

# Chapter 2

## Jobs and Small Business

2.1 This chapter summarises certain key areas of interest raised during the committee's consideration of Budget Estimates for the 2019-20 financial year for the Jobs and Small Business portfolio.

2.2 On 5 April 2019 and 10 April 2019, the committee heard evidence from:

- Senator the Hon. Michaelia Cash, Minister for Small Business and Family Business, Skills and Vocational Education; and
- Senator the Hon. Marise Payne, Minister for Foreign Affairs (representing the Minister for Jobs and Industrial Relations).

2.3 The committee also heard evidence from officers from the Department of Jobs and Small Business (the department) and several agencies responsible for administering jobs and small business policy. These agencies were:

- Asbestos Safety and Eradication Agency;
- Comcare and the Safety, Rehabilitation and Compensation Authority;
- Office of the Fair Work Ombudsman; and
- Safe Work Australia.

### **Department of Jobs and Small Business**

#### ***Cross Portfolio***

2.4 The committee briefly discussed advertising campaigns run by the department. Ms Kerri Hartland, Secretary, noted that advertising was split into a jobs campaign and a small business campaign and that during the 2018-19 financial year, \$15 million was attributed to jobs and \$7 million to small business.<sup>1</sup>

2.5 Further questioning arose regarding the breakdown of spending on each campaign by platform. Ms Moya Drayton, Group Manager, People, Communication and Assurance Group, stated:

For the 2018-19 financial year we [the department] spent \$5.2 million in television, \$1.3 million on radio, \$1.5 million in the press, \$1.7 million on digital, and we had the specialist publications, the CALD [Culturally and Linguistically Diverse] and indigenous, which was \$258,000 and \$148,000. For the small business campaign for the same current financial year we spent \$269,000 on television, \$174,000 on radio, \$137,000 on press, \$9,800 for indigenous publications and \$540 for CALD publications.<sup>2</sup>

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1 *Committee Hansard*, 5 April 2019, p. 10.

2 *Committee Hansard*, 5 April 2019, p. 10.

2.6 Questions were also raised about the protocol for advertising government initiatives during a caretaker period. Dr Jill Charker, Deputy Secretary, Corporate, noted that 'in the event that caretaker was to commence, it would cease immediately'.<sup>3</sup>

### ***Outcome 1***

2.7 There was questioning into the new Employment Services Model. The rollout of the Digital First self-service platform was of particular interest. When questioned if the digital platform was currently available, Mr Nathan Smyth, Deputy Secretary, Employment, responded:

We are currently running a digital trial. That platform will effectively form the basis of our new digital platform for the pilots as well. We currently have a number of participants in that digital online servicing trial, and that will become the basis for the new digital trial that we're going to roll out as part of the pilot. So that platform already exists and it will be enhanced continually. When we get into the actual pilot phase, there will be a process where we'll go through consultation with providers, and with participants as well, to help better inform us about how the design of that new digital platform will evolve over the three years of the trial.<sup>4</sup>

2.8 The committee also questioned funding arrangements for the new Employment Services Model. Ms Hartland noted that '\$249.8 million will be invested in the new employment services arrangements over the five years'.<sup>5</sup> She further stated that the funding includes 'the new employment services trial and includes extending jobactive and the complementary programs'.<sup>6</sup>

2.9 Further questions were asked about the funding breakdown for the pilot sites of the new Employment Services Model. Ms Benedikte Jensen, Group Manager, Employment Services 2020, stated that \$176.8 million had been allocated to the pilot overall. Of this, \$31.5 million was allocated for information and communications technology costs, \$102 million for new employment services payments, \$11.6 million for contact centre support, \$4.3 million for the impact on the Department of Human Services and \$27.4 million for related costs to establish and administer the new arrangements such as evaluation and communication costs.<sup>7</sup>

2.10 The committee inquired into the status of the Harvest Labour Services program. Mr Smyth noted the 'Seasonal Work Incentives Trial ceases in the middle of this year [2019]' and that 'the government has made an announcement about expanding and reforming the Harvest Labour Service program'.<sup>8</sup> When questioned on the funding for the Harvest Labour Services program, Mr Smyth noted it was

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3 *Committee Hansard*, 10 April 2019, p. 5.

4 *Committee Hansard*, 5 April 2019, p. 6.

5 *Committee Hansard*, 5 April 2019, p. 7.

6 *Committee Hansard*, 5 April 2019, pp. 7–8.

7 *Committee Hansard*, 5 April 2019, p. 20.

8 *Committee Hansard*, 5 April 2019, p. 26.

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'\$24.1 million over the forward estimates'.<sup>9</sup> Mr Smyth further noted that the department was expecting an increase in uptake of the program from 'around 1,200 currently to around 7,200 annually from 2020-21'.<sup>10</sup>

2.11 During the second day of hearings for the Jobs and Small Business portfolio, questioning focussed on the Youth Jobs PaTH program. The committee inquired into the current costs for the program. Mr Greg Manning, Group Manager, Youth and Programs Group, noted that 'in relation to the internships, \$15.92 million has been expended since April 2017. In relation to Employability Skills Training, it is \$44.5 million'.<sup>11</sup> Mr Manning further noted the cost for the Youth Bonus wage subsidies was roughly \$297.4 million.<sup>12</sup>

2.12 Mr Manning was further questioned about the number of participants who had completed the Youth Jobs PaTH program. He responded that 'in relation to PaTH internships, there have been 9,216 internship placements between 1 April 2017 and 28 February 2019. That was for 8,495 individuals, so some did more than one'.<sup>13</sup> Mr Manning further stated that 'in relation to employability skills training, there were 36,007 people who did the training between 1 April 2017 and 28 February 2019'.<sup>14</sup> He further noted that there were 51,710 commencements in employability skills training courses'.<sup>15</sup>

2.13 There was a significant line of questioning into the ParentsNext scheme. The committee discussed potential privacy issues with the scheme and allegations regarding participants being coerced into signing privacy waivers. Mr Ali Jalayer, Branch Manager, Youth and Programs Group, noted that the department had taken action to counter this, stating:

There have been a number of communications and directions provided to all providers, CEOs and frontline staff, reminding them that signing the privacy forms is not compulsory. They cannot coerce someone to sign them. You cannot have your payment suspended. You cannot be threatened. It is a consent form for getting access to sensitive, private information.<sup>16</sup>

2.14 The committee further inquired into complaints made against providers under the ParentsNext scheme. Mr Manning, when questioned about current matters under investigation, replied that 'there are some complaints that are still being investigated or

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9 *Committee Hansard*, 5 April 2019, p. 26.

10 *Committee Hansard*, 5 April 2019, p. 27.

11 *Committee Hansard*, 10 April 2019, p. 13.

12 *Committee Hansard*, 10 April 2019, p. 13.

13 *Committee Hansard*, 10 April 2019, p. 13.

14 *Committee Hansard*, 10 April 2019, p. 13.

15 *Committee Hansard*, 10 April 2019, p. 13.

16 *Committee Hansard*, 10 April 2019, p. 16.

that are unresolved' and that as at 31 January 2019 there were 10 unresolved complaints.<sup>17</sup>

2.15 The committee also inquired into the announced savings for the Better Targeting of Support for Refugees program. When questioned how changes to the program would save an estimated \$77.9 million, Ms Hartland replied:

Basically, it's a sequencing issue. We know through research...that refugees get their language skills up to a point of maximising their employability. What we have had in place is a bit of a mixture of things that are happening through jobactive without some of this cohort actually having the language skills available to them. This is really a sequencing to get language skills up to a good level to maximise employability and then move into jobactive.<sup>18</sup>

2.16 The Time to Work Employment Service was also briefly discussed. This scheme is a nationwide voluntary in-prison employment service for Aboriginal and Torres Strait Islanders. In regards to questioning on the number of participants in the program, Mr Manning noted that as of the end of February 2019, 331 people had volunteered for the program of which 45 had completed the service with an approved transition plan.<sup>19</sup>

2.17 Future funding for the Work for the Dole program was also raised. Ms Janine Pitt, Group Manager, Activation and Work for the Dole Group, when questioned about participant numbers for the program noted that from 1 July 2018 to 31 January 2019 there were over 45 000 unique participants.<sup>20</sup> Ms Hartland further noted that since the program's inception on 1 July 2015 the total cost had been \$424 million.<sup>21</sup> Upon questioning on the average number of Work for the Dole placements that an individual participates in, Mr Stuart Watson, Branch Manager, Activation and Work for the Dole Group, responded that 'across the whole contract it's 1.9'.<sup>22</sup>

2.18 The committee further inquired into the range of activities that Work for the Dole participants undertook. Ms Pitt noted that there are a wide range of Work for the Dole activities, stating:

...they might be working supporting animals at an RSPCA, they might be digitising records for a historical society, they might be doing Landcare work, they might be building community gardens or they might be doing office admin work for a community organisation.<sup>23</sup>

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17 *Committee Hansard*, 10 April 2019, p. 19.

18 *Committee Hansard*, 10 April 2019, p. 21.

19 *Committee Hansard*, 10 April 2019, p. 27.

20 *Committee Hansard*, 10 April 2019, p. 33.

21 *Committee Hansard*, 10 April 2019, p. 34.

22 *Committee Hansard*, 10 April 2019, p. 35.

23 *Committee Hansard*, 10 April 2019, p. 37.

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## **Outcome 2**

2.19 The committee commenced its examination of Outcome 2 by discussing the differences between the pilot Seasonal Worker Programme and the existing arrangements for seasonal workers. Ms Hartland noted:

There are four key areas of difference between the pilot and the existing arrangements. The first is around the ability to move workers between the pilot and existing arrangements. The second is around a change to the deed of agreement for approved employers that are participating in the pilot... The third is around some increased compliance presence on the ground, and the fourth is around labour market testing.<sup>24</sup>

2.20 The committee inquired into the steps taken by the department to ensure that Seasonal Worker Programme participants receive proper pay and work conditions. Mr Martin Hehir, Deputy Secretary, Workplaces and Small Business, noted that the department would be 'using existing approved employers who have a good track record'.<sup>25</sup> Mr Hehir further noted that the department has worked 'closely with the Fair Work Ombudsman in relation to any complaints or issues, and we [the department] have referred approved employers to the ombudsman for investigation where issues have been identified'.<sup>26</sup>

2.21 The committee further inquired into the Fair Entitlements Guarantee (FEG) and the recovery action taken in regards to Queensland Nickel. Ms Sue Saunders, Acting Group Manager, Workplace Relations Programs Group noted that the 'FEG scheme advanced \$66.86 million to 759 employees who were retrenched from Queensland Nickel when it went into liquidation in April 2016'.<sup>27</sup>

2.22 The committee concluded proceedings with questions into findings of the 2017-18 Australian Government Pay On-Time Survey which were released in February 2019. Ms Hartland noted that the survey findings found that:

...97 per cent of invoices covered by the policy were paid on time, which was an increase from 96 per cent in 2016-17. So it went from 96 per cent to 97 per cent. There's also been a large improvement in the number of invoices paid within 20 calendar days. It went from 57.5 per cent to 71.2 per cent. It indicates that payments are going faster to small businesses—that's around providing goods and services to government.<sup>28</sup>

## **Comcare**

2.23 Inquiries were made into the current satisfaction rates for employers and injured workers. Ms Lynette MacLean, Acting Chief Executive Officer, when questioned on potential policies Comcare could undertake to increase satisfaction rates

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24 *Committee Hansard*, 5 April 2019, p. 31.

25 *Committee Hansard*, 10 April 2019, p. 44.

26 *Committee Hansard*, 10 April 2019, p. 45.

27 *Committee Hansard*, 10 April 2019, p. 47.

28 *Committee Hansard*, 10 April 2019, p. 51.

noted that the agency was constantly reviewing their key performance indicators and looking at ways to improve satisfaction.<sup>29</sup>

2.24 When further questioned on specific steps taken by the agency to improve satisfaction levels, Mr Aaron Hughes, General Manager, Scheme Management, stated:

From a scheme and subordinate legislation point of view of rehab and return to work, Comcare has been engaged with our stakeholders for some time on a review of the section 41 guidelines for rehabilitation authorities. There is also work happening through the Heads of Workers' Compensation Authorities in relation to the framework for approval of workplace rehab providers....we [Comcare] sometimes hear from rehab authorities that providers are part of the issue as well. A raft of work is happening in the subordinate legislative space. There are also pieces like further e-modules or e-products which we're making available to the jurisdiction to help rehab case managers work through the processes and understand what's better practice in these spaces. There is a long list of things we're doing in that space.<sup>30</sup>

2.25 The committee also inquired into the support provided by Comcare to its inspectors and health and safety representatives. Mr Justin Napier, General Manager, Regulatory Operations, responded that 'Comcare runs training programs for health and safety representatives'.<sup>31</sup>

2.26 This progressed into questioning into the number of workplace fatalities that fell under the jurisdiction of Comcare. Mr Napier noted that in 2017-18, 24 fatalities were notified to the regulator.<sup>32</sup>

### **Fair Work Ombudsman**

2.27 The committee commenced questioning of the Fair Work Ombudsman (FWO) by inquiring into new structuring measures for the sham contracting unit. Mr Michael Campbell, Deputy Fair Work Ombudsman, Operations, noted that the 'sham contracting unit would be effectively a compliance team within the operations group'.<sup>33</sup> When questioned where the unit will be based, Mr Campbell responded:

We tend to try and base it where the work is but also where we can get the best candidates for it. So we would look to have a presence certainly in Sydney and Melbourne, where the largest portion of our inspectorate operations are, but we would also look to do some analysis and testing about where else we might want to place some of our inspectors to make sure we get them most involved in this work.<sup>34</sup>

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29 *Committee Hansard*, 5 April 2019, pp. 38–39.

30 *Committee Hansard*, 5 April 2019, p. 40.

31 *Committee Hansard*, 10 April 2019, p. 55.

32 *Committee Hansard*, 10 April 2019, p. 56.

33 *Committee Hansard*, 5 April 2019, p. 43.

34 *Committee Hansard*, 5 April 2019, p. 43.

2.28 The committee further inquired into litigation and compliance cases being undertaken by the FWO. Mr Campbell noted that the FWO's 'enforcement outcomes are up year-on-year. Litigation...is about steady'.<sup>35</sup> The committee further noted that the FWO was involved in a series of high profile prosecutions during the previous year. Ms Sandra Parker, Fair Work Ombudsman, responded:

We do have 50. Not all of them are high profile. We do get media coverage—there is no question. In terms of big-name companies and so on, that's probably what you notice more than others, but we're certainly getting very positive outcomes from courts. So, I don't think it's changed that much. We have priorities and we're reviewing that and we're reviewing pretty carefully what we litigate. I think what you are getting at is right—that we have to litigate where it is going to have a big impact so that people get the message and it sends a message out to the community.<sup>36</sup>

2.29 Questions also arose regarding problematic industries and sectors in regards to the underpayment of workers. Ms Parker noted:

We have a set of annual priorities we focus on. Some of those are sectors and some of those are cohorts, if that makes sense. One of the sectors I mentioned was horticulture. We have ongoing concern about the horticultural industry and we're working with the sector pretty closely on all of that. Then we have cohorts such as vulnerable workers. 'Vulnerable workers' is a pretty board thing, but, in particular, we're interested in migrant workers. Migrant workers have a number of categories. They're often young, they often don't have English as their first language, they don't understand the laws in Australia necessarily and so on. You know all these things, of course. They're a cohort we focus on across all our sectors.

Fast-food restaurants and cafes are another big one for us. They've been getting quite a bit of attention in the media, too, as you probably know. Another one we have in highlights—and these are not the only areas we focus on—is supply chains, particularly new franchisees, new franchisors.<sup>37</sup>

2.30 The committee also looked into the increase in court ordered penalties awarded to the FWO since 2015. Ms Janine Dennis, Senior Counsel, when questioned whether the FWO was expecting a similar increase in 2018-19, responded:

In terms of penalties, at the end of last month we were at \$3.8 million, and the year before—so in the last complete financial year—we got about \$7.2 million. So last year we did have record penalties. As I said, it was an increase of about 42 per cent on the year before that, because in 2016-17 we got about \$4.8 million. So we're on track for exceeding, I would think, the 2016-17 court-ordered penalties. Whether we exceed the \$7.2 million will remain to be seen, because you can't exactly tell what penalties a court will order in the next few months, towards the end of the year. But I think we're

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35 *Committee Hansard*, 5 April 2019, p. 45.

36 *Committee Hansard*, 5 April 2019, p. 45.

37 *Committee Hansard*, 5 April 2019, p. 46.

on track to exceed certainly the year before, 2016-17, and we'll be close to last year this year as well, I would think.<sup>38</sup>

## Safe Work Australia

2.31 The committee commenced questioning of Safe Work Australia by inquiring into its response to the silicosis issue. Ms Michelle Baxter, Chief Executive Officer, noted that in December 2018, 'Safe Work Australia took to its members a proposal for a work plan in relation to occupational lung disease more generally'.<sup>39</sup> Ms Meredith Bryant, Acting Branch Manager, Hazards, further stated:

The comprehensive lung diseases work plan will be implemented throughout 2019 and 2020, and the aims of it are to raise awareness of the duties and control measures for eliminating and minimising airborne contaminants that cause occupational lung disease at the workplace and also to inform the development of effective national policy. Our work plan is based on identified issues and includes key initiatives that supplement the compliance and education activities being undertaken by the states and territories.<sup>40</sup>

2.32 The committee further discussed the response of Safe Work Australia to the findings laid out in the *Review of the model WHS laws* by Ms Marie Boland as well as the recommendations from the Education and Employment References Committee report entitled *They never came home—the framework surrounding the prevention, investigation and prosecution of industrial deaths in Australia*. Ms Baxter responded:

There are two separate streams of work occurring in relation to those at the moment. In relation to the independent review of the model work health and safety laws—the Boland review for short—that report went to Safe Work Australia members at their December [2018] meeting. They commended the report to work health and safety ministers as well as asked work health and safety ministers for early release of that report so that members of the public could be made aware of exactly what's in that report. The work health safety ministers gave their agreement to early publication of the report. It was published on the Safe Work Australia website on 25 February this year. The Safe Work Australia agency is at the moment working through the COAG regulatory impact statement process in conjunction with the Office of Best Practice Regulation with a view to developing a consultation RIS that will be released next month for a public consultation period, after which a decision RIS will be drafted by the agency. Office of Best Practice Regulation approval will be sought. That decision RIS will then go to work health and safety ministers, who are the decision-makers in relation to the recommendations in the Boland review, who will then make a decision in relation to that suite of recommendations.<sup>41</sup>

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38 *Committee Hansard*, 10 April 2019, p. 63.

39 *Committee Hansard*, 10 April 2019, p. 67.

40 *Committee Hansard*, 10 April 2019, p. 67.

41 *Committee Hansard*, 5 April 2019, pp. 67–68.

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2.33 In relation to actions taken to implement the recommendations from the aforementioned Senate inquiry, Ms Baxter noted that:

Minister O'Dwyer has written to her work health and safety ministerial colleagues across Australia to ask that they agree that Safe Work Australia give consideration to implementing and acting upon those recommendations that the inquiry report directed towards Safe Work Australia.<sup>42</sup>

### **Asbestos Safety and Eradication Agency**

2.34 The committee inquired into the status of the Asbestos Safety and Eradication Agency's (ASEA) strategic plan. Ms Justine Ross, Chief Executive Officer, noted that the plan is still in draft form.<sup>43</sup> Ms Ross further noted that the ASEA held a conference in November 2018 and subsequent workshops to discuss the eight targets of the strategic plan.<sup>44</sup>

2.35 In addition, Ms Ross stated that the Minister for Jobs and Industrial Relations wrote 'to state and territory ministers with responsibility for work health and safety seeking their approval [of the draft strategic plan]. She did that, and letters were sent on 12 March [2019]. At the moment, it's sitting with state and territory ministers to get their approval'.<sup>45</sup>

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42 *Committee Hansard*, 10 April 2019, p. 68.

43 *Committee Hansard*, 10 April 2019, p. 71.

44 *Committee Hansard*, 10 April 2019, p. 71.

45 *Committee Hansard*, 10 April 2019, p. 71.

