —

**Mr T. SMITH** — Base load energy prices.

**Mr CARROLL** — We are taking a proactive approach. We are partnering with the Victorian Chamber of Commerce and Industry, and my department has already worked with more than 300 energy-intensive businesses that have been contacted. We have been proactive, Mr Smith. We are in very close discussions with them. We have completed through the department 210 energy surveys with the private sector, which is really getting to the bottom of what some of the energy issues may be. We have been doing an assessment process from company to company, and, as I said before, the companies have been great and willing to engage with the Victorian government, whether it be coinvestment in capital equipment, energy and efficiency — whatever we may do. I spoke about our Future Industries Fund. We have identified new energy jobs. It was great to see Keppel Prince get an award on Monday night.

Let us be very clear here. Energy is a significant challenge, and your mate Josh Frydenberg, who put his head up and talked about electric vehicles, was shot down pretty quickly by his colleagues. The failure of national energy policy — for the commonwealth to be seeing gas exported from the three LNG plants in Queensland cheaper and coming back more expensive — I think is terrible.

#### **Members interjecting.**

**Mr CARROLL** — Josh supported you.

**Mr T. SMITH** — Given the spectacle of yesterday, Chair, I deliberately tried to be very specific in my questioning. I have been very reasonable this morning. I would like to know what steps this minister is taking to help manufacturing deal with increases in energy prices. I am not even going to attribute blame to this minister as to why those energy prices have increased. I just want to know —

**Ms SHING** — You actually just did. Just rewind the tape. That is exactly what you have done.

**Mr T. SMITH** — I would like to know what he is doing about it.

**Ms SHING** — You are a cake eater, Mr Smith.

**Mr T. SMITH** — I am sorry. Let the record reflect that Ms Shing just called me a cake eater. I do not know what that means. She might be referring to my girth; I do not know.

**The CHAIR** — Order! We will come back to that, Mr Smith.

**Ms SHING** — A point of clarification, Chair, cake eater, for the avoidance of any doubt that Mr Smith might hold, means wanting to have one's cake and eat it too. Just so that we are really clear about this.

**Members interjecting.**

**Ms SHING** — You would never talk to a bloke like that, would you?

**Mr T. SMITH** — I certainly do.

**Ms SHING** — You just do not, as evidenced by yesterday and last week, Mr Smith.

**The CHAIR** — Order! It is time for government questions. We will come back to that question, Minister.

**Ms SHING** — Minister, welcome to PAEC. I would like to take you back to what you referred to in your presentation and to budget paper 3, page 15, in relation to defence manufacturing jobs and the work to support the continuation of the defence industry advocate, the Defence Council of Victoria and Victorian Defence Alliances and also in relation to support for Victorian businesses to participate at major defence expositions. The growing defence manufacturing jobs and Fishermans Bend activation activities and initiatives are, to my understanding, a crucial part of enabling those pieces of defence investment and procurement to come together. Where is the defence industry at as a consequence of these initiatives and investments, and how many people are employed in that sector as it currently stands? What are the opportunities for future jobs growth over the forward estimates to create further opportunities for people in this sector, given it is a relatively fluid arrangement around the interface between commonwealth and state jurisdictions?

**Mr CARROLL** — Thank you, Ms Shing, for your very important question on defence industry and defence capabilities, and I will get onto Fishermans Bend as well, Ms Shing.

Our defence manufacturing sector is truly world-class. You only have to look at the Bushmaster and the Hawkei, those vehicles that have seen overseas combat and are regarded as world-class defence manufacturing. Indeed, leaders in overseas jurisdictions, often when they go to an overseas war or to Afghanistan, they actually want to go out in one of the Bushmasters or the Hawkeis because of their presence and reputation across the world. But we do have more than 400 active defence businesses right across the state, and I am meeting with them regularly, supporting around 7 000 employees.

Our reputation speaks for itself. I have mentioned the Bushmaster and the Hawkei; you have got Thales; you have got Boeing; Marand got an award on Monday night for the work they are doing in defence support, and they are a wonderful local manufacturer.

Just on Fishermans Bend, Ms Shing — you mentioned Fishermans Bend — we had a great proposal to do the Land 400 defence vehicles there. It would have been a real game changer. We know that decision went to Queensland, but it would have produced —

**Ms SHING** — A curious decision.

**Mr CARROLL** — It was a very curious decision, but I do think we had bipartisan support to get those vehicles and that contract here. That would have been a \$980 million boost to the economy and up to 2000 jobs.

But if you are a young person studying engineering down at Fishermans Bend, as you rightly pointed out, down there you have got the Defence Science and Technology organisation, the largest research organisation outside of the CSIRO; you have got Boeing; you have got General Motors — you have essentially got the world of 21st century advanced manufacturing at your feet and you are just a student, at sort of 18 to 21 or 25 years, or a mature age student. The opportunities that Fishermans Bend presents for advanced manufacturing and engineering with world leaders such as Boeing and the Department of Defence — it is going to be a game changer.

As you know, it is also the largest urban renewal project in Australia, so we are very keen to make sure that we continue to support our defence supply chain right through Fishermans Bend, Ararat and Geelong, where the supply chain has such a unique presence.

**Ms SHING** — So do we have any opportunities, in light of the commonwealth decision in relation to Land 400, to support businesses despite that decision being taken to award the contract to Queensland? I mean, this announcement of ongoing support for the council and the alliance must surely be geared toward providing additional opportunities for businesses who do not have access to that Land 400 arrangement?

**Mr T. SMITH** — Chair, on a point of order, I have tolerated a certain degree of commentary with regard to the federal government and various decisions that have been made that bear no resemblance to any decision made by the Victorian government, and I would ask you to bring Ms Shing back to asking questions with regard to this budget in this state.

**The CHAIR** — Sorry, Mr Smith, I understood Ms Shing was asking a question about, in light of the failure of a tender bid, whether there are opportunities to try and have manufacturers obtain work by other means, so it is certainly within the minister's portfolio.

**Mr CARROLL** — It is a very good question, Ms Shing. I mean, submarines to South Australia, ships to Western Australia, vehicles now to Queensland —

**Mr T. SMITH** — Again, what has that got to do with Victoria, Chair?

### **Members interjecting.**

**The CHAIR** — Order! It relates specifically to the minister's output and his responsibilities in terms of what the government can do in relation to advanced defence manufacturing, so I will let the question stand. The minister to continue.

**Mr CARROLL** — And it is a very good question, because although Land 400 has gone to Queensland and Rheinmetall won the bid, Rheinmetall employ — I think it is approximately 170 engineers in Victoria or thereabouts; it is a significant number. I had Marand sitting next to me at the manufacturing hall of fame awards on Monday night. They are also hoping to still be able to get some of the work out of that contract.

You have got to remember in Queensland — no-one really thinks of Queensland as the manufacturing state of the nation like they do Victoria. They are literally in Ipswich building the capability for this contract right now. You might have seen only recently the order that they have had to do for this Rheinmetall vehicle directive from Germany. We were very proud there were going to be 225 built right here in Victoria.

**Ms SHING** — So Rheinmetall will continue to work with the alliance and the council as part of the ongoing work to continue defence manufacturing and procurement in Victoria? I mean, how does it all link in with the initiatives that are funded and referred to at page 15?

**Mr CARROLL** — Yes, so that decision was announced on 1 May, but the work being done by the supply chain companies in Victoria — we will certainly work with Rheinmetall. We have got enormous capability and we believe our proven experience, our proven track record on the Bushmaster and the Hawkei has been noticed by Rheinmetall. They do have a good presence here in Victoria, which is great. Our seven engineering schools are regarded as pretty much the best, and 25 per cent of the value of the Australian industry capability is here in Victoria. So although the decision went to Queensland, we still do expect it to have some significant flow-on benefits to Victorian defence and industry capability.

**Ms SHING** — Just on that point — how do the defence alliances then link into securing those tenders and securing the allocation of commonwealth and other funding sources into the future?

**Mr CARROLL** — I met with the defence alliances recently. They have a various range of streams, whether it be vehicles, submarines or shipbuilding, and they are working with their counterparts in Canberra as well. There is a big defence showcase in Adelaide later this year, and the Victorian Defence Alliances will have a presence there. Indeed we are funding local defence manufacturers to go to Adelaide to show their product firsthand. So there will be that real collaboration, Ms Shing, in terms of the supply chain of Victorian companies and the outcome of the Rheinmetall decision. We do expect, for example, that the technology centre for lightweight applications, TECLAB, in Melbourne — their research and R and D capabilities will very much go to the heart of the work that Rheinmetall is doing.

**Ms SHING** — I might just stop you there because I would also like to talk very quickly about procurement and the VIPP and the way in which that works to allocate funding to local content. I would like to get a sense — from BP3, page 14 — around the new investment in procurement practices to assist local businesses and jobs growth, in particular the Office of Industry Participation and Jobs and the way in which jobs access and access to employment has changed since that was first introduced, and also with reference to the Latrobe Valley ICN and the way in which that is assisting, and also examples of the valley and supply arrangements with government projects. There is 9 seconds there, so if you can take all of that on notice —

**Mr CARROLL** — Certainly. Why don't I begin with —

**Mr D. O'Brien interjected.**

**Mr CARROLL** — In 2017 we supported the ICN to establish the —

**The CHAIR** — Order! Mr Smith until 11.09 a.m.

**Mr T. SMITH** — If we could continue on energy prices for manufacturing, Minister, and what you have done to assist manufacturers with the increased cost of their energy bills.

**Mr CARROLL** — Mr Smith, we are working with over 300 businesses and manufacturers. You know very well I have got a standing invitation for you to visit Ferguson Plarre in my electorate —

**Mr T. SMITH** — Oh, yes. Family company — absolutely.

**Mr CARROLL** — A family company of yours. But do you know what? When you get out there, do you want to know who greets you in the foyer? Al Gore — a big photo of Al Gore — because that is a wonderful company that has been supported by Labor governments in the past. It is a green company — green jobs, renewable energy — so I want you to take up that invitation and see manufacturing firsthand and what we are doing.

**Mr T. SMITH** — As you know, Minister, you cannot choose your family.

**Mr CARROLL** — I will tell them that.

**Mr T. SMITH** — I do not think any of my mob are still running the place, but anyway.

**Members interjecting.**

**Mr T. SMITH** — Quite seriously, Minister, energy prices are a massive issue for Victoria's manufacturing — do you concede that?

**The CHAIR** — Order! Mr Smith, you are asking the minister for an opinion. That is out of order. Rephrase your question.

**Mr T. SMITH** — Minister, do you conceive over the estimates period energy prices will put pressure on Victorian manufacturing?

**The CHAIR** — Again I think, Mr Smith, you are asking the minister to offer up an opinion.

**Mr T. SMITH** — Oh, for God's sake! Minister, again I ask you: what are you doing to assist with Victorian manufacturers' increase in energy prices over the estimates period?

**Mr CARROLL** — I have given you a couple of examples of manufacturers. Let us just give a bit of a background, Mr Smith. The Australian liquefied natural gas projects in Queensland have linked the Australian gas market to the international LNG market. Domestic prices have moved to international parity prices. So you have got what the commonwealth is doing through what Malcolm Turnbull has established and taking a role in the Australian domestic gas security mechanism. In terms of the Victorian government, Minister D'Ambrosio is doing some very good work in relation to the Council of Australian Governments Energy Council to improve transparency and competition in the Victorian and eastern Australian gas markets, thereby improving outcomes for gas customers. We have allocated over 42 million over four years through the Victorian government gas program to better understand the risks and benefits of future onshore conventional gas development and further

exploration and development of offshore gas. Recently we announced a public tender for offshore gas exploration permits within the state coastal waters in the Otway Basin. These exploration permits could lead to the discovery of additional gas supplies within Victoria.

We have already highlighted one food manufacturer, but our regional food manufacturers — we are working very closely with them. We have identified 300 businesses we are working in very close cooperation with — doing energy audits, working out cogeneration, solar, what they may need.

**Mr T. SMITH** — Sorry, Minister — what is an energy audit?

**Mr CARROLL** — An energy audit is a process where we actually assist and fund a consultant that has worked in the sector before to talk to the manufacturer and actually look at their plant. To the manufacturers' credit, they are wanting to move in this direction and look at solar, look at wind, look at all sorts of renewable energy sources that they can see as being a leader and able to help them.

**Mr T. SMITH** — I wonder: if their business is not well suited to renewable energy sources and they have got serious constraints in terms of their current energy bills, what will you be doing to help them with their energy bills? Is there a fund in this budget to assist with the high costs of energy going forward?

**Mr CARROLL** — I have outlined just previously in my answer some of the work going on in terms of the gas program, and both the Treasurer as Minister for Resources and Minister D'Ambrosio as well are working very closely with stakeholders and energy companies. Under myself I do have a program where we do fund the audits, and we look at cogeneration. We really give the manufacturers a road map to the future, and it helps them. They have been focusing on making a profit and supporting their employees, and the support of the government department in terms of giving them the assistance they need is very critical to them. And it has been a wonderful partnership. Wherever I go across the state more and more people want to talk to me about that, but Mr Smith, I might ask deputy secretary Ada just to assist on that, because I know he has had firsthand experience working for some of these 300 businesses.

**Mr ADA** — Thanks, Minister. Mr Smith, if I can just build on what the minister said, the process by which we are engaging with these firms and triaging their needs is we have identified large energy users. They are principally manufacturers. A good number of them are in regional Victoria but also in metropolitan Melbourne. We have asked them to complete an energy user survey so we get a better understanding of their energy use relative to other businesses. We have then conducted an assessment to identify those manufacturers that have a particular need now, and we have been agile and bespoke about how we work with those businesses, with assistance ranging from assessments to understand their current energy use, options to improve their energy efficiency and options and analysis about how they might negotiate future energy contracts with energy providers as well as providing financial assistance to support capital upgrades to improve energy efficiency. So there is a bespoke approach to working with these companies to help them reduce their energy use.

**Mr T. SMITH** — But, Mr Ada, not a fund, so to speak, to assist with the increase in their energy bills.

**Mr ADA** — There was a \$90 million commitment in the 2017–18 budget for two years. One of the streams as part of that commitment was to assist large energy users, and obviously that continues into the 18–19 financial year.

**Mr D. O'BRIEN** — Minister, can I just talk about the Victoria is Hiring campaign, which is about government jobs. Can you advise how much the Victoria is Hiring campaign has cost?

**The CHAIR** — I think, Mr O'Brien, that falls within the purview of the Special Minister of State, but the minister may wish to —

**Mr CARROLL** — I do not have the answer, Mr O'Brien, but it is actually a question you should direct to Minister Tierney, who has portfolio responsibility for that.

**Mr D. O'BRIEN** — Minister Tierney?

**Mr CARROLL** — Minister Tierney, I understand.

**Mr D. O'BRIEN** — No, this is Victoria is Hiring. This is about government jobs. It covers a whole range of things, and as the employment minister I would have thought you would be consulted on it at least.

**The CHAIR** — The advertising campaigns rest within the purview of the Special Minister of State, but I could be wrong.

**Mr D. O'BRIEN** — With respect, Chair, that is actually for the minister to —

**The CHAIR** — Sorry, I was merely trying to help, Mr O'Brien.

**Mr CARROLL** — Yes, look, the Chair is right. It is a central agency program in terms of advertising. But let us be frank: Victoria is hiring, and we have got record investments. You should have been there on Monday night with the 400 to 500 member audience at the Manufacturing Hall of Fame. Whether it be steel, glass, machining, defence or food and fibre, the state is hiring. We are going very well, but as with some of the questions earlier, we are doing it with heart as well. That is why we released our social procurement framework — to make sure Victorians from disadvantaged backgrounds, whatever their capabilities, also get every opportunity to work on a Victorian government project. And one of the great things for me is going around through our Major Projects Skills Guarantee, where we have mandated that 10 per cent of labour hours are for apprentices, trainees and cadets. I had the pleasure of joining the Premier and the Minister for Public Transport only last week to meet some of the apprentices working on the Metro Tunnel, and they are just thrilled to be working on —

**Mr D. O'BRIEN** — Minister, this was not an opportunity for you to —

**Mr CARROLL** — the biggest public transport project in the state's history.

**Mr D. O'BRIEN** — It was actually about the advertising. I appreciate that you have said you cannot tell me how much it is. The government made changes to the public sector communication standards in 2016 to remove politically contestable claims. The ad says things such as, 'We're building a stronger Victoria', and 'We're building better health and education systems'. How are these consistent with the changes to the bill that was passed in 2016 to remove political commentary from advertising?

**Ms SHING** — Point of order — are you asking for an opinion?

**Mr D. O'BRIEN** — No. I said: how is it consistent?

**Ms SHING** — You said: how are they consistent?

**Mr D. O'BRIEN** — That is not an opinion. It is asking for a description, Ms Shing. It is not asking an opinion.

**Ms SHING** — Why don't you just go to the Special Minister of State?

**Mr D. O'BRIEN** — So you do not agree? You do not like it, so you are going to —

#### **Members interjecting.**

**Mr D. O'BRIEN** — The question stands, Chair.

**Ms SHING** — You are actually asking for the minister to express an opinion in relation to —

**Mr D. O'BRIEN** — I am not. It is not an opinion.

**Ms SHING** — what you have just expressed around —

**Mr D. O'BRIEN** — How is this consistent with changes to the law in 2016? That is not an opinion. It is asking for him to —

**The CHAIR** — Order! I would like to thank the witnesses for their attendance: the Minister for Industry and Employment, the Honourable Ben Carroll, MP; Mr Hanney; Mr Ada; and Ms Healy. The committee will

follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request.

**Witnesses withdrew.**