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Proof Committee Hansard

SENATE

EMPLOYMENT, EDUCATION AND TRAINING
REFERENCES COMMITTEE

Reference: Regional employment and unemployment

TUESDAY, 16 JUNE 1998

LAUNCESTON

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SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Tuesday, 16 June 1998

Members: Senator Crowley (*Chair*), Senator Tierney (*Deputy Chair*), Senators George Campbell, Carr, Denman, Ferris, Stott Despoja and Synon

Substitute members: Senators Mackay and Allison

Participating members: Senators Abetz, Allison, Bolkus, Brown, Carr, Colston, Forshaw, Mackay and Margetts

Senators in attendance: Senators Crowley, Denman, Ferris, Mackay and Tierney

Terms of reference for the inquiry:

- (1) An assessment of the factors that contribute to the disparity in employment levels between different regions and also between regions and capital cities, as well as the continuing high levels of regional unemployment, with particular reference to:
 - (a) the impact on job opportunities as a consequence of increases or decreases in the level of federal, state and local government funding and services;
 - (b) the direct and indirect loss of income to regional communities;
 - (c) its impact on the level of private sector investment and activity in regional communities;
 - (d) the effectiveness of labour market programs and vocational education and training on job creation in regional areas; and
 - (e) assessment of the effectiveness of current and previous governments' funding and program delivery in promoting regional job creation.
- (2) an examination of remedial strategies that have or can contribute to reducing regional unemployment, including any overseas experiences.

WITNESSES

ADAMS, Mr Dick, MP, Parliament House, Canberra, Australian Capital Territory 506

BLACK, Mr Tom, Northern Regional Manager, Tasmanian Development and Resources, 22 Earl Street, Launceston, Tasmania 543

BURNS, Mr Kerry Ross, Assistant Director, Policy Division, Department of Premier and Cabinet, Level 7, 15 Murray Street, Hobart, Tasmania 543

FALK, Dr Ian Henry, Director, Centre for Research and Learning in Regional Australia and Language Australia Research Centre, University of Tasmania, PO Box 1214, Launceston, Tasmania 7250	497
HORTON, Mr Gavin John, Programs Manager, JobNet Tasmania Inc., 403 Invermay Road, Mowbray, Tasmania 7248	532
MORROW, Mr Hugh Peter Roche, Senior Policy Analyst, Policy Division, Department of Premier and Cabinet, 15 Murray Street, Hobart, Tasmania	543
ROUTLEY, Alderman Ian James Norman, Alderman, Launceston City Council, PO Box 396, Launceston, Tasmania 7250	524
THOMAS, Mrs Sheryl Lois, Executive Officer, Tasmanian Employment Advisory Council Inc., 70 Elizabeth Street, Launceston, Tasmania, 7250	485
TODD, Ms Iris Jacqueline, General Manager, Glenorchy Skillshare Inc., PO Box 33, Claremont, Tasmania 7011	517
WATKINS, Dr Richard, Chair, Tasmanian Accreditation and Recognition Committee, and Chair, Tasmanian Training Agreements Committee, Tasmanian State Training Authority, 99 Bathurst Street, Hobart, Tasmania 7000	543

Committee met at 8.40 a.m.

THOMAS, Mrs Sheryl Lois, Executive Officer, Tasmanian Employment Advisory Council Inc., 70 Elizabeth Street, Launceston, Tasmania, 7250

CHAIR—I declare open this public hearing of the Senate Employment, Education and Training References Committee. Today's hearing at the Albert Hall in Launceston is part of the committee's inquiry into regional employment and unemployment. I welcome Mrs Sheryl Thomas. The committee prefers all evidence to be given in public, but should you at any time request that your evidence, part of your evidence or answers to specific questions be given in camera, you may ask to do so and the committee will consider your request. I point out however that evidence taken in camera may subsequently be made public by order of the Senate. The committee has before it submission No. 189 dated 10 June 1998. Are there any alterations or additions you wish to make to that submission at this point?

Mrs Thomas—Yes, there are, and I have passed that information on.

CHAIR—We have already received that?

Mrs Thomas—Yes.

CHAIR—Is it the wish of the committee that the submission plus additions be received? There being no objection, it is so ordered. Would you like to make a brief opening statement and then we will put some questions?

Mrs Thomas—The Tasmanian Employment Advisory Council is the area consultative committee for Tasmania and represents the whole region of Tasmania. There are 15 members of the TEAC committee comprising 70 per cent of business, 20 per cent representing community groups—being, indigenous, youth and migrants—and the other 10 per cent being Tasmanian development and resources, TCCI and TTLC. In summary, the issues affecting Tasmania are: our very difficult economic position; the highest state net debt; a high rate of unemployment—in April it stood at 10.7 per cent compared with the national average of eight per cent; and a very high youth unemployment of 35.1 per cent in March 1997, rising to 40.3 per cent in March. The northern Mersey-Lyell subregion has the highest level of youth unemployment.

Tasmania is also being affected by the population decline. One of the major causes has been the young people moving from Tasmania. This has shown through in a loss of the higher level of skills to the state, loss of purchasing power within the state and a low birthrate. Tasmania also has an older population, and this is expected to increase. A Commonwealth-state inquiry into the Tasmanian economy was commenced in October 1996 and the report was released in July 1997. This has become known as the Nixon report, *Tasmania into the 21st century*, and has become the blueprint for Tasmania's future, with the Premier also releasing the direction statement, closely aligned to the Nixon report, in April 1997.

The Nixon report undertook extensive consultations for the whole of Tasmania. Through consultations, Tasmanians are very concerned about the future of their state and are desperate for any improvements in their fortunes. The Nixon report highlighted changes along with the direction statement, including the partial sale of Hydro to reduce state debt, government reform through local and state government and the promotion of industry development in information technology and industries highlighted with tourism, agriculture, forestry and aquaculture.

As to the industry changes, Tasmania is made up of a large number of small businesses operating with between one and five employees. The requirement to plan ahead and develop a broader local industry business base is imperative. It needs a coordinated approach through governments, both state and local, and industry regional development organisations to determine the long-term strategies.

The requirement for government and large manufacturing companies to restructure has had a devastating effect on Tasmania through the downsizing and closure of a number of areas, especially with what we have seen recently. However, I dare say, like some other areas, we do not always look for the warning signs which are often given. There are protectionist measures put in place for a short period of time, but that does not always stop the closure of a number of these companies.

Small businesses must act on their advantage—short, flexible production runs, tailoring to niche markets, building on local strengths and expertise, and inducement of export beyond the local region. Small business has indicated a desire for the establishment of financial assistance for developing and expanding their operations. Financial assistance between \$20,000 and \$100,000 is the value that they are seeking.

In many rural areas where the closure of banks has occurred it has had a detrimental effect on their ability to raise funds to develop their businesses. Business development programs typically involve turnover thresholds of maximum expenditure levels to qualify for assistance. Investment in small business will only occur if Tasmania's economy increases.

Vocational education is a key in the secondary school environment. It is also required to meet the needs of small business and to become attractive for the development of skills in our older workers who are being retrenched from our industries. These older workers, unfortunately, usually fall into low levels—especially coming out of the manufacturing industries—of literacy and numeracy skills. Therefore, it is very difficult for them to adapt to change.

An increase in the Commonwealth funding for WELL programs would be acknowledged. Vocational education must produce students with literacy, numeracy, information technology skills and problem solving skills and innovation to be able to help us meet the changing needs of industry.

We also need to establish a training culture within small business. It has been noted through a report that the Tasmanian Employment Advisory Council has done into skills imbalances that small businesses are unaware of their future training or business requirements 12 months ahead, let alone being two years ahead to be able to predict their requirements. Therefore, it puts us in a catch-22 situation as far as making training available to suit the industry's needs. The new apprenticeship system is a way that we can certainly promote the flexibility of the training requirements and attach part-time apprenticeships to small businesses.

CHAIR—Could you wind up shortly because then we can all ask questions. If there is something more to add, maybe it could come out in questions.

Mrs Thomas—Okay. I will just go on to a report that has been commissioned by TEAC, *School to work in a chilly climate*, which has noted the lack of a cohesive government approach to vocational education and training; that school to industry training has been rewarded for the development of efforts, not outcomes achieved.

TEAC has been closely associated with the regional assistance program with the Department of Employment, Education and Training and, over the last 12 months, has secured approximately \$1.2 million worth of projects to assist regional Tasmania. I will conclude on that note.

CHAIR—Thank you very much, Mrs Thomas.

Senator FERRIS—Mrs Thomas, could I pick up the comments you made in closing your introductory remarks when you were talking about the regional assistance programs, the RAPs, as I think they are known?

Mrs Thomas—Yes.

Senator FERRIS—I understand from your submission here that an additional \$13 million was made available in 1998-99 through the last federal budget.

Mrs Thomas—That is correct.

Senator FERRIS—Can you explain to me how you would see that money being disbursed and, in a practical sense, how that will be used to try to generate more jobs?

Mrs Thomas—I will speak from a Tasmanian perspective. We need to take a long-term approach, to look at areas that are being threatened through downsizing of industry. Again, I will take the Burnie area. We have quite often attached bandaid approaches; we need to take a step back. Funding has just been made available for the development of a second business incubator for Tasmania which will be located in Burnie.

We need to look at the skills within the area to be able to develop industries to suit the needs of the region. The mining area is one area we can look at. Also, the agricultural areas are part of the direction statement, and the forestry areas too. We need to promote long-term employment opportunities—not for the next two years, but for the next decade at least.

Senator FERRIS—What role has your organisation played in, for example, the decision of Ansett to establish the call centre—which I believe has resulted in up to 200 jobs—and with perhaps some of those other national organisations? I think Westpac has also located a new business operation here.

Mrs Thomas—That is correct.

Senator FERRIS—What sort of liaison role would your organisation play in the development of those sorts of things?

Mrs Thomas—As far as Ansett is concerned, that was virtually established before TEAC was established. However, we have undertaken a report looking at the skills requirements and the skills availability within the northern region, which has assisted in promoting the skills availability for Westpac to set up within the Launceston region. Also, it has had an impact on Telstra establishing within Launceston.

So TEAC takes a very broad, holistic approach to Tasmania, looking at the skills availability. We have found that there is an underemployment rate in Tasmania, that there are many people out there that have got the skills suitable to call centres but are not employed in a manner that they wish to be, so the call centre is certainly meeting those needs.

Also, our region makes accessibility to the call centres very easy. That has been highlighted on two occasions as far as Ansett are concerned. They can call in their staff at very short notice.

Senator FERRIS—I wonder if you could also explain how your organisation would be involved, for example, with the sale of Tasrail? I believe \$2 million has come back into Tasmania. Would you be involved in any way in the decisions that are made about prioritising the expenditure of that money?

Mrs Thomas—We certainly were involved. We received the submissions. We carefully read through them, collated them and made recommendations. It was in conjunction with our recommendations that a number of companies received funding. I dare say that it is very rare for government funding to be made available for the purchase of equipment. This has certainly helped in the furniture industry with Rex Heathcote being able to buy a veneer press within Island Block and Paving, being able to buy additional equipment to get into the Asian market. That therefore creates employment growth and uses the resources within the region of Tasmania.

Senator FERRIS—And your organisation helps with the prioritising of that expenditure.

Mrs Thomas—Yes, we certainly looked at the amount of funding that they were looking at for the employment growth.

Senator DENMAN—Mrs Thomas, you spoke of export inducement. Could you elaborate on that, please?

Mrs Thomas—Quite often Tasmanians look at export to our mainland capital cities. What we must do is look further than our mainland capital cities to overseas markets. Tasmania needs to network more closely to be able to meet the critical mass. Austrade is certainly helping in that area, but there needs to be more work done by organisations or companies working together. Unfortunately, in many areas, companies are not very prepared to join forces. They say, 'This is my lot. I do it extremely well.' If they could only look a little further and join forces, they could do it a lot better and they would be able to meet the larger export targets.

Senator DENMAN—Do you think our isolation has any bearing on the fact that they do not look further?

Mrs Thomas—In some cases it does. In other cases we have absolutely excellent industries, such as INCAT. Bass Strait provides no barrier. We certainly need to keep the Bass Strait freight equalisation scheme. It does cost quite a deal to export from Tasmania than it does from the capital cities of Melbourne and Sydney. Therefore, we have to be clever in our export targets.

Senator DENMAN—Do you think Tasmania should be treated as a whole region or subregions?

Mrs Thomas—Tasmania is a whole region.

Senator DENMAN—I know people who would disagree with that.

Mrs Thomas—For TEAC and our committee we treat Tasmania as a whole region. For statistical purposes, we do have to break it down into two subregions being northern Mersey-Lyell and the southern area, but that is only for comparison as far as statistics are concerned. Tasmania is a whole region. That is why there is only one ACC for Tasmania.

Senator MACKAY—I just wanted to ask you about the changed role of ACCs under the new employment services market.

Mrs Thomas—Yes, Job Network.

Senator MACKAY—In the estimates last week we heard that the government is already projecting substantial cuts with regard to the new employment services market, even though it has not really got off the ground. They are projecting in the order of \$140 to \$150 million. There was some allocation going to RAPs, which I think Senator Ferris has covered.

Mrs Thomas—Yes, she did.

Senator MACKAY—Maybe you could correct me, there does not seem to be additional funding going into the ACCs for the expanded and fairly comprehensive role that you are going to have with regard to the employment services market. How do you see your role in Tasmania in that respect? Have you got funding for it?

Mrs Thomas—Tasmania is making a special case to gain additional funding because of our high rate of unemployment. At this stage, the ACC administrative is me and a research officer.

Senator MACKAY—It is not overresourced then.

Mrs Thomas—It is certainly not overresourced. To be able to do credit to Tasmania, we certainly do need further resources. Our role in the Job Network is one of assessing its implementation. We do not actually go round and see how each provider is undertaking their role. However, what we must do is ensure that the Job Network is meeting the needs of industry and, more importantly, the needs of job seekers within all areas of Tasmania. There are 23 Job Network providers for Tasmania—11 of those are providing outreach services to our rural and isolated areas.

Senator MACKAY—That is a fairly comprehensive task in itself in terms of outcomes measurement, to see whether the Job Network is meeting the needs of what you say is a very depressed labour market situation.

Mrs Thomas—It is.

Senator MACKAY—When you say you have put in for special case funding, what do you mean by that? Have you said, ‘We do need some additional resources in order to do this because we have such a high unemployment rate’?

Mrs Thomas—Yes, I certainly have, and I have requested approximately \$200,000 for administration. At this stage, we have received approximately \$105,000 for administrative funds. Then we will be seeking additional RAP funding for projects. There will be an advertisement placed shortly for projects under RAP funding for the following financial year. I do have a number of projects that I am working on at the moment: one especially with youth and one on Flinders Island. We have just made an allocation of funding for King Island that hopefully will create 23 employment opportunities with UHT milk. As I said before you came in, TEAC in conjunction with DEETYA have allocated approximately \$1.2

million of RAP funding from May until June of this year, with the establishment also of two business incubators which will assist in micro-economic development, one being at Burnie, which was extremely timely.

Senator MACKAY—Can I get clear what you are asking for. This is important for us in terms of what the ACC's resourcing capacities are. Your oncosts or your recurrent grant is \$100,000, is it?

Mrs Thomas—Yes, that is right.

Senator MACKAY—And you are asking for an additional \$200,000?

Mrs Thomas—No, an additional \$100,000, to make it up to \$200,000.

Senator MACKAY—That is specifically for the increased role in Job Network monitoring.

Mrs Thomas—Job Network monitoring and RAP funding. We must get out and promote RAP funding and look at the long-term objectives that RAP funding can bring to Tasmania for employment growth.

Senator MACKAY—Have you had any indication whether or not you might get this additional funding?

Mrs Thomas—At this stage, it is looking quite positive.

Senator MACKAY—Is that from DEETYA?

Mrs Thomas—Yes, and when Minister Kemp came down to launch the Job Network on 22 April, he also indicated that Tasmania did require some special assistance, although there were no dollar values put to that.

Senator MACKAY—On the basis of that, you think it is possible and that the signs are positive from Canberra for additional funding?

Mrs Thomas—The signs are positive.

Senator MACKAY—That is good then.

Mrs Thomas—And I will certainly pursue it, I can assure you.

Senator MACKAY—We probably will too.

CHAIR—Concerning the points that I thought were particularly important, you found out that a very significant proportion of small businesses have never employed an apprentice or a trainee.

Mrs Thomas—Yes, within the northern half of Tasmania.

CHAIR—What proportion is that? Would it be 50 per cent of small businesses?

Mrs Thomas—I am sorry, I cannot give you an exact proportion. It was from a survey of 800-odd businesses within the greater northern region.

CHAIR—And what you can say is that a very large number have never had an apprentice.

Mrs Thomas—A very large number, yes.

CHAIR—Do you reckon, if I went for 70 per cent, this would be too large?

Mrs Thomas—I think if you went for about 60 per cent, you would be—

CHAIR—Sixty per cent; that is much more than half. You have also commented that an issue for TEAC is to promote services available to small businesses to assist in long-term viability, Job Network, new apprenticeship and flexibility to training?

Mrs Thomas—Yes, through the new apprenticeship centres.

CHAIR—What else are you doing to try to persuade employers that it is in their best interests to take somebody else on?

Mrs Thomas—Certainly working through the vetting schools program gives them an excellent opportunity to see the value of young people. A great many of them are stating that young people are not coming out with numeracy, literacy and communication skills and we must prove to them that education is starting to try to meet their needs; although, as I said earlier, it is very much a catch-22 situation. The majority of small businesses do not have a training ethos. They do not have training plans in place. Therefore, it is very hard for education and training to meet the needs of industry because it is ever changing.

CHAIR—Have you had any complaints from employers who have been shocked to discover that they now may have to pay for Job Network services and assistance to find somebody to work for them?

Mrs Thomas—I will not go as far as to use the word ‘shocked’. Perhaps they have been unaware that they may have to pay. Some of them have taken it well by saying, ‘If we had gone to other private agencies, we always paid for it in that manner.’ Not always have they used the services of the CES.

CHAIR—Certainly other submissions to us for today indicate that a lot of employers are really taken aback by having to now pay for what previously they did not have to pay for. Have you found that this is now one of those things that is working against your best intentions, that just when you were getting employers to think this way, suddenly there comes a reason for them to think that way?

Mrs Thomas—I think that employers are becoming quite accustomed to change, unfortunately, and therefore, are particularly hesitant to progress with training employment. We have seen so many changes over the last five years that they are saying, ‘What is coming through next?’ When the Job Network was first put through, we had EPEs, PEPEs and ELTEs, and now we have gone to new apprenticeships.

CHAIR—The evidence that we have been given in other regions says that what Australia needs to create jobs is investment and the only way you will get investment, particularly private investment, is if you have a commitment by government for investment with infrastructure, particularly schools, social security, Medicare offices, state and federal government, commitment to the region, on the back of which comes private investment. You seem to be nodding in accord with that.

Mrs Thomas—Yes, I am.

CHAIR—Things that Tasmania have done which have been quite singular, for example, growing the best and most lavender for the French perfume industry, who thought of that, government or somebody with a creative imagination?

Mrs Thomas—That was private enterprise.

CHAIR—I thought you might say that. One of the things that is also emerging, it seems to me, is that imagination is there but to make imagination turn into a sustainable idea is quite hard.

Mrs Thomas—Yes, it is.

CHAIR—Do you know what sorts of things are fostering imaginations in the Mersey-Lyell region?

Mrs Thomas—Sheer, utter determination to succeed.

CHAIR—What would you recommend to this committee that we should be doing to assist those people who have the ideas to invest in the long term?

Mrs Thomas—As I stated earlier, small business is asking for a pool of funding that they can access.

CHAIR—What for?

Mrs Thomas—For being able to progress their industries. I am talking about smaller industries. Larger industries have access to the larger pool of investment funds which are available through government instrumentalities, but in small business usually the bank is your only port of call. When the bank says no, that is it.

We get back to what the TDR was offering some five or six year ago with a pool of investment funds—although one would hope that it would be better treated and better delivered than occurred before—making available between \$20,000 and \$100,000 to kick-start those businesses to allow them to purchase small pieces of equipment that give them the ability to produce and to meet the niche marketing, and perhaps to put on an additional person. There are many people in small business out there working horrendous hours through sheer and utter determination because they have a desire to succeed.

CHAIR—How many jobs have been lost with the transfer to Job Network? Can you tell us that?

Mrs Thomas—No, I am sorry, I cannot.

CHAIR—Will you be able to?

Mrs Thomas—I think that is extremely difficult because there are a number of people who have gone from the CES into Centrelink and who have been, as I call it, rebadged under the other Job Network services.

CHAIR—Across the rest of Australia there has been a significant job loss with the transfer. Is that also true of Tasmania?

Mrs Thomas—I do not have the figures to be able to make a statement on that.

CHAIR—Our advice seems to suggest so, and I guess that is also a matter of concern when what precious jobs there are are also being lost.

Mrs Thomas—There has also been government downsizing in other areas across the board and not just within the Job Network area of employment.

CHAIR—That is for sure, but it is also in Tasmania that that has happened. Is it your understanding that that is the case, but you have no idea what the numbers would be?

Mrs Thomas—That is exactly right.

CHAIR—In terms of this pool of funding for small business, if I can go back to that, you made the comment before that as banks—and regional banks in particular—close, access to funds through banks is even harder.

Mrs Thomas—Yes, that is exactly right.

CHAIR—I can understand that, but can you spell that out? Is it because it is not really possible to seek venture capital, even for a small venture, without the bank manager getting to see the whites of your eyes, so you now have to travel all the way to Launceston or Hobart?

Mrs Thomas—It is not always quite seeing the whites of the eyes, but because the region has been downgraded within the bank's eyes, they are not able to borrow the percentage of capital that they would have been able to if the bank had been in the region, because the bank managers in other areas are, I dare say, a little unsure of the area's capabilities.

CHAIR—This is one of the messages we are getting. I think you have just given us a brilliant example of one of the major difficulties. People keep saying that as the federal government, the state government and the banks all pull out, they are sending a very clear message that this is a—I nearly said a vulgar word—rotten end of town; this is a place that no-one really believes in. They seem to be saying that because there is nobody there now, we cannot invest in it. But, excuse me, if they had stayed, would it not have been different? It is almost as if they are creating a self-fulfilling prophecy and a downward spiral. The first thing we need is for them to stop acting as though this is not a good region to be in. They go and then that proves the point that you should not stay there. This must make it very difficult.

Mrs Thomas—It has made it very difficult. I know of one person wishing to expand their business, and they have done so now, but it has been, again, through sheer determination to succeed.

CHAIR—Did they have to go far away to contact banks to get the money?

Mrs Thomas—They had to go from the east coast into Launceston.

CHAIR—From the east coast?

Mrs Thomas—Yes, from the St Helens area.

CHAIR—Where was the bank—at St Helens or Launceston?

Mrs Thomas—They have gained funding through the bank in Launceston now.

CHAIR—So from St Helens they had to come up to Launceston?

Mrs Thomas—Yes.

CHAIR—It is a long drive. I have done it.

Mrs Thomas—It takes an hour and a half.

CHAIR—Quite often, school children have to board in Launceston from this area of town, don't they?

Mrs Thomas—Yes, they do to gain access to year 11 and 12. One of the downsides within any region is that young people have to leave their locality to be able to access further education.

Senator MACKAY—We are talking about this industry development fund; I think there has been a demonstrable and proven need for an industry development fund for SMEs in terms of access to capital. With regard to Tasmania specifically, where do you see us going in terms of industry? What businesses or what industries do you see as being suitable for Tasmania? There is a niche marketing aspect.

Mrs Thomas—I think that we need to follow the direction statement set by the Premier, set by Nixon. There has been a great deal of strategic planning and alliances built with New Brunswick in Canada, which has shown us that they have been able to turn their economy around.

We are certainly showing it through the development of information technology in call centres. The establishment of the business incubator in Launceston is based on information technology, micro-businesses, assisting them to grow. Also there is our clean green image, our wonderful water, and the promotion of our agricultural, vegetable growing, dairy industries, our forestry, our renewable resource within forestry for downstream processing—not so much the pulp end of it. We have beautiful timbers that can be used and value added. There has already been a delegation to China with our timbers. We must become a clever state with regard to information technology, and promote our clean green image, as far as our agricultural areas are concerned.

Senator MACKAY—I have a final question on IT. I think that is all very laudable and, if it comes off, it is great. I just cannot see us getting past Victoria. Alan Stockdale—

Mrs Thomas—I think we have already.

Senator MACKAY—In terms of the low end, which is call centres, which is low skill. In terms of the higher end, where you have got higher wages and more innovative stuff, they are just killing us in Victoria; Stockdale is just killing us. It is terrible. I do not know how we are going to get past that. They are putting huge amounts of money in.

Mrs Thomas—I think that we promote to our universities and our young people that we do have the skills here. It is something that cannot be done on a short-term basis. Everything must be planned for. We must keep our young people with good skills within this state, to be able to promote access to the higher level of these types of industries.

CHAIR—Thank you so much for your contribution. That is very useful indeed for our deliberations today.

[9.20 a.m.]

FALK, Dr Ian Henry, Director, Centre for Research and Learning in Regional Australia and Language Australia Research Centre, University of Tasmania, PO Box 1214, Launceston, Tasmania 7250

CHAIR—Welcome, Dr Falk. The committee prefers all evidence to be given in public, but should you at any time request to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will give consideration to your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate as has happened in recent years. The committee has before it submission No. 92 dated 30 April 1998. Are there any alterations or additions you would like to make at this time?

Dr Falk—I have developed some of these issues into a paper, and I have copies for all of you, and some supplementary information in case it is required.

CHAIR—Dr Falk, would you like to make an opening statement?

Dr Falk—Ours is a national centre which does research into vocational education and training as it affects regional Australia. My plan is to give you an overview of the way that we are interpreting the results of our various research projects in that regard. One in particular came to light recently, and I will talk to that. I also had some feedback from our board member on the Australian National Training Authority recently, which is not included well in the first document, so I will talk to that. The second page of the written submission contains a table which I have on overhead, but I will not bother putting it up. In brief, if you look down the left hand column of that table you will see that I have the social trend related across the table to the way that shows up in society.

CHAIR—Is this your new piece of paper?

Dr Falk—Yes, it is. I have tried to identify a summary situation of the social trends in Australia at the moment. The key ones are urban drifts, schooling, nature of work, nature of community, unemployment, the ageing population and policy and program environment. I will not be able to talk to all those, and I do not intend to, but I am just showing you that table so you have an idea that that shows up in certain ways like in population decline, youth decline, and government health, education and commercial services decline in rural areas. It has consequences for what we regard as the mainstream in Australia and what we regard as the others. The effects on VET is the next column and that in regional Australia shows up as thin markets—that is, a large minority of disenfranchised people and so on—and the implications for VET are in the final column.

I am going to skip to page 4. That has two headings on it. One is the summary of issues for vocational education and training which summaries those issues from the table. As I say, this is a synthesis of research results, so they have been collated. It suggests that we should

provide more vocational education and training in different and appropriate ways via adult learning methods and not via schooling methods. Something all our research shows is that the agricultural sector and many people in rural Australia have not had pleasant experiences with the formal education sector and they do not come back to training easily.

Seventy per cent of Australian rural business is small business, and Sheryl has spoken well to that. Those people are by and large those ones who have not had those pleasant experiences with schooling, which is why we have trouble with the training culture now. The second point there relates to developing training, entry level training and retraining literacy and numeracy education opportunities through life, which is partly dependent on the first point.

The third point is to promote local solutions and processes. Again, Mrs Thomas spoke well to the need for locally devised solutions and problem solving processes. Whole community development processes are a necessity, including the issue of leadership and voluntarism.

The summary of solutions as I have got them here includes locally developed solutions, including the question of incentives and rewards—and that is a problem; encourage community processing networks and opportunities; integrate all aspects of a community through purposeful activities, not just segmented program funding which tends to be here one day and gone the next; and integrate external and internal community processes—getting the communities to look outwards as well as concentrate on their internal processes.

CHAIR—Just before you turn the page, Dr Falk, in a sentence, what is the difference between adult education and school education?

Dr Falk—I suppose, to stereotype it, it is the difference between sitting in rows with someone telling you what to do, and being asked what you need to learn and providing those learning needs—perhaps more on the job, but certainly as needed.

CHAIR—Do you have a sense of how young adult education should be introduced—say, at five?

Dr Falk—About age five. The outcomes of that particular audit of a research project that I wanted to give you the late results are summarised in that memo, if people would like to see it. This was an audit of industries in regional Tasmania—their learning priorities. Firstly, there was little information being received from the bottom up that rural and regional Australia was perceived as having a low priority.

CHAIR—Do we have a copy of that available?

Dr Falk—You do, yes.

CHAIR—Have we had it circulated to us?

Dr Falk—Not yet, I do not think.

CHAIR—I am sorry, Dr Falk, but we need to have a brief interruption. We have the ABC with us. We need the authority of the committee to allow them to film. Is it the wish of the committee that they be allowed to do so? There being no objection, it is so ordered. Dr Falk, would you like to continue?

Dr Falk—The second result of that particular audit of regional learning priorities was that there was a limited flow of information from peak bodies to rural and regional constituents. Urban people tended to take priority. Access to training was limited and difficult. In the present environment where we have a lot of excellent strategies coming through from the Australian National Training Authority—*independent learning, learning packages, flexible delivery and so on*—this was disappointing to see.

There are concerns that TAFE services are under threat in regional Australia; that literacy and numeracy keep recurring as issues for a number of industries, more so in rural areas than urban; difficulty in attracting experts to rural areas, and the need to be more multiskilled in regional Australia. In looking at the labour market in regional Australia, most occupations require more integrated skills. You have to be better at more things than a single focus skill.

Finally, fewer specialists and job locations mean difficulty with new initiatives which favour on-the-job training. So there is a big policy emphasis at the moment to have on-the-job training, but where there are no jobs that is difficult. And, when they are a long way away, you cannot access them because you do not have the money for the transport or whatever.

CHAIR—Can we finish up there, perhaps? If there are three or four other points that you are desperate to put on the record and you have not done so by the end of questions, let us know, but I think in answering the questions you might have the opportunity. Thank you, Dr Falk.

Senator TIERNEY—In the paper that you just circulated you mentioned a limited flow of information from peak bodies. Which specific peak bodies were you referring to?

Dr Falk—I do not have that information. I would have to get authorisation through our university ethics committee to release it, if I did know it.

Senator TIERNEY—That sounds pretty heavy, for a simple question!

Dr Falk—It is. We have to sign and go through incredible ethics processes. If you are an industry, you are saying something honestly, you have been assured that it is going to be confidential, and you are saying something nasty—

Senator TIERNEY—We are not sourcing it to the people. I assume it is talking broadly about coming from TAFE at the top to the workplace at the bottom. Would that be a fair, broad abstract summary of what we are talking about?

Dr Falk—It would involve companies—I do not know who they are—large and small. It would involve industry training boards and it would involve TAFE.

Senator TIERNEY—ITABs.

Dr Falk—Yes.

Senator TIERNEY—With regard to the paper that you present, when I particularly looked at the summary of the solutions—you have got a summary of four solutions there—it tends to refer to a process. It seems to be a summary of the way in which you might go about finding out what some of the solutions actually are. Would that be a fair summary of where you are up to?

Dr Falk—It certainly is.

Senator TIERNEY—You are setting up processes at the moment. You have not—

Dr Falk—No. The title of the paper is *The solution is the process*. I think that is only half the answer, though, in that I think we need to look more at process than we have to date, instead of just funding outcomes. That is no guarantee that everyone is going to be involved in achieving that outcome. It has become absolutely crystal clear from research that, unless you involve all the stakeholders, you will not get a sustainable outcome. You might get a temporary one.

Senator TIERNEY—So are you at a point where you could let the committee know, just briefly for the *Hansard* record, in what other ways you would improve the process so that you would get this bottom-up approach flowing for policy development?

Dr Falk—Certainly, if you look at funding flowing to an organisation or a community group, it could be staged, for example, so that certain targets were met regarding the identification of stakeholders, the number of meetings held and who was at those, so that one could actually stage and control to some measure the involvement of people in the process to achieve that outcome. It is absolutely certain that unless you do involve people across sectors in the whole process, you will not achieve a sustainable outcome. That is for sure.

Senator TIERNEY—In terms of strategies for doing that, I would assume, with the coming of the new information age, that Tasmania, relative to the rest of Australia, is reasonably well placed in developing those sorts of communication links. Have you factored that into strategies for improving this bottom-up approach?

Dr Falk—For sure. In fact, there is a feeling that, unless you meet people face to face and interact face to face, it is not the same as interacting electronically. I think that is true. However, given the choice of electronic interaction and none, you would take the electronic interaction every time. I think the development of any channel of communication—and more than one, the better—will help.

Senator TIERNEY—In other states they have set up open learning processes. For example, Victoria, in particular, through the Opening Learning Agency, has developed systems for developing education at university and TAFE levels, right across Australia and internationally, coming out of Melbourne. Given the nature of the information age, that could just as easily be Launceston as Melbourne, couldn't it?

Dr Falk—Yes.

Senator TIERNEY—Given your advantage with the information technologies that you have here at the moment, are there any strategies for developing comprehensive open learning networks across Tasmania that might then extend further to create education business opportunities for Tasmania?

Dr Falk—The ones I know of include a developing RTIF collaboration between the education department, TAFE and the university to put a lot of courses and so forth onto the net to provide that kind of access. That is probably the most significant one I know of, and that is being planned now.

CHAIR—RTIF?

Dr Falk—Yes, regional telecommunications infrastructure funding.

Senator TIERNEY—In places like North Carolina they have set up learning centres in particular towns—the state has the advantage of having a structure where virtually everyone is within 20 miles of a major town in North Carolina—and that then gives people access to any sort of educational opportunities. In your major centres in Tasmania, is there a move towards doing that sort of thing?

Dr Falk—Yes. The state government has moved towards putting in community access centres and business centres using electronic means. I think there are some on pilot. I am not the expert on that, but I know that it is happening. We are moving that way.

Senator TIERNEY—They would obviously be in places like Hobart, Launceston and Burnie—

Dr Falk—There is one in the north-west.

Senator TIERNEY—How far down the urban hierarchy does it go? What size place would be the smallest that would have one of these opportunities?

Dr Falk—It is planned to be in major country towns as well as in major urban and regional centres.

Senator TIERNEY—A town is defined as what sort of size?

Dr Falk—Maybe 1,000 to 2,500 people.

Senator DENMAN—You spoke of literacy and numeracy being a problem in rural and remote areas. Why do you think that is? What is happening to education in those areas that is causing that problem?

Dr Falk—I have been involved in the adult and child literacy areas for 30-odd years and it is not a problem which is arising now.

Senator DENMAN—It has always been there.

Dr Falk—Yes, it has always been there. It is not a problem that will respond to a simple solution such as, ‘Let’s go back to basic skills.’ If that solution worked, we would have had a 100 per cent literacy rate donkey’s years ago—as much as I hate to tell Dr Kemp that.

Senator DENMAN—Tell him!

Dr Falk—My feelings are, from rural Australia’s point of view, that the reasons are that schooling has been a system which has been transferred from urban areas. It has been devised on a big city curriculum and then it has been assumed that that is okay for the state or for the country. Very successful schools and teachers have been the ones that have provided local solutions in the local curriculum, and you can think of that from your own experiences.

Farmers are the ones who have, according to research studies, left school earliest and been least successful at schooling. In some Victorian studies, farmers have provided the highest literacy problems. They make up a large percentage of the small businesses in regional Australia. We could talk for hours about that one, Senator.

Senator DENMAN—You mentioned access to transport. I live on the north-west coast and I know all about transport problems because there is no public transport there. Is that having a detrimental effect on kids in rural areas who would perhaps want to go on to further education?

Dr Falk—Absolutely.

Senator DENMAN—And living away from home would also have the same effect.

Dr Falk—That is right. You have to want to do it as well. There has to be something in it for you. As Mrs Thomas foreshadowed, probably one of the biggest single problems we have in terms of regional downsizing is that the youth move out because they have to at the end of year 10 if they are going to get a further education. They are living away from home after that time, which in my mind with kids of that age is a very perilous kind of situation to occur. Very rarely will they come back to those communities, so the cream of the communities is being carted away to the big cities, which in turn creates problems for the urban areas. Those problems are never costed into our economic performance targets, so we have a problem there.

Senator DENMAN—Farming communities have never seen the need—and there has not been the need in the past—to send their kids on to further education, but the need is now arising. Is that an issue too?

Dr Falk—Yes, it is. I think that technology has a role to play there, and independent learning strategies, packages and so on, are useful as long as they are, as you said, relevant and not just someone else's idea of what is relevant for them. Again, they need local solutions.

Senator DENMAN—In your paper you spoke of rural learning for medical students. We have an enormous problem on the north-west coast with doctors who have reached retirement age who have no-one to buy the practice because no-one is interested in rural medicine. Do you think that will help solve the problem?

Dr Falk—Yes, it will. But the biggest solution to that problem, as it is in teaching and everything else, is to make sure that the training patterns of those professionals include work in rural areas. Judi Walker at the rural health centre here has trialled that where, in second-year medical training, students go out to Burnie.

Senator DENMAN—Yes, that is right.

Dr Falk—That has changed attitudes significantly about what it is like to work in a rural area. We have done the evaluation of that from our centre, and it is quite significant. That should apply to teachers; it should apply to whatever. It should not just be 'You are sent to the country for punishment, my friend'; it is part of what you do.

Senator MACKAY—I am interested in your reference to social capital in the paper that was distributed. I absolutely agree with you 100 per cent that there has been very little research done into social capital. For example, the way our GDP is determined has no reference to social capital or social outcomes. That fits in very much with what is happening in regional Australia—the fact that there is no real weighting put on social capital and people. As you know, in its purely economic sense it means that money is allocated where it is used most effectively rather than where it is most needed, for example, in regional Australia, which is one of the big difficulties we have been facing in Tasmania, particularly over the last 2½ years, with absolutely massive federal cuts. How do you see funds being directed in a way that would take into account social indicators and social capital needs?

Dr Falk—One could, for example, count the fact that when people move out of rural areas they provide a cost to the urban areas in the short and the long term through greater unemployment and health costs, homeless youth and the cost of agencies to cover those. I think, though, getting back to the discussion with Senator Tierney about process, social capital is about getting people together to provide the kind of environment where they feel they can trust their politicians, community leaders and each other sufficiently to take a risk on starting a small business, for example.

That kind of trust during their interactions needs to be rewarded somehow, which is why we are losing our volunteers in droves in regional areas; they are burnt out. If we lose our volunteers, we are losing the backbone of Australia's regional and urban areas. I am sorry if I sound emotive, but that is the way it is reported to me, and I report it back that way. That is a large aspect of social capital.

How to build that in to economic targets? Economic targets are what we would aim for. We want a good job; we want to be happy; we want to have social wellbeing, civic pride and trust. But the process of getting there cannot be left to just a few people. So it is those processes of getting there that need to have the focus put on them again. I would really like to be involved in helping to work out those processes, how they could meet economic targets better, so bear us in mind.

CHAIR—I have about 5,000 questions, Dr Falk, and no time. In your column 2 'Effect on VET', at the second dot point under 'The social trend is urban drift' you talk about 'duplication of socioeconomic problems to urban areas'. Are you saying, for example, that unemployed people in regional areas now become unemployed people in urban areas?

Dr Falk—Yes. And what is more, if we had kept them in the regional areas, we would have provided the business and government infrastructure. For example, we will keep a school or a hospital in St Marys—let us use a topical local example. We keep the infrastructure which might attract a doctor there. We might also keep people from moving into a city in order to get further employment but they cannot be; they remain unemployed. So you are duplicating the problems. You are actually increasing them in my opinion in urban areas. If you take specific instances and work them through, you can see how that comes out.

CHAIR—Given there is evidence that you can measure and show us all of that, why is it that the banks and governments are not persuaded?

Dr Falk—Because they are using economic targets and probably fairly short-term ones. I think there has been some rethinking on the bank's part about what their decisions to move out of a large proportion of rural Australia has done to their long-term image. Their social capital has fallen considerably and people are saying, 'We'll go to the Bendigo Bank or we'll go to the credit societies. We'll never go back to the NAB, Westpac or whatever.' That is what I mean about separating out the economic and the social here and putting some more emphasis on the process and the social outcomes.

CHAIR—One thing this inquiry seems to be highlighting is that the people are fairly clear of those points. They know they want a bank fairly locally. They know they want to talk to people—whites of the eyes is a big help; not absolutely necessary but a big help—but somehow or other that is not the way the world is going. Do you have any clues about what we should recommend to 'Stop the world. We want it to change'?

Dr Falk—I think you will solve many of those problems—by 'you' I do not mean you personally—by paying more attention to process. People will cope with change if they are together in a group and can talk about it. That is part of learning. That is what community learning is about, and that is producing the trust and goodwill that will allow people to cope with change. But if you just put some money their way and let them run they will often ignore it. People are choosing not to go for funds these days because they say, 'I'm exhausted. I cannot lift a pen to write another proposal.' I think it has to be interaction of whatever kind—electronic or otherwise. There are certainly some good precedents with promoting electronic networks, but it is a question of getting people to interact.

CHAIR—I am thinking of opening a small business down at St Helens. I am 18, threatening 17½ or 21. I would like to stay there. I would like to get on the Internet. Can I?

Dr Falk—If the one in the library is up and running now, yes.

CHAIR—What hours can I use it?

Dr Falk—Library hours.

CHAIR—So I am in a terrible job. I cannot afford to get a PC of my own and I certainly cannot haul a laptop around. So I have to use the one in the library, because it is the only one really likely to be reliably working, but it is not often available and the library is not open at strange hours when I want it.

Dr Falk—That is true and, if there is someone waiting for it behind you, you are going to feel awkward about it.

CHAIR—Is this true of a lot of other places in Tassie?

Dr Falk—Absolutely.

CHAIR—The infrastructure is not sufficient?

Dr Falk—St Helens is very lucky in that regard because it is a major focus for a community from a large area around.

CHAIR—One last point. I note that in your opening comment you say:

Communities are concerned that current policy which advocates competition may be doing so at the expense of building community co-operation needed to develop community capacity to change.

The reason I mention this is that Senator Tierney in particular would remember that when we did our adult education inquiry recently we made exactly that point on the evidence given to us from people in rural Australia around Albury-Wodonga. They said, ‘Tendering competitively is a farce. What we are trying to do here is get bits and pieces of the equation together. We have not got sufficient infrastructure in Albury-Wodonga to have two people competing. We are actually desperately trying to get the mechanics institute hall and this teacher and a few other people to form a package to provide it and it works terribly well. But the whole design says that you have to put in competitive tendering.’ Is that also the sort of thing you are talking about here?

Dr Falk—Absolutely. You can only have competition if there are people to compete, to provide the market—and the thin markets is a very big problem. But there is the flip side of that. It is destructive to have other people coming in and taking your business, but take the example of local government out there tendering services because they have to. The people who work in local government live and work in regional Australia. If sections of the local government business get tendered out and the tenders are won by people outside, that is fine. When that goes away, the people who have been working in the local government have lost their jobs and, because they did not have work, they have moved away. Once again, that competition policy absolutely depends on markets for performance—which I agree with. If there are no markets or if the markets are thin—if the population numbers are low—they do not work.

CHAIR—Dr Falk, thank you very much. We are racing for time.

Dr Falk—My pleasure.

[9.52 a.m.]

ADAMS, Mr Dick, MP, Parliament House, Canberra, Australian Capital Territory

CHAIR—Welcome, Mr Adams. The committee prefers all evidence to be given in public but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you may request to do so and the committee will give consideration to your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it submission No. 95 dated 30 April 1998. Are there any alterations or additions you would like to make at this stage?

Mr Adams—No.

CHAIR—If you would you like to make some opening remarks, we will put some questions to you. I have to thank you for a very useful submission.

Mr Adams—Thank you. It is a pleasure to be able to put a submission to a Senate inquiry on such an important issue. From a Tasmanian perspective, we have tried to put forward the issues that we see on a day-to-day basis coming through the electoral office. The electorate of Lyons, which represents 61 per cent of the land mass, does represent some real regional issues. Hopefully, your report will reflect some of those issues.

The submission can be basically broken down into three main areas: the factors contributing to the unemployment in Tasmania; the need for the federal government's recognition and action on Tasmania's unemployment problems; and the need for labour market programs.

With regard to the factors contributing to unemployment in Tasmania, a stagnating economy is the biggest problem in creating new jobs or new activity which will create jobs in Tasmania. Insufficient downstream processing is one of the major issues confronting the state economy. The decision by Amcor to abandon its pulp making in the Burnie region by sending woodchips out and bringing pulp back in is one of the prime examples. You cannot highlight it any better than that from the Tasmanian economy point of view. We have a pile of woodchips on the Burnie wharf which will be exported. Woodchips go to make paper, but we will be importing cheaper pulp from overseas to make paper at Burnie. That is a prime example of where we have lost the downstream processing opportunity and therefore the opportunity to create work in Tasmania.

The reduction in the size of the public sector has been enormous, and that affects a small economy like Tasmania's enormously. I would like to put these figures on the record. The job losses from the public sector in Tasmania amounted to something like 457 and the breakdown is as follows: in Veterans' Affairs we have lost 23 jobs; in DEETYA, 180; in Customs, 15; in DAS, 140; in the Department of Finance and Administration, seven; in the Family Court, four; in the Department of Immigration and Multicultural Affairs, three; in the

ABC, 10; in Health and Family Services, 12; in the Bureau of Statistics, 12; in ATSI, two; in the Australian Taxation Office, 30; in Comcare, three; food inspectors, six; in industrial relations, eight; and in the archives, we have lost two. The losses in these government areas do not include Telstra or Australia Post. Of course, we think Australia Post will make some changes as well in the future. Offsetting the losses, there are 174 new public sector jobs. But the net loss is something like 283 public sector jobs from Tasmania. That impacts greatly on us.

The other point with regard to Tasmania's economy is the lack of diversification. With regard to our traditional resource based industries and also tourism, trying to diversify that, trying to change and to get on to another level has not been easy and we do not seem to have too much help in getting there.

Another factor is the education retention rate. I think the commentator before me dealt with that issue. But we do have a very poor retention rate as we go into tertiary education. The north-west coast probably has the worst rate in the country. There are poor literacy levels and high transport costs associated with being an island. Some of our infrastructure is certainly declining. Of course, when we have that, private investment also declines. When we have negative population growth, naturally, we are going backwards.

In my submission, I cited St Marys as a prime example of a small town in decline because, as a case study, it highlights that very well. They have lost their hospital, their bank and their pharmacy in recent years. They had already amalgamated with the St Helens council. In the future, that process of council amalgamations will continue. We expect 800 jobs to be lost through that amalgamation of local government in Tasmania, and that will represent a further decline. The impact on a town like St Marys, where there are probably several other pay packets coming from local government, will be devastating.

The last evidence you received touched on the banking situation. On the social side of that, we have certainly discovered that when you lose your banks you also lose people who play a significant role in the administration of sporting clubs and other activities within towns and small regions. So if you take those people out—most of them have some good skills in administration—the town loses administrators and people playing a role in the social fabric of those towns.

There is a need for the federal government to recognise Tasmania's problems as being unique. My submission goes into the need for special economic assistance to help to develop future strategies and targets in education and training, unemployment growth, industry assistance and regional development. We do not really want to see this as a handout but certainly a hand-up to help to pull us up from some of the levels which we have got.

We do have great opportunities in the future with regard to our aquaculture, our fine foods and wine industries. As long as we can operate and compete on an equal footing in overseas markets, I believe that these will provide great opportunities for us. Again, we may

need some assistance to be able to get on that level of equal footing, by way of some export enhancement programs.

The final issue in my submission related to Working Nation and labour market programs. In my electorate of Lyons, this program was very successful. It gave us an opportunity when we did not have any opportunities. Now, without any of those programs, we have nothing. We have no economic activity coming from what Working Nation gave us. The east coast has a fishing industry and it has seasonal tourism. When we had Working Nation, we had opportunities and we had people working. We broke the long-term unemployed persons' locked-in period. We were able to change that by giving them six months break. We do not have that any more.

It also put money into those regions. That was one of the stimuluses that we had operating. Since we lost that, we have no stimulus at all from outside money, because in most of the small regions in my electorate there is no investment or no money coming in at all to stimulate that opportunity. When we lost labour market programs, we lost those opportunities.

I want to touch on a couple of issues in my submission. With regard to the changing nature of work, security seems to have gone. When you talk to people now, there are certainly no jobs for life; people are more insecure when you talk about things. You cannot always run football teams and football clubs, on the social side, if people work 12-hour shifts. It is a bit hard to swap 12-hour shifts; when people worked eight-hour shifts, they could swap shifts so that they could play football on Saturdays. People do not want to swap 12-hour shifts. Those changes in the workplace are certainly having an effect on the social aspect as well.

New technology has played its role in knocking out jobs and changing the whole face of work. I do not know whether the committee has given any thought to this matter, or whether it can do so, but when we look back 10, 15 or 20 years, we were told that new technology was going to give us more leisure; we were going to have all of this leisure time. The leisure industry was starting to take off. I seem to work more hours now than I ever worked, and this is the case for a lot of people who are in work. We do not seem to be able to share all of that extra work with those who are out of work, and we certainly have not got that equation right.

I do not charge your committee with solving that problem, but if you could pull some of it together and at least ask some questions, I think you would be serving the country well.

CHAIR—I think it is well for the committee to be reminded of that, Mr Adams. Could we move to questions now?

Mr Adams—Certainly.

Senator MACKAY—Mr Adams, we have a submission from the Tasmanian government. In that, they have said, with regard to the impact of Commonwealth government policies on Tasmania, that, clearly, this has affected Tasmania. The submission states:

These changes in policy settings are driven by the performance of the national economy, with little apparent consideration for the consequential impact on regional economies.

As the local member for a major rural electorate, you would be more aware of that than most. I wonder how you feel that is impacting on your electorate.

Mr Adams—I think it is impacting on Tasmania. When we talk about the World Trade Organisation and the global economy these days, I think regions in Australia have been the ones that have lost from that.

With regard to Tasmania, we can look at our salmon industry, which is one of our growth industries. It fits into our tourism and fine food areas, and endeavours to build an image of clean green opportunities to come to Tasmania and eat fine food, et cetera. I think our salmon industry is now threatened by imports from Canada, New Zealand and maybe Chile. If our salmon industry falls over because imports come in, flood the market and we have cheap salmon, our industry cannot survive. That will be one of those industries that a region had an opportunity of building, but because of globalisation, it loses.

Another one is the honey industry. In getting honey into South Korea, one of the people in Tasmania has a tariff of 250 per cent. Tasmania used to export its honey in 44 gallon drums. It now tries to export it in fancy tins and downstream processed, and builds an image of that honey. The Koreans would like to buy it in bulk and will put a figure on that. Otherwise, there is a 250 per cent tariff. It is very hard to build a small industry on that.

When we are starting to talk about wool, wheat or red meat, which may be on the national scene—and the figures are there to promote those from our export perspective—I think small regional economies are constantly going to lose out from people making agreements on a national basis and not giving consideration to smaller regions where new industries like salmon, honey and others could be growth for us.

Senator MACKAY—What about the social consequences of federal government cutbacks? Peter McKay has been very vocal in Tasmania with respect to the health service in particular. What is happening in your electorate?

Mr Adams—We have many areas where there are now no doctors. The effect that that has on local communities is enormous. The aged become very concerned and frightened because they do not have access to a hospital or to a doctor. People then travel to the major centres, to the public hospitals, and I believe that puts more pressure on the public hospitals. I believe there are people from the northern end of the east coast who drive to Launceston General. People from the southern area would drive to the Royal Hobart Hospital and that

adds pressure to the public hospital system. There is a sense of fear in not having reasonable access to a doctor.

Senator MACKAY—Anything else on the social front? What about child care? Is that having an impact?

Mr Adams—Child care is limited in Lyons. We have found there is a need for child care in several areas. One area was looking at rather rigid policy positions in Canberra. How you allocate places affects Lyons. Around the coast in Lyons women who work in the fishing industry need child care when the fishing boats come in and work is available. Likewise, there are now many women who make up labour on the farms. They need child care not only so that they can do courses but also when they are out in the yards acting as labour for the farm. That child care is usually not needed every day, but it is needed. It is not very well worked out in the regional areas.

Senator TIERNEY—Mr Adams, you referred to Working Nation. What were the job outcomes for Working Nation in northern Tasmania?

Mr Adams—I do not have the figures. I thought 40 or 50 per cent was the outcome figure.

Senator TIERNEY—So it was almost 100 per cent above the national average?

Mr Adams—I do not know the national average, Senator.

Senator TIERNEY—It was 30 per cent. You are not sure which way it was?

Mr Adams—No, I am sorry.

Senator TIERNEY—There was a criticism of it that it was actually job churning in the sense that people did a bit, went from the back of the queue and ended up being newly unemployed at the end, or 70 per cent did.

Mr Adams—I do not think it was the perfect answer. Basically, what I was trying to say in my submission was that we had something; out there now we have nothing. To break a person's long-term unemployment is difficult and Working Nation gave us an opportunity to do that.

Senator TIERNEY—Another thing that would have given northern Tasmania the opportunity of doing it would have been the Wesley Vale pulp mill. You have quite rightly lamented the closure of the current mill in Burnie. Can you tell us what happened with the Wesley Vale mill and how many possible jobs there were there that just did not happen.

Mr Adams—There were opportunities for the Wesley Vale pulp mill. I think there was a whole series of reasons why the pulp mill never went ahead. They have been written about and it all depends on what submission you would take in relation to those. It was a loss that Tasmania had. Maybe it was an opportunity at the time, but some would say not. Some would say that investment from Canada was never going to come—that they were protecting their own pulp mills in Canada. Some would say that it could have been a very enthusiastic environmental movement saying that you have to have a closed-loop pulp mill, which was not available in the world at the time. Others would say that some people did not want the pulp mill to go ahead for their own reasons. There is a whole range of reasons why it did not go ahead. That was an opportunity lost.

Senator TIERNEY—The Labor governments at the time were pushing pretty hard against it, weren't they?

Mr Adams—We had a Liberal government in Tasmania at the time.

Senator TIERNEY—I am talking about federally.

Mr Adams—I understand that it was actually a vote in the Senate that sunk it at the time.

Senator TIERNEY—It would not be us.

Mr Adams—But I do not think that that was the only reason why it sunk.

Senator TIERNEY—I will have to blame the Labor Party, the Democrats and the Greens for that. Do you know what number of jobs were projected for that?

Mr Adams—Not off the top of my head. There was a variety of different jobs. It was a world-class mill. I think the base argument was that the size of it gave you the return—which a lot of mills in the world are at the moment.

Senator TIERNEY—Economies are always in a state of change, and industries are always shutting down while others start up, but it puts the region right behind the eight ball when, if you are going through a process of industrial closure—which is almost inevitable in the way economies evolve—and then you stop the new industries starting, you obviously have the sort of problem that we have today.

Mr Adams—We have. I think the problem we have today is the rapid change that has taken place. In 1904 some 30 per cent to 35 per cent of labour worked on the farm. In 1994, the figure—which is the last one I have seen—is three per cent. That was 90 years of change. In the next 10 or 20 years the change is going to be a lot faster than in the last 90 years. It is people in a social sense coping with that as well.

I was going to mention before, when we were talking about paper mills, that a prime example was—and I think this is something worth mentioning to you—when the paper mill at Boyer changed over. Electricians in that mill, who probably did their time in the 1950s, when the mill changed over to new paper machines the guys that worked with a brown wire, a red wire and a green one, had their skills knocked to pieces. To retrain someone in their 50s was not going to be very practical—nor was it practical for them to try to pick up the new skills.

The effect that that has on some people can be pretty devastating. Somebody who has had a trade and has been in a tradesman position within a company finds that their status within their own community and their status within themselves is taken away from them, basically overnight. That has a social effect which I do not think we have measured yet, nor do we really understand it. That is something that we should be trying to learn a bit more about.

Senator TIERNEY—I was going to move on to new types of jobs. Help me with the geography. What are the major centres in your seat of Lyons?

Mr Adams—The major centres are the basic centre of Tasmania. It goes from Port Arthur to St Helens, from Queenstown to Campbell Town, and from Beaconsfield on the north coast to Brighton on the outskirts of Hobart.

Senator DENMAN—I have one quick question. You mentioned the cutback in the number of public servants and the Family Court cutback. That was the Launceston Family Court, wasn't it?

Mr Adams—Basically, yes.

Senator DENMAN—Has that created social problems because people have to travel to Hobart?

Mr Adams—I understand that it has. Even the lodging of papers has to be done in the south, so people have to travel to sort out family law issues and, of course, they are sometimes dramatic issues. Also, money is usually scarce. It has taken away a considerable amount for people in northern Tasmania.

Senator DENMAN—Do you know whether unemployed families who are going through Family Court traumas are paid travelling allowances and an amount for overnight accommodation? I do not know.

Mr Adams—No, I do not.

Senator DENMAN—That would add to the social dislocation.

Mr Adams—It certainly would. There was one case yesterday in my office in relation to counselling for victims of crimes. I have not checked this, but I understand that a 35-year-old woman was assaulted in the mall in Launceston. Her father sought counselling for her from the legal aid centre and he was told that it would take three weeks before a counsellor would be available. We now believe that the counselling service has been dropped altogether because of funding cutbacks. But I have not followed that up yet.

Senator FERRIS—Mr Adams, you talked about Working Nation being replaced by nothing. Just to put the record straight, there is the jobs pathway program which, I understand, has delivered at least 60 jobs. There is work for the dole—25 young people have taken work through that. Certainly, the green corps has delivered jobs to this area. I think 30 participants graduated last month. So it is not strictly true to say that Working Nation was replaced by nothing. It was replaced by jobs, which Working Nation was not necessarily about, according to the national statistics.

Mr Adams—Sure. Maybe the national statistics did not reflect the regions. I can only tell you what my experience was with Working Nation. Working Nation on the east coast set up literacy programs. I think we enhanced many people's opportunities to go into work in the longer term.

I can remember the dry-stone walling in the programs at Swansea; two part-time small business people really got started from that. I know that one is still in existence, still has the skills. They were skills that we could have lost—building walls from dry-stones. There is a lot of stone in that area; it is a traditional one. It gave somebody expertise and also an opportunity of getting into a business and using those skills.

It is very hard. My experience with the green corps is that we seem to have people from outside the region who come in and do some of that. We do not actually pick them up from the actual place where they are working. I do not want to knock it in any way. It is positive. If it does things, fine. I am not knocking that. Work for the dole is not a job creation program, I am told.

Senator FERRIS—No, it is about giving people some work experience.

Mr Adams—Sure. If people gain skills in any way, feel positive about work and are work ready, then they are all positive things and I am not knocking them in that sense. But previously, you could see a gang of people working in a small town, a region or a municipality. We do not have that now.

Senator FERRIS—Have you had any involvement in the prioritising of the expenditure that is coming into Tasmania as a result of the sale of Tasrail?

Mr Adams—No, not really. I understand that there has been some cleaning of the rails, cleaning up alongside the rails and those sorts of things.

Senator FERRIS—I was just wondering whether your office has contributed to any development of a jobs program that might use some of the \$2 million that has been allocated to Tasmania.

Mr Adams—No, I have not. It is a possibility that we can have a look at, if there is \$2 million there to be spent. As I said, the only thing that I have seen so far is a lot of cleaning alongside the actual rails. That has generated activity for a few people.

Senator FERRIS—I know it is not actually part of the island of Tasmania, but I have watched the development of a very successful market niche over the last decade or so by King Island. Just before you arrived this morning, a previous witness was talking about more jobs going there as part of a UHT milk processing and treatment plant. Have you got any experience that you could pass on to the committee where there has been almost a market niche developed within your electorate? Are you able to give us an example that has perhaps captured a portion of the tourist market, or in some way has been able to develop a small export program like that?

Mr Adams—The cheese factory out of Deloraine is a prime example. The Bennett family, who were dairy farmers, have developed a cheese factory and are endeavouring to get into exporting cheese. They are well established now in the Australian market, in supermarket chains. That is one opportunity that has certainly developed from the increased access for cheese overseas. They have certainly been a major winner.

Senator FERRIS—A previous witness, Mrs Thomas, talked about the difficulty—and I think you acknowledged it yourself—of getting handouts or hand-ups, whatever you call them; at the end of the day, they are incentives to help people to begin projects like the one you are talking about in relation to cheese, which have long-term effects on increasing job opportunities.

Mr Adams—That is right. There is no doubt that programs which assist industries and small businesses to start are positive things. Niche programs can do that. They are excellent programs, but export enhancement is also needed. The Tasmanian economy is going through major changes and trying to get some of those new industries up in the fine food area is difficult. Transport plays its role in that as well.

Senator FERRIS—Would you see the business incubator program having a role to play there?

Mr Adams—Yes. They can be very good programs. They can really assist people in kicking things off, and we have had those going for many years in different parts. We have business enterprise centres in different parts of the state. They play an important role. Some of them are now nearly self-funding, having been started by federal and state money. They can play a very important role, especially in the local area, in helping to generate opportunities there.

They need that facilitation opportunity. Some of that can come from local government. This is one of the concerns with local government amalgamation: you get too far away from the actual areas where they can assist, and where people want to invest. If you get to a certain stage where you can get more investment money, sometimes they want that infrastructure to be in place. They do not like to come to an area where there is basically nothing. As you get decline, as you get fewer jobs in an area, it plays on itself. It seems to continue to decline.

Senator FERRIS—Many of the principles that you have raised here, we have heard in evidence from Senator Crowley's and my home state. They are structural difficulties of population decline, ageing and so on. It is not only Tasmania that struggles with these difficulties.

Mr Adams—If I wanted to say anything, it is to emphasise this regional base—that the regions are suffering greatly. Bigger economies, like Melbourne and Sydney, can spin on themselves a lot more than smaller economies can. Tasmania's economy has been driven a lot by the public sector. When we remove that as much as we have, it certainly has a major impact on employment and employment opportunities.

CHAIR—I guess the cutbacks by the present government of some \$1.8 billion out of labour market programs also meant there was a cut in Tasmania.

Mr Adams—That means there is less money in the economy. That money was in those small regional economies. As I said, if you went into one and saw 15 young people working on a project, that meant 15 pay packets were regularly going into that economy for at least six months.

CHAIR—And you do make the point that work for the dole, which has no training associated with it, also means no extra money.

Mr Adams—That is right.

CHAIR—I was fascinated by your story about honey. Have you been able to get any assistance from Minister Fischer on that?

Mr Adams—Yes. I have written to him and he has written back to me. He is working on it; he has it on the agenda. This is not having a shot at Tim Fischer in any way, but when the trade minister is in Seoul dealing with getting our meat, wheat, sugar or wool in there, will he have on the agenda Tasmanian honey? That is the point I am making. The smaller the region, the smaller the opportunity of getting your smaller niche market access onto the agenda.

CHAIR—On the other hand, you said, as I recall, there is something like a 250 per cent tariff.

Mr Adams—A 240 per cent tariff.

CHAIR—That makes a joke of GATT, doesn't it?

Mr Adams—That is true; it does.

CHAIR—It certainly seems grossly unfair that if you do a bit of value adding in Tasmania, you are so enormously punished for it. Perhaps we should write to Minister Fischer and say could he please remember it as a sweetener at all discussions! It might at least put it in his memory.

Senator MACKAY—When we were in Tasmania—I am in Tasmania a lot—on the Senate Standing Committee on Economics, we heard a lot of evidence from businesses, from small to medium enterprises and big businesses like Lactos, which were very concerned about cutbacks to industry programs like DIFF, EMDG, the export facilitation scheme, R&D, all of which, they said, had assisted them in export diversification in terms of the local industry base and in export facilitation. Do you have any feedback from your electorate?

Mr Adams—The Mount Lyell mine in Queenstown, the new company which took over the mine there and put in the tailing dams so that tailings do not go down the river any more, using the research and development opportunities that existed previously by way of the 150 per cent rate, was working on a bacterium process, a new world-breaking process of abstracting copper from the mill process using a bacterium, which is a whole new process. If that had come out, there would have been local processing of copper. We would have had copper processing at Queenstown. They told me that losing a percentage was a major blow and they were in the process of—I forget the term—linking together with several other companies.

Senator MACKAY—In a consortium?

Mr Adams—Consortium type arrangements. That fell out of favour with the present government because they said it was being rorted and other things.

Senator MACKAY—Because of the R&D cuts.

Mr Adams—I think we lost out on that. I think those programs are vital to assist new developing programs and therefore assist downstream processing in the long term. That is where export enhancement and R&D play such an important role in industry policy and employment. Employment comes off industry policy. When we talk about Working Nation, they are only programs to assist where we have assisted. I think unemployment has dropped off the political agenda in the sense that, if we had a will, full employment would be our aim. If full employment is five per cent unemployed, I am willing to accept that, but if there is a will for full employment, then I think you can achieve it in many ways.

CHAIR—We have to finish there, Mr Adams. I would like particularly to reiterate the comments of Senator Ferris. One thing that has come out of our inquiry—it is a message from everywhere—is that government cutbacks are very damaging. The only way you will get jobs is with investment. The only good story we have heard so far is that in the Riverland unemployment has fallen from over 13 per cent to six per cent, on the back of the considerable investment in the wine industry. So the story is very simple. The message is very clear. I thank you for your contribution today.

Proceedings suspended from 10.30 a.m. to 10.50 a.m.

TODD, Ms Iris Jacqueline, General Manager, Glenorchy Skillshare Inc., PO Box 33, Claremont, Tasmania 7011

CHAIR—I welcome Ms Todd. The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. The committee has before it submission No. 133 dated 6 May 1998. Are there any alternations or additions you would like to add?

Ms Todd—I would like to make some additions. Can I hand them to you after my presentation?

CHAIR—Yes, certainly.

Ms Todd—Thank you. The first thing I would like to say in my opening comments is that the submission was quite an emotive and personal one, as this presentation will be. I have worked for an organisation for the last 10 years that focuses on people and business development first. As a consequence, people are my driving passion and the reason I made the submission.

Overhead transparencies were then shown—

Ms Todd—I do not have any economics graphs or statistical information. What I have here is a little chap who is going to help me illustrate my point. I will start by talking about what the major benefits and features of the new employment services market are meant to achieve—that is, a greater number of outlets and choice, improved regional access and equity, competitive vacancy filling, redistribution of resources, redefined eligibility for job seekers, personalised service and acquisition of competencies, reciprocal obligation between job seekers and government, national information systems, national benchmarks, national performance milestones, and financial efficiencies. They were, in general, the features and benefits that were promoted by the government in introducing the employment services market.

I would argue that what we have in our region is misinformation to job seekers, confusion about eligibility and what it means and diluted access to vacancies. A premise of this new system is competition based on financial rewards once placements have been made. Vacancies, therefore, are a potential investment to be protected. So what happens is you actually dilute access for job seekers.

We have more centralised sites now than we had prior to 1 May where job seekers from rural and outlying areas had less choice and were required to travel into central areas. In relation to reduced or withdrawn eligibility, there is misinformation about eligibility with insinuating suggestions being made all the time that most people are eligible for service. The

fact is that most people are not eligible for service. If you are in receipt of income support, are unemployed and you meet certain additional criteria, then you are eligible for service. We have reduced local expenditure. Glenorchy Skillshare managed \$4½ million on behalf of the community and its job seekers last year. If we meet every single performance indicator, we will get \$260,000 over the next 19 months to achieve more or less the same.

CHAIR—What was that first figure? Did you say \$4½ million?

Ms Todd—Yes, \$4½ million.

CHAIR—Over how many years?

Ms Todd—Over the financial year.

CHAIR—And did you say \$4½ million down to \$200,000 over 19 months?

Ms Todd—Yes. All of that money was expended. The first criterion was that, if it was to be expended on materials and services, local suppliers were considered favourably. That is affirmative action, if you like, for local businesses, local suppliers and so on. What we also have is risk minimisation and avoidance. The economic driven targets and the viability of the whole operation are such that now we practise on minimising our risks and avoiding risk.

Again, picking up a point that was made in a previous submission, we are losing our volunteers. My organisation is managed by a board of management made up of very competent business people—people who are local and who have a lot of Tasmanian experience—who are now legally responsible for any financial issues or viability problems we may have. Volunteers on boards of management of community development organisations are more and more at risk through the employment services market and changes. So what we have as a result of that risk minimisation and avoidance is fewer services with less flexibility and almost no vocational accredited training.

We also have eroding local infrastructure and information systems, the integrated employment system, which drives all our processes. That leads to a far less personalised service. What we have also seen with the latest round of tendering is a tendency towards Tasmanian providers having management based in Melbourne where decision making and so on is remote. From my point of view, I also believe that there are strong indications that we are assuming all the responsibility, but we are actually not getting any authority to go with it.

The reason this little chap is a backdrop is that you can fill all the outlets, you can have a lot of activity around, you can alternatively occupy your senses, but, in the end, is anything getting down to the guts of the issue? With only a month so far into the employment services market, my experience from the people that I work with every day is that very few people are getting any chips in the guts—where it matters.

Senator FERRIS—I found your presentation quite innovative and different, but is one month really sufficient to give such a damning indictment to what is an honest and genuine attempt to improve what was clearly a circumstance that did not result in increased jobs? Do you think it is reasonable to condemn something after four weeks?

Ms Todd—It might be quite a long answer. The information and the request for tender have been available since last year. So since last year my colleagues and I have been making comments about the possible costs of some of these features and, from the view of a practitioner who is in contact with people, what we believe the problems and issues might be. So this is not an opinion that I have arrived at within a month. It is an opinion that has been developed over many months after consulting with people who have the expertise and experience within the industry and also speaking with unemployed people.

When the whole process starts with misinformation, I think it is appropriate to be quite condemning. If we are not providing people with the appropriate level of information and the detail of information required for them to make a decision about their own situation and possible access to future services, then that in itself is something that we should not accept. When DEETYA does not have to abide by the Trade Practices Act in terms of consumer protection, I have attempted to take these issues through formal processes to indicate that people are being misinformed and making decisions that are to their detriment. That is the first thing.

As for the fragmentation in the market, if you create competition in an environment where your labour market is very depressed, there is long-term systemic unemployment and there are areas in the region that suffer very high unemployment rates. To then introduce competition to a network that has been accustomed to working cooperatively and collaboratively together to develop things on behalf of the community, now that everything is focused on reward for pushing the button first, that level of collaboration does not happen. I think the other thing that happened is that, within the competitive environment, providers who had been made an offer were not able to discuss what their offers were with other providers. There was an absence of any strategic planning on a regional level. There was secrecy about what people had been offered, what numbers they had and how they were going to provide services to people. As a result, even though I genuinely believe that everybody within the environment of employment services is attempting to do the best job they possibly can—and my interest is not sitting here condemning something, it is to do the best job we can under the circumstances—

CHAIR—Ms Todd, I know it is tempting to tell Senator Ferris everything you know, but could you wind up this answer and then she might put another question to you? I hate to cut across you.

Ms Todd—I have actually forgotten the second part of the question anyway.

Senator FERRIS—I think it would be fair to say that all of us sitting at this table share with you the tragedy of long-term entrenched unemployment in Australia. A previous witness

this morning, Mr Adams, has given us a chart that shows that over the last 2½ years employment has changed very little. It has gone up just a fraction. I just ask you again: if an entrenched, depressed, long-term unemployed person comes to see you as a provisional working in this area, how are they going to feel when they walk out with the sort of depressed, negative attitude that you have delivered to us today?

Ms Todd—I am delivering to you a position as I see it because I have been unable to deliver it elsewhere. I have been unable to receive information through freedom of information. I have been unable to pursue a formal complaint process through the ACCC. I have made approaches personally and in writing to Centrelink. The information that I am providing here to this committee is very, very different to the information that I would provide to an employer or a job seeker.

Senator FERRIS—I am very pleased to hear that.

Ms Todd—I find it surprising that you would think a person in my position would be unprofessional enough to do so.

Senator FERRIS—I am reassured by your answer. Nevertheless, if what we are talking about here is getting more long-term unemployed people into the work force—and in my state of South Australia, it is equally as difficult as it is here—if you look at the list, it starts in March 1996 at 10.7 and then in March 1998 it goes to 11.1 per cent. You have to say, ‘Let’s give something else a chance to work,’ because clearly what was operating before was not delivering outcomes either.

Ms Todd—Have you read my submission?

Senator FERRIS—I looked at it quickly, yes.

Ms Todd—For every possible benefit, there is a possible cost. I do not expect this Senate committee to accept the points that I put across as I put them across, but I do expect there would be some recognition that, for every benefit, there is a cost. What I am saying as a practitioner who is committed to continuous improvement and making sure that people, regions and businesses develop simultaneously, is that these issues are things that we should be looking at now.

They are the same issues that I and other people from my network have been bringing up for the last six months or so. Glenorchy Skillshare is now a Job Network provider. We are in there for one reason—to do the best possible job we can by our local unemployed people and by our local businesses. That does not mean, however, that we should not be suggesting that there is room for improvement and that what happens in regions is different from what happens in large metropolitan areas. I am emphasising the features that I believe may apply in metropolitan areas but certainly do not fit very well with regional Tasmania.

Senator MACKAY—I would like to reassure you that your view is also shared by the Tasmanian government which, in their submission to us, have talked to us about the new Job Network. They said:

The system depends upon the creation or generation of jobs to succeed. In areas where jobs are not being created (ie Tasmania) payment by outcomes is not only not going to do anything for job creation it is going to make it difficult for organisations to survive.

They have also said that there are lots of difficulties with delays in the new system getting developed.

In Senate estimates last week, we finally got to the bottom of how they determine the formula of the allocation of intensive assistance and job matching. The formula in job matching is 80 per cent determined on the local labour market's capacity to create jobs and in intensive assistance, which is the long-term unemployed, as you know, 20 per cent is based on the local labour market. In Tasmania, our local labour market is completely stagnant.

As the state government has pointed out and you have pointed out, the problem with using that type of formula is that you have to have a buoyant economy to start off with before you actually get the resources from government. That is a major problem. I was quite shocked, frankly. When they explained that to me I thought of Tasmania immediately, whereby you do not have job creation. The whole system is predicated on buoyant labour markets creating more jobs, not stagnant labour markets creating no jobs.

Ms Todd—Yes. The consequence for Tasmania is that people who believe that they have entitlement to eligibility are having problems gaining that eligibility for the reason that you just explained. We have provided assistance since 1 May to 98 job seekers, two of whom we will be paid for. That is a business decision that Glenorchy Skillshare has made to assist people who are at this moment either not eligible or who have problems and glitches in their information and the right button has not been pushed on the computer to signal them as eligible. These people are all unemployed regional Tasmanians who are entitled and believe they are entitled to some form of service. The fact that they are not receiving service in the way that it was provided before means that all sorts of other infrastructure disappears, too.

In regard to Senator Ferris's point about labour market programs and their effectiveness, as an example, we had a jobskills program in the Huon Valley where we were working with people on organic farm sites with niche retail outlets and niche areas of produce. We worked with them and, through the course of that project over 12 months, established with the farmers and the trainees that they were working with what sorts of competency standards were required to commence operating using organics as the theme. Through that project, we developed and put up an accredited curriculum, which is available to the whole country now, as entry level training to the organics industry.

That was done through the resources of Glenorchy Skillshare and the resources of jobskills, the farmers and the trainees who were put in the jobs at that time. That curriculum stands, and there have been requests from around the country for copies of that. That is something that facilitates growth and development within the industry. It assisted those small local farmers to develop a more planned strategy towards any future employment, any induction and occupational health and safety mapping. It actually provided a whole lot of development to those small and potentially growing businesses.

CHAIR—Ms Todd, we have to move fast. I think there are a few more questions. Can I ask you to make those answers shorter. We have got your submission. I am sorry to do this, but we are pressed for time.

Senator MACKAY—You have provided assistance to 98 jobseekers, and you have only got paid for two. So there are 96 jobseekers that you are assisting for nothing, without any government assistance.

Ms Todd—Yes.

Senator MACKAY—Simply because they are not eligible—96 out of 98.

Ms Todd—Yes.

Senator MACKAY—How on earth are you coping in terms of resources?

Ms Todd—If things do not change soon and the referrals that have been indicated do not start eventuating, then I guess we will start winding down further. We have already made a number of reductions. We have a business plan that suggests that if we continue to operate smartly in other areas in the private sector we might be able to hang on till December. But the point is that all this time the infrastructure is being dwindled. We would normally spend money helping people to develop competency and assess their business ideas or to assist a small employer to employ for the first time. That is far more an education process than action. Those sorts of things are not possible because we are now spending that money directly on helping somebody to get a resume to get from point A to B or helping them to determine what sorts of responses they need to make to selection criteria, et cetera.

Senator MACKAY—What is your tip on how this whole situation is going to end up? It strikes me that a number of good organisations that have actually survived the tender round are going to fold because of slowness in Centrelink referrals, the sorts of things that you are talking about, and also competing against Employment National, for example, that has a substantial amount of money. What do you think is going to happen at the end of the day?

Ms Todd—It is the loss of the things that have never been measured that is the problem. For instance, the state government never took account of the accredited training that was delivered through labour market program funding. Because that was never inserted into the

state profile, there was never a clear idea of just how much accredited training was being delivered and across what industry sectors in the state. The withdrawal of labour market programs means the withdrawal of that accredited training to unemployed people, to a large extent. So how long will it be before we can actually understand and measure the consequences of those sorts of withdrawals? Local businesses use our facilities to help them develop marketing materials. We produce business cards for them. They have group meetings in our building. All of those sorts of services that are also used by local business people have never been measured before, so the cost is very hard to assess.

Senator MACKAY—What is going to happen at the end of the 19 months? It strikes me that four or five organisations are going to be left.

Ms Todd—Yes. Even though organisations are businesses and employ people in their own right, I firmly believe, more importantly, that people who are long-term unemployed are going to be further disadvantaged. Skill shortages are going to become more obvious. The fact that organisations like ours are vulnerable and may not be able to ride out the storm means that there will be less options for those people, again. It is a magnification of the issues.

CHAIR—Thank you very much. I finish up with knots in my stomach about winding everybody up and pushing them off. You have been duded a little of your time because of delays, but I think you have made the point about skillshare and employment facilities in this state very well. If we need anything further or if there is anything further you want to tell us, feel free to contact us. We hope we can contact you.

Ms Todd—Thank you.

[11.15 a.m.]

ROUTLEY, Alderman Ian James Norman, Alderman, Launceston City Council, PO Box 396, Launceston, Tasmania 7250

CHAIR—I welcome you to our inquiry. The committee prefers all evidence be given in public, but you may at any time request that your evidence, part of your evidence or answers to specific questions be given in camera and, if you do so, the committee will give consideration to your request. I would like to point out that evidence given in camera may be ordered to be made public by the Senate, as has happened in recent years. The committee has before it submission No. 57, dated 29 April, 1998. Are there any alterations or additions you would like to make to that?

Alderman Routley—No, I do not wish to make any.

CHAIR—Would you like to make a very brief opening statement, and then we will put some questions to you.

Alderman Routley—Thank you, Madam Chair. As a representative of the Launceston City Council, I could probably state that Tasmanians are at the end of their tether and are desperately hanging on as the pressures of lack of employment opportunities continue and our families and children are forced to move interstate. As far as our region is concerned, being the 0363 region, this Senate inquiry into regional employment and unemployment is welcomed, even though it is somewhat belated.

There is a strong underlying belief within Tasmania that problems of lack of employment opportunities largely relate to directions from federal government, when policies have been drawn by minority groups or economic rationalists without necessary assessment being undertaken into possible ramifications in either the immediate or the longer term. Many problems within the region emanated from the Whitlam decision on tariffs in the textile industry in the 1970s. Ordinary people were hurt severely due largely to a lack of planning and no provisions of benefits for retirement. It is recognised that Australia has to be competitive in the international marketplace. However, I do not believe that economic rationalists, whose pronouncements have often been accepted by the federal government without consideration, have ensured a level playing field, nor have they consulted or been sensitive to rural and regional Australia.

The political opportunist approach of federal Labor to the Wesley Vale pulp mill is an excellent example of how a vital \$1 billion investment was lost, together with hundreds of millions of dollars more through flow-on involvements. Clearly, it is evident and understood by the majority that the political opportunism and the power of minority groups are at the core of the problems now faced in Tasmania. Adding to the downturn in the rural sector over recent years and the lack of confidence due to our minority government, this region alone has lost some \$8 million as a direct result of change to government employment programs in recent months.

Being an island state with a small and ageing population, Tasmania is particularly vulnerable to this kind of federal government decision. It is no wonder that families and young people are being forced to consider moving interstate to seek employment. The people of Tasmania have had to cope with significant change in recent years, leaving many still in a state of shock, despair and disillusionment, as their incomes have reduced or shown little real increase when compared with Australian averages. The stigma of unemployment bites deep, demeaning in particular the age group of 48-plus—people who have been forced to accept redundancy due to technological advancement. They are further disadvantaged in the search for work because of a lack of investment in the state due to uncertainty regarding future directions. Some of the current generation of management personnel perceive people over the age of 50 as a threat and many in this age group, in order to retain some dignity and respect from families, are being forced to understate their age to regain employment—a most undesirable situation from all viewpoints.

Leadership and the long-term planning of policies based on a broader range of important issues are essential if this region is to offer sustainable growth and provide opportunities and hope for our citizens and to ensure we as a council are able to rebuild the social fabric of our city and region. I would also refer, Madam Chair, to the fairly well assessed participation rates from the ABS catalogue No. 6202, 1303.6, where it states:

Employment and participation in the labour force are important elements which explain the unemployment figures. Overall in this period (from March 1990 to December 1997) Australia has seen employment rise by nearly 9.5 percentage points. In Tasmania employment fell by 1.4 percentage points, and Northern Tasmania—

the area that I represent—

over the same period it fell by 3.6 percentage points.

I have given you a preliminary statement and I think that is a fair indication of the plight and the depth of feeling we have in our region at this point in time.

CHAIR—Thank you very much. It is a very useful contribution to our deliberations. There is a lot of passion in Tasmania and I think the committee appreciates that from a number of witnesses across Australia, particularly in regional Australia.

Senator MACKAY—I was just going to, first of all, agree with everything you have said in a lot of ways. One of the reasons that I wrote the terms of reference, and this committee was kind enough to agree to this inquiry, was that I am a Tasmanian senator and very much aware of the difficulties that we are facing. It is easy to become very depressed.

I am very interested in the section of the submission where you say that what we are doing is looking at economic modelling but we are not looking at the social balance sheet. We are not looking at the social implications and the social indicators of government decisions. When Nixon was calling for his submissions, I put a submission in which talked about having a prospective assessment of government decisions prior to them actually being

implemented or imposed on a community using the social indicators. I am interested in your comments on that, and I am also interested in how you have actually quantified the net impact of \$8 million on the changes to employment services. I will just leave you with those two.

Alderman Routley—As for the figure of \$8 million, council does have a representative on the board of Glenara. As you would recognise, Glenara was a large player in unemployment programs in this region. It was very proactive in that area and missed out under the latest rationalisation and reorganisation. That figure came from the management of Glenara and we believe it is a very conservative figure.

Senator MACKAY—I wonder whether we could get a bit more information about that. Would it be possible for you to talk to them and see how they got that breakdown?

Alderman Routley—If I can substantiate it or prove it over recent years, but I will have to seek that information.

Senator MACKAY—Only if it is possible, but I would appreciate it if you could. Also, the social balance sheet issue was the second issue I asked you about.

Alderman Routley—The social balance sheet is an important issue. It goes back to the three issues that I have mentioned in my comments. It goes back to the decision that was made on tariffs affecting the textile industry in the 1970s without any thought as to the ramifications that were evident to all. We also had the situation with the Wesley Vale pulp mill, where there was strong support from it within Tasmania yet minority groups stopped it, regretfully, with the intervention of the federal Labor government and without any understanding of what benefits that \$1 billion investment would have generated into Tasmania's economy. We have now got the situation where, with that investment gone, so many people have really had to consider moving interstate to give their children some hope of gaining employment.

The further kick was the rationalisation of the government employment programs. I would have to recognise and accept that there was far too much fat in the system previously but, because we do have high unemployment and few employment opportunities, it could have been given further consideration because there were benefits generated throughout the community with those previous programs. As I said, I would recognise that there was too much fat on one hand. It did have to be reviewed. I think it has really gone to the other extreme and we are suffering because of that, but it is too early to make an informed assessment or judgment because it has only been operating for a number of weeks.

Senator MACKAY—Where do you think the opportunities for Tasmanian employment lie?

Alderman Routley—I think it would be fair to say that everybody is fairly despondent. One of the big problems we are facing is that within 10 years there will be so few young

people in our state. We are not providing any opportunities. Although we have a problem now, I think that the problems are going to be far worse within the next 10-year period. We have to stimulate and encourage the establishment of a range of new industries in Tasmania. That may mean that the federal government will have to offer some very attractive incentives to attract business into the state.

In Launceston, a couple of years ago, Coca-Cola ceased bottling operations in this city. They did not even take into account the availability, the quality or the cost of water, for example. But that was a decision of a national company. These decisions are continual, as you would realise, Senator Mackay, in Tasmania, with the rationalisation of industry in this state, with people who believe that it is better to ship the products in.

I think we will have to take a totally new and different approach. I believe it will have to be a partnership. The government will have to offer some significant incentives, not only to Tasmania but to many other parts of regional Australia, to encourage businesses to go back into the regions and not to centralise in Melbourne and Sydney, which seems to be the thrust of the real problems at this point. I believe that national companies have to be far more sensitive to their corporate responsibilities.

Senator FERRIS—What would be the average age of employees of the Launceston City Council? Could you explain to the committee whether you employ any young people under the jobs pathway, or even perhaps the work for the dole programs?

Alderman Routley—Currently, there would not be anyone, I do not believe. I really cannot give you a definite answer as an elected representative.

Senator FERRIS—Do you have a policy of trying to balance your employment so that you include people under 25? Do you have trainee programs on the council?

Alderman Routley—We do have training programs, and we have also employed people under those work programs in the past, but not currently; at least they do not apply at this point. I am not able to give you definite answers on some of those programs.

Senator FERRIS—If the council did have a particular policy about that, it would be useful if we could look at it, perhaps at some later time.

Alderman Routley—Yes.

Senator FERRIS—The Nixon report: you mentioned it in passing.

Alderman Routley—No, I did not mention the Nixon report.

Senator MACKAY—No, I did, with earlier witnesses.

Senator FERRIS—I wonder whether you have any comment to make on the Nixon report, whether the council made any submission to the Nixon inquiry, and whether you have made any formal response as a council to that report.

Alderman Routley—I am sorry; that is one I cannot answer outright. I am not able to give you a definite answer.

Senator FERRIS—Are you aware whether it has been debated, though, in the council?

Alderman Routley—It has been discussed, but it certainly has not been debated. All aldermen are aware of what was in the Nixon report.

Senator FERRIS—As an elected representative, what would your view be of the Nixon recommendations?

Alderman Routley—I think the Nixon recommendations had some good points and some points that I would not agree with. It was probably a little too radical in some areas, but I would have to go through them point by point, and I do not have them in front of me today.

Senator FERRIS—I appreciate that; neither have I. Many of the principles that you have commented on this morning apply equally to a number of regional areas in Australia.

Alderman Routley—I totally agree with that.

Senator FERRIS—In particular, we have had evidence in Senator Crowley's and my home state of South Australia that we have also got structural difficulties.

Alderman Routley—I would think the problems in Tasmania and South Australia are very similar.

Senator FERRIS—Yes, they are.

Alderman Routley—And both states have had depressed economies for the last 10 or 15 years, really. The downturn probably started in South Australia and Tasmania in the early 1980s, especially after the severe federal government cutbacks in the 1985 budget in one hit. There was too much in one—

Senator FERRIS—And of course, as you have said yourself, there was also the tragedy of the Wesley Vale decision. But if there were to be three things that you, as an elected representative in Launceston, would like to see happen in your city, could you tell us what they would be and how you would like to see us achieve that. If you could make a recom-

mentation through this report to the federal government, what are the three major priorities that you would like to see implemented?

Alderman Routley—I think that I will always believe that whatever policies a government introduces, they have to be equitable and fair and should apply across the board. I think that the fairest and most equitable way really is to try to come up with a tax incentive for this region which encourages business investment and encourages new businesses to come into this region to offset the perceived problems of cost, which I do not believe are really there. It is a perception at this point of time. It is the critical aspect.

Senator FERRIS—What do you think can be done, particularly for young people? Would you have a priority there?

Alderman Routley—We are not able to offer very much for young people at the moment unless we can offer them employment and unless we can attract investment. If you are not able to attract a mix of new investment to the region, I do not think we can depend and should depend on the call centres at all. I think they only offer limited opportunities. They do provide an opportunity but it is very much limited. If we are going to try to provide quality education in this state and in our region, we have to offer a mix of employment opportunities. So many of our young people who achieve their qualifications at university are literally forced to move interstate. I say this personally, as my two sons have had to move to achieve employment. One of my sons could not achieve employment in this state because of his qualifications.

Senator FERRIS—A number of witnesses today have talked about the depressing circumstances of Tasmania and a number of witnesses have also talked about the need for investment. Why do you think Tasmania has such a negative perception? Why do you think it is that big companies are withdrawing from Tasmania and do not see Tasmania as a potential source for investment?

Alderman Routley—I think we would have to say that a lot of this emanated from two issues—the Gordon below Franklin dam decision and, more particularly, the forestry debate and the woodchips. I think with the Wesley Vale pulp mill that the downstream investment of \$1 billion was the catalyst for a lot of it.

Senator FERRIS—Do you think people just think it is too hard?

Alderman Routley—Yes. A person who is a consultant in the forestry industry said to me that he knew of another \$500 million worth of investments that would have come to Tasmania had that investment gone ahead—that has been lost.

Senator FERRIS—What a tragedy.

Alderman Routley—It is a tragedy, and the impact on the state is significant.

Senator FERRIS—For a long time.

Alderman Routley—I think it is going to take another 20 years to turn around.

Senator FERRIS—I hope you are wrong.

Alderman Routley—So do I, but I think it is so deep seated at the moment that it is going to take a long while.

Senator DENMAN—I am from the north-west coast, so when you spoke of graduates leaving the area, we do not get any of ours back at all on the north-west coast. And it is not just graduates but other young people are leaving the island. Have you a fear that in 10 years time we will have no people in their 30s with innovative thinking to help our state on its way?

Alderman Routley—That is a very good question. I was speaking to somebody in the education department only a couple of weeks ago in Hobart—I was out socially with them—who worked down the north-west coast for a number of years. This person highlighted very succinctly the problems you face when he stated that, whichever government is in power in the state, it may be forced to close two of the high schools down the north-west coast because of the lack of numbers. I think that speaks for itself.

Senator DENMAN—Yes, it does.

CHAIR—Just for the record, Alderman Routley, I am really a bit concerned. I guess there is no doubt that if we have a parliamentary committee we are going to have statements about how this government did that and the other government did something else, but there were some pluses, as I understood it, from the Wesley Vale mill not proceeding. Can you remind the committee of any of those?

Alderman Routley—In dollar terms, I do not believe that they have been very significant.

CHAIR—Maybe I am just a romantic, but I understood that the onion industry was very concerned about what would happen to its \$40 million export market in Germany if there was pollution in that area—which is what they feared. There may be other areas.

Alderman Routley—I can accept that there were some people opposed to the Wesley Vale pulp mill. What I am saying is, though, that the benefits would have outweighed the disadvantages.

CHAIR—That is one of the big problems, isn't it—how do you actually manage that? Senator Ferris has asked, I think, some excellent questions in terms of what you think would

be the best way to go. I suppose I would like to ask them again. Are you saying that one of the difficulties has been the change from one government to another, state and federal, so that just when systems are in place changes come along?

Alderman Routley—This has been a problem since the early 1980s. I think it has just been that Tasmania has been looked upon as being not relevant, with only 470,000 people, by so many people on the mainland, whether they are the economic rationalists, minority groups or politicians with their own particular reasons. I think it is a combination of factors. That is really the problem. We are only an island state of 470,000 people. We do not mean much to people in Melbourne, Sydney and Brisbane. I think that is how we are perceived. That is what the problem is.

Senator FERRIS—South Australia has the same difficulty in relation to those bigger states.

Alderman Routley—I suppose in South Australia it is the same, and I mentioned South Australia earlier. I think South Australia and Tasmania have many identical problems. I have believed that for the last 20 years, even before I came on the council.

CHAIR—What are the three worst problems that South Australia and Tasmania have in common, in your view?

Alderman Routley—First of all, you are away from the mainstream, the eastern border. I think that is one of the problems. Business confidence has been very poor in South Australia, as it has been here, and that has been poor since the early 1980s. There have been a few little ups and downs but, generally speaking, it has not been good. I think that both regions have been very dependent on large industries. We have seen significant shifts in employment and investment in large industry, whether it is the motor vehicle industry or Comalco down here or other large industries in Tasmania.

The core of the problem is that South Australia and Tasmania at times have been highly dependent on one or two, or half a dozen if I may say so, large industries. If you get a significant shift in employment, the ramifications right throughout the community are very significant, whereas if you lose one large employer in Melbourne and Sydney with 3,000 employees, it is headlines but it does not cause the same amount of disruption as it does in smaller populated areas. That is the real issue. It is not like we have 10 Comalcos down there employing 1,200 people each, or something like that, and you are sacking 300 people. You have an industry down there that used to employ 1,200 and it is now down to 600 or 700. It does have a real impact.

CHAIR—What you are saying is that, if the impact is larger and more significant, the multiplier effect in Tasmania is more devastating.

Alderman Routley—Not only in Tasmania but in regional Australia. It is the same problem.

CHAIR—And yet one of the other things that is the same for both Tasmania and South Australia is that there is a huge amount of good stuff happening that nobody seems to be able to talk about. Nobody wants to celebrate the achievements. I find that also very interesting. Is it because the world is run from Sydney now?

Alderman Routley—I think there is a clear perception that it is run from Sydney.

CHAIR—So the local perspective is not getting sufficient voice?

Alderman Routley—I would have to agree with that. A number of years ago, between 1980 and 1986, I was a representative on the national retail body. We had a very good relationship right through that organisation and through to Canberra, and it was invaluable. But I do believe that a lot of business people now do not have those links with the mainland that we used to have 30 years ago in the state.

CHAIR—We are terribly pressed for time today and so I am very sorry to have to wind this up. Again, I appreciate very much you putting a submission in and coming along on behalf of the council. Your answers to all questions, but particularly to Senator Ferris's questions, will help focus us too for our recommendations. Thank you very much indeed.

[11.45 a.m.]

HORTON, Mr Gavin John, Programs Manager, JobNet Tasmania Inc., 403 Invermay Road, Mowbray, Tasmania 7248

CHAIR—The committee prefers all evidence to be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in camera you may ask to do so and the committee will give consideration to your request. I have to point out, however, that evidence taken in camera may subsequently be ordered to be made public by the Senate, as has happened in recent years.

The committee has before it submission No. 179 dated 28 May 1998. Are there any alternations or additions you wish to make to the submission at this stage?

Mr Horton—No, not at this stage.

CHAIR—Is it the wish of the committee that the submission be received? There being no objections, it is so ordered. We will give you four minutes to open your batting and then we will field some questions.

Mr Horton—JobNet Tasmania is one of the largest providers in Tasmania of the new employment services. It was established by three Tasmanian organisations: North Western Group Training, Mersey Skill Training and Colony 47. We provide four out of five of the new employment services: job matching, job search, intensive assistance and a new apprenticeship centre.

I suppose we need to look at what the new employment service is focused on. The principle of it is to put control back into the hands of the job seeker. One point I want to make with reference to some points I heard earlier this morning relates to where referrals are made from Centrelink. It is not so much as it was prior to 1 May, when referrals were a standard referral to the CES; now the job seeker gets to choose what employment service they go to. So it does impact on providers around Tasmania as to whether they get business or not. Basically, if the providers are not promoting themselves, they will not get the business.

We have a principal job network here that has the potential to work successfully. But one of the biggest problems we are starting to find in Tasmania, and I believe in other states, is that some providers are going out and starting to turn it into a money market rather than focusing on the job seeker.

For example, we are finding—mainly with our intensive assistance clients—that instead of the money being spent on the job seeker, incentives are being given to the employer. It is a concept that we have built into the past that the employer receives incentives for taking on

a job seeker rather than focusing that money on the job seeker and spending it to skill them up.

The other issue is that as a NAC provider or new apprenticeship centre we are finding that some NAC providers are going out and saying to an employer, 'If you send your business to us—your traineeship papers or your apprenticeship papers to us to process—we will offer you a sum of money.' That causes problems because an employer has to come to a NAC to receive Commonwealth incentives. Why should a NAC be paying an employer to have their paperwork processed? To do that you have to then charge an employer somewhere else down the line to get that money to pay a NAC.

We are finding that this competitive nature is really turning the job seeker into the real money market rather than the control being given to the job seeker. Providers are starting to take it out of the hands of the job seekers and putting the control in themselves, so the quality of the system is going by the wayside.

Senator MACKAY—You said in your submission that you are finding some providers have made a decision to charge employers a fee for actually registering a vacancy.

Mr Horton—Yes.

Senator MACKAY—That is a bit of a new one on me. Are they actually charging people for registering a vacancy in Tasmania?

Mr Horton—As far as I know true providers are, and I will not name them.

Senator MACKAY—Is Employment National one of them?

Mr Horton—Yes. An employer will come to register a vacancy and they will charge a sum of money straightaway.

Senator MACKAY—That is interesting.

Mr Horton—As Jobnet Tasmania we have made it very clear right from the word go that we will not charge for any of the services that we are providing. If an employer comes to us to register a vacancy, we will register that vacancy; we will do the recruiting—everything—free of charge. The only place where we will charge as a provider is if we have somebody who is already in employment and they come seeking work. We will charge them only if they are in employment. Any job seeker who walks through the door, whether they are eligible or ineligible, will receive a free service.

Senator MACKAY—Ms Todd was telling us earlier that in her experience with Glenorchy Skillshare out of 98 job seekers that she had assisted, only two were eligible; she

received payment from the government. The rest were unemployed, but ineligible. That is having a major effect on her business. Are you finding that at all?

Mr Horton—No, we are finding it a little bit different. I think we are in a very fortunate position where we have four out of the five services.

Senator MACKAY—So you can balance it up by a range of flexes—

Mr Horton—About 30 per cent of our clients would not be registered at this stage. The rest would be registered.

Senator MACKAY—You are helping them irrespective of whether you get assistance?

Mr Horton—Yes.

Senator MACKAY—They are unemployed but not on benefits.

Mr Horton—That is right.

Senator MACKAY—Thirty per cent.

Mr Horton—Yes.

Senator MACKAY—This organisation is assisting them out of the goodness of its heart.

Senator FERRIS—There is one sentence in your submission that I would like you to reflect on in a little more detail, if you would. I will read it to you because it is only very short. It is in the last paragraph of your submission:

I believe it is time to re educate employers and those in the labour market industry, that we can do more for the unemployed if we change our mind set.

Could you expand on that?

Mr Horton—I have been involved with the labour market industry for approximately six years now. With labour market programs, or whatever programs that were put in place in the past, there has always been an incentive offered to the employer. We have offered an amount of money to the employer to take an unemployed person on and train them.

In our situation we can no longer say to the employer, ‘Here is a subsidy of \$500 if you take on this unemployed person.’ What we want to do is say to the employer, ‘We have a person here who has been unemployed for five years. If you give a commitment to take them

into full-time employment we will provide them with the necessary training and pay for that training.’ We are also making links with industries like the Commonwealth Rehabilitation Service, and other industries, to provide occupational health and safety assessments, sometimes site assessments. What we are trying to do is to provide services for the job seeker to the employer rather than giving an employer a direct money component. The employer in the past has been so used to this money. What we saw happening in the latter years was that, once that money ran out with the employer, that person was put off and went back onto unemployment benefits. We want to stop that from happening, especially in Tasmania. We have got to stop it from happening. We have got to re-educate employers that they have a commitment too to the unemployed in Tasmania. It is retraining the unemployed. It is making a commitment to get them back into the workplace.

We have got to get away from the mind-set of looking just at full-time employment for one person. There may be a situation where we put them in a pool where they are working amongst three or four different industries of the same nature—for example, nursing homes. Nursing homes now basically run on casual or part-time care. If you can get one young person into three nursing homes it is equivalent to a full-time job. We have got to stop staying narrowly focused on just full-time employment. We have to look at other scenarios.

Senator FERRIS—What does that say about the job training under Working Nation then?

Mr Horton—At that time it was working, and it was working well. It had its place. Times change and economics change. Working Nation was doing very well. One problem I found in the latter years, in talking with job seekers—and you will only find out where the problems are if you take time to talk to the job seekers—was with job skills and LEAP. The accredited training modules were good, but every time an unemployed person went into a program they had to be provided with first aid and occupational health and safety—they are just two that I can remember. You may have a job seeker that went in one program one year; then in the next they were doing the same training. It was not industry specific.

What was happening was that the job seeker was starting to look at it as a joke because they were receiving the same training over and over again. We, as providers, need to step back and say, ‘Yes, we need to provide accredited training. We need to pick modules out of traineeships—whatever training is out there—but make it industry specific, and make sure it is training that they have not received in the past.’ It becomes a joke when they receive the same training over and over and over again.

Senator FERRIS—I have one last question, if I may. You also say in your submission that there has been:

. . . a decision—

by providers—

to charge employers a fee for registering a vacancy. This is tarnishing the Job Network members as a whole . . .

What can you do about that?

Mr Horton—It is going to be a very slow process. We, as providers of the job network, have a responsibility to re-educate not just the job seekers, but ourselves and the employers. We have got to get away very quickly from turning it into this money market. It is focused on the job seeker. The job seeker must have that control. For the first time in their lives, the job seekers have the opportunity to get away from what was a welfare industry and are being offered a professional service. It goes a long way to their self-esteem if they are treated like anybody else out there in the industry and in the community.

In Launceston, we have met one on one with providers and shortly we will be meeting as a group to see how we can work together. Ms Todd mentioned earlier how the old network has fallen by the wayside. Yes, it has. When you make dramatic changes and something new comes in, there will always be damage. It is our responsibility to get in there and rectify that damage, pull that network back together. We can operate together, if we choose to. We can operate our separate ways, if we choose to. But we have to remember the principle behind it all. Who is the service there for? It is for the job seeker. If each one of us keeps that at the back of our minds, we will succeed in making this work, we will succeed in helping the job seeker. But we must remember that we are there to serve the job seeker not ourselves.

CHAIR—Mr Horton, if you have got some complaints about this system, who do you complain to?

Mr Horton—In the first instance to Peter Allen at DEETYA.

CHAIR—Have you taken any complaints to him?

Mr Horton—I have not had any complaints. I spent the last week travelling right around Tasmania—up in Burnie and down to Hobart—talking to different providers. I am amazed when I hear them say that they are sitting back and nothing is happening, that they are not getting referrals, that they are not getting vacancies. I can only speak on what is happening in our organisation. Here in Launceston we have received our referrals. We have had our employment consultants going out every fortnight. They have spoken to between 30 and 50 employers. Out of that 30 to 50 we have about five to seven that do not go into further business.

We have gone around Launceston and spoken at every school and are developing a program from talking with the students. For example, we were talking at Brooks High about developing a program and were talking with the young people about their attitudes to work. We asked them: what is work about? What is industrial relations? These are things they do not learn at school. We are going out and doing that, and I ask them, ‘How many other providers have you heard from?’ They say, ‘We haven’t heard from any.’ It is a matter of us as providers getting out there and selling what we have to offer. From what I am hearing

from employers and schools, not all the providers are getting out there and doing that. I am finding that providers themselves are still coming to grips with a new system. How do we deliver it? What do we do? What are the guidelines?

I do not fully understand what all the guidelines say; I will admit that. But what I am more focused on is our consultants or our officers saying, 'Okay, let's go out and try this. If it doesn't work, let's get back around the table and refine it and go out and try it again.' It is the only way to do it. We have 19 months to make the system work, or it will fail.

Tasmania has been renowned in the past, and will be renowned in the future, for making things work. Our organisation for one will go out and do the best job we possibly can for the job seeker. It is going to be hard; the hours we are putting in are just beyond belief. But we have got to get around this mind-set of focusing it back on the job seeker.

CHAIR—Tell us about the hours, Mr Horton? What hours are you working?

Mr Horton—I am working 60 hours plus a week at the moment.

CHAIR—Sixty hours plus a week. Perhaps you should go back and do the occupational health and safety course.

Mr Horton—Perhaps I should.

Senator MACKAY—You should go and see a union.

Mr Horton—Yes, that too.

CHAIR—How many people are working with or for you?

Mr Horton—We have 11 staff in our Launceston office.

CHAIR—And how many hours are they working?

Mr Horton—They would be doing between 45 and 50 hours a week.

CHAIR—Are they on contracts or salaries?

Mr Horton—They are on salary.

CHAIR—What kind of wage do you get for doing 50 hours a week work?

Mr Horton—They are looking at between \$35,000 to \$36,000. One or two may be on \$37,000.

CHAIR—How long do you suppose it will be before they suffer burnout?

Mr Horton—I am hoping that we can start pulling back now. As of 1 May, we had job seekers and employers walking through our door. Whether that is the reputation of the three companies, I do not know. It could be because of a number of reasons. Our marketing has been very good. We can now start pulling back because we have a basket of employers there that we can start working with. We have our referrals, so we can start pulling back. We usually operate within the hours of 8.30 to 5.00, and I am trying to encourage our officers to get back to that.

CHAIR—I suppose what we have to do is ring you in a couple of weeks time and ask, ‘How’s the burnout rate?’

Mr Horton—That is if I am not taking treatment.

CHAIR—When you say \$35,000 for roughly 40 to 50 hours a week, does that mean there is no overtime in those packages?

Mr Horton—That is correct. What they do have, though, is time in lieu. So if they have worked any overtime, later on down the track they can take time off in place of it.

CHAIR—There will be some very long Christmas holidays, won’t there, Mr Horton, at the rate you are going?

Mr Horton—Most likely.

CHAIR—This wonderful organisation has to close for three months while everyone catches up with their jobs or their time in lieu. I am sure it won’t be as bad as that. Mr Horton, I wanted to ask you about your comments about kickbacks in the new apprenticeship centres. Can you just spell that out for the record?

Mr Horton—Yes. I will give you a very clear example: within the first couple of weeks of operation, I was contacted by an employer who asked me, ‘What kickback are you offering for me to bring my work to you?’ I had to ask that employer to explain to me.

Senator MACKAY—And the word ‘kickback’ was used?

Mr Horton—Yes, the word ‘kickback’ was used.

CHAIR—Is that right?

Mr Horton—Yes.

CHAIR—I hope you have got his name and fingerprints.

Mr Horton—That is actually why I have written it down as ‘kickback’. What he was saying then was that one of the NAC providers was offering him \$100 for each piece of paperwork for a traineeship that came across their desk to process. He asked me if I was going to do the same thing. I said, ‘I have to look at it from a number of issues. If I did do that, I then have to turn around and charge an employer on another level to pay you that \$100 because I don’t have the money there to pay it, because we don’t budget for that type of situation.’ I said, ‘I personally have an ethical problem with that in that a NAC, a new apprenticeship centre, is set up to approve all Commonwealth incentives for apprenticeships and traineeships and to be a one-stop shop. Why should I be paying an employer to bring their business to me when they have to come to a NAC provider to have their paperwork processed?’ I am more interested in quality of service than turning it into, ‘What can I get out of it?’ Because if we do that, we have lost the plot.

CHAIR—Do you have any evidence of any other people, apart from the one he mentioned? Did he name the provider?

Mr Horton—Yes.

CHAIR—Yes, he did, but you do not have to. Is that right?

Mr Horton—Yes, that is right.

CHAIR—Do you know of any others that are actually paying employers? Have you been able to establish that what he claimed for that organisation was true?

Mr Horton—Yes, I can say it was true. Another employer who was contacted by the same provider contacted me. He told me the same situation. He told me that they were willing to come with us because of our quality of service in the past, and that it would live on in the future. I asked, ‘Could I see a copy of the correspondence that was sent to you?’ They would not show me the correspondence to look at. They showed me the paper and they showed me the signature, but not the content of the letter. But I do believe that the correspondence was sent to Dr Kemp’s office.

CHAIR—Do you know whether that is the only organisation hereabouts that is behaving that way?

Mr Horton—To my knowledge.

CHAIR—Do you know if any other employers are being persuaded that kickbacks are the way to go? What did the first chap do?

Mr Horton—He went with the kickback.

CHAIR—So that is one that you know of.

Mr Horton—That is one I know of. We had one come to us who chose not to go with the kickback; they wanted quality of service. I believe there has been another one that has gone with the kickback but, other than that, I do not know. If you are looking at it from the perspective of some employers, I believe that at the end of the day those employers will walk away. The other issue is in that correspondence in that that NAC provider was also sending out to employers saying, 'We are the NAC provider; you must come to us.' That is false advertising because employers also have a choice of what NAC provider they go to. There are three NAC providers in Tasmania. I believe those issues are being investigated by DEETYA at this moment.

CHAIR—They are very concerning, aren't they?

Mr Horton—Yes, they are. That is why I am saying, if we do not keep an eye on it and jump on it straightaway, we are going to lose the plot and it will fail. What will happen is that the person who suffers will be the job seeker.

Senator MACKAY—Have you heard of anything similar happening with the intensive assistance area? That is another area where, potentially, you could have a similar situation.

Mr Horton—It is not happening in the intensive area at this stage. I suppose I have been monitoring it only here in the north of the state and we have met with the majority of intensive assistance providers here. What we have said very clearly to them is that we are not interested in offering incentives to employers. What we want to do is to ensure that the job seeker gets the training. All the providers have been telling me the same thing. What we are going to attempt to do is to join together because, on our own, we cannot provide accredited training at a good cost, but if we all join together and can get a class at one time it is viable for us. That is what we have got to look at doing. It is coming back and working together, and the job seeker wins.

Senator MACKAY—That is just what you were doing before, in fact.

Mr Horton—Yes, and we were getting there. We will find in July-August that the old network will start coming back together; things will settle down.

CHAIR—What is the size of the network now compared with before 1 May?

Mr Horton—I think in Tasmania we have 21 sites. If you go back to the beginning of last year, if you take all the skillshares into account, you would have had somewhere around the 30 or 40 mark.

CHAIR—So in fact there has been a significant reduction in the network. Even if you could get collaboration, there are fewer of you to collaborate.

Mr Horton—Exactly. And there are even fewer providers of training now because some have gone by the wayside. I will admit that, by the end of the 19 months, we will see some in this network fall by the wayside. As I stipulated at the beginning, we are very fortunate that we have four of the five programs. A lot of the providers are not in that situation. They have only one of the services to provide, so financially it is not viable.

CHAIR—Are you finding support from DEETYA with this proposal for people to collaborate or are you finding that this runs counter to the competitive climate they are creating?

Mr Horton—It depends on what level of DEETYA you look at. State-wide we are beginning to find support, but their hands are tied to a degree by the Canberra level of DEETYA. If I can bring up the most recent example I can to show you, we raised with DEETYA last week in our first monitoring session that, with referrals from Centrelink, we believe that Centrelink were given a quota from DEETYA as intensive assistance. For example, I believe Mowbray either for June or July can refer 85 intensive assistance clients to a broker. That is not just to us; that is to all the providers in Launceston.

If all those job seekers choose to go with JobNet, the other providers miss out. We may get only five of them or we may get only 20. If that is the case, all providers have run their budgets on their contracted capacities. For example, we are contracted in Launceston for 370 intensive assistance clients during the 19-month period. If we are not assured of getting that number up during our contract period, it is going to affect our budgets because that is what we have budgeted on. We do not make any money at the end of the day.

I am holding off putting on an extra staff member until I can verify exactly what is happening. I believe DEETYA here is taking it up with Canberra. We will be too because it does affect the providers. If that is happening, a lot of them will not provide; a lot of them will be closing their doors.

CHAIR—Let us say there are four JobNet or comparable organisations here, you have got 50 to provide for, somebody else has got 40 and somebody else has 30 and over at Centrelink they have got 85 to hand out. They might hand out five to you and 25 to the organisation down the road whereas you have got twice as many contracted positions to fill.

Mr Horton—That is right.

CHAIR—Are you saying that Centrelink is not actually distributing that quota according to the placements allowed?

Mr Horton—You have to look at the fact that Centrelink, when making their referrals, have to do it on the job seeker's choice. So that is No. 1. They ask the job seeker, 'Which one do you want to go with?' But from DEETYA, they are only allowed to give a quota. Once they go above that quota for that month, they cannot refer any more. As much as they would probably love to, they cannot refer any more because they have been given a quota under their contract.

Centrelink—I was talking to them last week—believed that we providers were aware of that back in March. We were not aware of that back in March; we have only just become aware of it. It has a big impact on providers.

Senator MACKAY—You will be pleased to know that Mr Sedgwick, the head of DEETYA, said he never promised you a living, and neither did the minister. But you are actually correct—and this was revealed in estimates last week—that exactly what you are saying is happening. As you say, you budgeted for the contract.

Senator DENMAN—If you do not meet your quota one month, can it carry over to the next?

Mr Horton—With intensive assistance, we do not actually have the quota up. We have a capacity of 370. We need to very quickly start building up our case load. We personally as a provider are doing okay, but there are the other providers. I will take an example of one in Hobart—I am not sure which one it is—which has a contracted capacity of 1,500. To this stage, six weeks down the track, they have had only 18 referrals. If that does not change drastically very soon, they will have to close their doors because it is just financial non-viable for them.

Senator TIERNEY—Mr Horton, it is true this is an open market, isn't it?

Mr Horton—Yes.

Senator TIERNEY—And it is true that providers are supposed to be going out seeking business themselves and not being totally dependent on government provision?

Mr Horton—That is right, exactly.

Senator TIERNEY—So what indications are there that providers are going out seeking their own business?

Mr Horton—I can only say that we have been out there. I mentioned earlier that my officers provide me with a fortnightly report. In that, they have contacted around 50—and sometimes over—employers in a fortnightly period. Out of that 50, we have about six knock-backs each time. But, when you talk to the employers and to the schools asking them if other providers have contacted them, you find that very few have. We must go out there and market ourselves or else they are not going to find out whom we are.

Senator TIERNEY—That is the essence of an open market. Do you think it is wise to assume in your budgeting that you are going to get that if it is an open market?

Mr Horton—If you believe that you can do the work, you provide a quality service and you have had a reputation for doing so in the past, yes I do, because I believe that we can reach our contracted capacity. If quotas are being put on that contracted capacity, where it is left to the end of the track rather than overall, it will bring troubles to some providers. It will not to us because we have four out of five of the services, so we can make up in one area where we are down in the other. For those who only have one or two services, I can understand that it has big financial implications for them. Going out marketing is not going to be the be-all and end-all for them.

Senator TIERNEY—So would it be true to say that a lot of providers have not adjusted to the new climate of an open market and that this is not the CES—that this is a different system all together?

Mr Horton—A lot of providers are still grasping hold of what the new system is about.

CHAIR—Mr Horton, thank you very much for your contribution. The committee is enormously assisted by the real world facts. We have been getting that in all sorts of ways through this inquiry, whether it is from council, government or whomever. Senator Ferris asked a question earlier about whether it is fair to be criticising an organisation like Employment National—the new job creation system—when it is only a month old. What you have told us is a good answer to that question: if you do not get onto these things early on, then they can grow into festering sores. What you are saying to us is that you are working pretty successfully with the local DEETYA in highlighting bad bits, good bits and problems and that, together, the two of you are fighting DEETYA in Canberra.

Mr Horton—Yes.

CHAIR—The committee is very much assisted by that contribution, Mr Horton. If there is anything further you want to provide to the committee during this inquiry which goes until the end of October, we will be very pleased to receive it. If there are ways in which you need assistance to help fight for the benefit of the unemployed people in Tasmania, do let us know. Thank you very much.

[12.13 p.m.]

BLACK, Mr Tom, Northern Regional Manager, Tasmanian Development and Resources, 22 Earl Street, Launceston, Tasmania

BURNS, Mr Kerry Ross, Assistant Director, Policy Division, Department of Premier and Cabinet, Level 7, 15 Murray Street, Hobart, Tasmania

MORROW, Mr Hugh Peter Roche, Senior Policy Analyst, Policy Division, Department of Premier and Cabinet, 15 Murray Street, Hobart, Tasmania

WATKINS, Dr Richard, Chair, Tasmanian Accreditation and Recognition Committee, and Chair, Tasmanian Training Agreements Committee, Tasmanian State Training Authority, 99 Bathurst Street, Hobart, Tasmania 7000

CHAIR—Welcome. The committee prefers all evidence to be given in public, but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera you may ask to do so and the committee will give consideration to your request. I point out, however, that some evidence taken in camera over recent years has been ordered to be made public by the Senate. The committee has before it submission No. 188 dated 10 June 1998. Are there any alterations or additions you wish to make to the submission at this stage?

Mr Morrow—Not at this time.

CHAIR—The committee has authorised the publication of your submission. Can I just say before you make your opening comments that the committee very much appreciates your very useful submission. We cannot get anywhere without very good submissions. I know the pressure on you all, so it is very much appreciated by the committee.

Mr Burns—I want to say a few words, drawing on our submission. I appreciate that you have already had a chance to read it. Drawing on information we have in our submission, it is fairly clear to everybody that Tasmania has some serious economic problems that have transferred through to the labour market. Those problems are problems that other regional areas of Australia would also be experiencing. They are things such as declining conditional industries, associated loss of employment, high unemployment and increasing pressure on services that are delivered by state governments.

For example, in terms of population, we now only have roughly 2.5 per cent of the Australian population, which is roughly 480,000 people. That population is approximately static, although some projections suggest it will fall over the coming years. We have outward migration of a lot of our young people and a lot of our skilled people. We have a low share of migrants coming to Australia and a population structure that has a large number of people in the older age groups and also in the under-15 age group, which also represents a number

of problems for service delivery and other issues. We also have a decentralised population, the lowest proportion of all the states of our population in the capital city, which, again, has problems for service delivery.

In terms of employment over the longer term, our employment has increased at a lower rate than nationally. For example, over the past five years, we have had roughly a two per cent increase in employment as opposed to a 10 per cent increase nationally. I should say that more recently over the past nine months or so we have had a consistent employment increase, but I would say that that is probably fairly fragile. While we would hope it would continue, there are no guarantees at the moment. We have also traditionally over the longer term had the highest unemployment in Australia and, along with South Australia, some of the highest youth unemployment.

CHAIR—You did say that you have employment growth at a time of rising unemployment. Is that what you are telling me about this submission?

Mr Burns—There has, over the past eight or nine months, been a trend towards increased employment in Tasmania.

CHAIR—Right, but that is not yet reflected in the unemployment figures.

Mr Burns—It has not had a great deal of effect on the unemployment figures, no.

CHAIR—What are you saying? Are you saying that it has to rise by a lot more than that to start soaking up the figures?

Mr Burns—Yes, that would be my judgment.

Mr Morrow—I think it is fair to say that we are still continuing to lose jobs in the older industries.

CHAIR—Faster than you are creating them.

Mr Morrow—That is somewhat detracting from the good new figures coming through.

CHAIR—I read that and I was just concerned. I am sorry, Mr Burns, to interrupt you. Would you like to finish your comments.

Mr Burns—It is clear, too, as evidenced by recent events in Burnie, that our older industrial base is no longer servicing us well in employment terms. For that reason, the state government strategy has been to take a new approach, as announced in the government's direction statement last April, where we are attempting to develop a new economic base for the state. That statement provided a clear vision for the future economic and social develop-

ment of Tasmania and attempted to change our economic direction. It did that in part by emphasising a whole series of potential growth areas where we could concentrate our energies. I think that that has already shown some fruits in terms of employment, particularly in the call centre area.

It is also well known that Tasmania has a high state debt which also limits the state's capacity to fund services in employment generation and other areas. We have a low capacity to raise revenue at the state level. It must be said, too, that we have suffered some fairly severe cutbacks in terms of Commonwealth financing in recent years. I will not say any more about industry development at this stage because I am aware of the time pressures you are under.

In relation to the recent changes in Commonwealth employment services through the Job Network, although we have yet to see how they will pan out, the government has some concerns about what the final impact of that will be on job seekers in Tasmania and whether there will be a net benefit. We also have some concerns about the youth allowance and how that will impact upon young people in the state and upon government services and government costs as well.

The final message is that, in terms of solutions, though the direction statement is making every effort to change Tasmania's economic direction and generate new jobs, at the end of the day the state's resources are limited and therefore we will be hoping to work in partnership with the Commonwealth to achieve any real change in the state's employment situation.

CHAIR—Thank you, Mr Burns. Does anybody else wish to make a comment at this time? If not, we will move to questions.

Senator TIERNEY—You mentioned the government's direction statement. I am from an area similar to this in the Hunter Valley. We have high unemployment and we are going through considerable change with older industries downsizing. We came up with a plan of 22 different industries that were identified in the Hunter Valley that could expand. As a matter of fact, the Hunter Valley is about the same size as Tasmania in terms of GDP and population, so there are a lot of similarities. You did mention your government's direction statement and you did mention call centres in the new information technologies as one possible new direction. For the *Hansard* record, could you summarise what the others are in the government's direction statement? What did they identify for regional Tasmania as being the likely industries that would spark off in the next century?

Mr Burns—Some of them are existing industries that have potential for growth. They are not all new ones. There are basically 10 broad areas. Perhaps I will just run through them. They were the dairy and dairy processing industry, vegetables and vegetable processing, the apple industry and high value horticulture, aquaculture, tree farming, wood processing and paper production, IT and the associated service industries, specialist manufacturing, design and craftsmanship, and tourism. They were the key areas.

Senator TIERNEY—You mentioned wood processing. I suppose it would have been a great disappointment to Tasmania, particularly its northern area, that the Wesley Vale project did not go ahead. Obviously economies constantly go through change. Industries phase out but it is always helpful when new ones phase in, and that was one that did not phase in. Can you explain to the committee, from your perspective, why Wesley Vale did not come about, particularly as we now have that situation in Burnie with one shutting down?

Mr Burns—I am not in a position to be able to give you any details in relation to that. I will defer to one of my colleagues.

Senator TIERNEY—No-one from the state government wants to comment on it at all? I find that a bit amazing.

Mr Black—Clearly investment in downstream processing is important for the state in a wide variety of industries, including the industry we are talking about. That did not take place for a whole variety of reasons. The company decided not to go ahead. There were a whole lot of factors acting on that: political, technical, financial and social. It is up to each individual to make up their minds as to what the mix of that was.

Senator TIERNEY—The previous federal Labor government was not too keen on going ahead, was it?

Mr Black—Previous Tasmanian governments and the current Tasmanian government are encouraging downstream processing. The MDF plant is a good example of that. It is a medium density fibreboard plant where there has been overseas investment, the creation of jobs and significant value adding that is coming on line. Clearly, from a regional point of view, that is good use of that resource. Obviously, people look at others and other ways of adding value to our timber industry, both hardwood and softwood.

Senator TIERNEY—In terms of older industries declining, you must have seen this coming for a very long period of time, particularly as I think some have closed in Launceston in the last two years. Could you perhaps give us some insights and strategies, because you must have had strategies—I am going back five or 10 years—to counter the effect of that or to encourage new industries? Given that employment figures obviously have not come about, are there any lessons to be learnt from that earlier time?

Mr Black—I am a new practitioner. I have been involved in regional development, through a private organisation, for the last five years or so. I guess you are talking about the life cycle of companies and businesses. A lot of our investment, as stated in the submission, was 20, 30 or 40 years ago in a number of companies, which is part of our core economy. By that, I mean it is creating wealth for our state. Whether we are selling those products interstate or overseas, it brings real money into the region that a lot of people, in fact all of us here, feed off in many ways in the creation of jobs. Obviously, they have been undergoing change, and there have been various support mechanisms, both at a political level and federal levels, through AusIndustry programs assisting businesses undergoing change.

There is a greater move for our larger core businesses to be controlled outside the state, so the decisions are not made here. The decisions are made very much interstate, if not overseas and, in many ways, would have a cost centre. I was using the example of the Tioxide Paint Pigments plant up the coast, which was owned by ICI. Decisions were made in London about a cost centre somewhere on the other side of the world.

It comes down to the efficiency of the plant. Do they wish to keep producing there? Do they wish to keep investing there to modernise the plant or has it reached the term of its life cycle as far as the company is concerned? Sadly, that is the case in some areas. It has happened at Amcor with the sudden lay-offs because the company, for its own reasons, does not see it as profitable to invest in the long term in that particular sector. That is an issue we have to face across a lot of our industries that we look at on a case-by-case basis.

Senator TIERNEY—With the life cycle of industries like Bell Bay aluminium—

Mr Black—Yes, Comalco.

Senator TIERNEY—Obviously, given what was happening in the aluminium industry around Australia, it could be seen what was going to happen five or 10 years off. Given that industries do come to the end of their life cycles in particular areas, because of all sorts of economic reasons, what strategies were put in place to counter that back then? Why did they work or not work at that time?

Mr Black—I know that in a number of areas senior government officials are working with many of these large core industries looking at improving their efficiency, so they do stay here, so they still continue to employ people and create wealth, and so they do not get to the end of the cycle. You prolong that by encouraging investment in a number of different ways. In some of the major projects, people work very closely with some of these companies on a case-by-case basis to encourage them to stay and improve their efficiency. If you look at Comalco, in particular, which was not an efficient plant in terms of aluminium production in the world five years ago, there has been a lot of investment and improvement in work practices to improve the efficiency of the plant. It is now back up on the scale of giving it a longer life.

Senator TIERNEY—The workers down there are all on individual contracts, aren't they?

Mr Black—They are indeed.

Dr Watkins—It would be fair to say, in sharing Tom's view, that decisions are often made by corporations quite remote from the state and even remote from the country. Part of the change we face in the 1990s, and we faced it to a lesser extent in the 1980s, is the fact that there is very little recognition by many corporations in the world of the value of human capital because they cannot show it on their balance sheet. They can show you the amortised cost of the equipment. They can show you the life cycle of plant. They can show you what

will happen if they put a dollar in here or take a dollar out there, but there is very little recognition, apart from in some of the more enlightened industrial enterprises in the world, of trying to grapple with the very difficult concept of what human capital is worth to you and what the combined intellect of your work force is worth to you.

Until some corporations begin to address those sorts of issues, they will take decisions based upon plant life cycles, capital and equipment life cycles and move their capital investments to places where they can get more advantageous conditions. The emphasis that Tasmania is looking at, and I am looking at as an educator, is the human capital side of the equation, to try to convince and compel organisations that that is where the true investment is. That is where the true value is because that is where the real wealth of a company and a nation is—it is in human capital, not in a piece of equipment.

Senator TIERNEY—I read of one visionary employer who recognised that. He was paying them for the particular skills in operating the plant and equipment, and he took the view that everything else that they had in terms of their abilities above and beyond that were free to him. He, therefore, went in and tried to use that human capital, as you said, to the advancement of the business.

I just want to go back to your government direction strategies, particularly focusing on information industries—and you did mention call centres. Could you just explain beyond call centres in terms of your information industry strategies? Information industries are growing at double figures per annum at the moment Australia wide. Are you capturing that beyond call centres? Do you have strategies to perhaps capture that higher end of the information revolution?

Mr Burns—Certainly there are some strategies in relation to e-commerce, and there is a centre set up at the university for that at the moment. For the longer term also, there is quite a major commitment to education in schools to improve that human capital at an early level in the IT area, which will work to encourage the future opportunities in that area.

Mr Black—Premier and Cabinet clearly have a policy group and an active group out there trying to attract business, and it is not just in call centres. It is fair to say that we see call centres as very good immediate employment areas, but the trick in the long term is to have a cluster type effect where you have support programmers and IT support schemes around them. We are not there. It is beginning to happen slowly. It takes encouragement. It is a highly competitive world out there, not just within Australia. They tend to be large, not small, which makes life fairly difficult from a small state's point of view.

As part of the direction statement, the so-called grants—and I cannot remember the exact name—of \$5,000 for traineeships was targeted towards the IT-AT area very successfully. So it helped a lot of our small IT companies to grow and expand. It helped train people in call centres, amongst others. Even from the university education point of view, we have a very good applied computing school, and the question is how to keep those graduates and create

those extra jobs for them. That recognition is there. There is work going on. It does take time to land companies, to invest and develop them and grow our own companies as well.

Senator TIERNEY—Is there any sign of that actually starting to develop in the sense of companies coming into those points that you mentioned and clustering around those areas to develop industries?

Mr Black—It is not so much companies coming in at the moment, but there has been significant growth in a number of small companies within our own area. I think of one specific example that developed software. Like a lot of software, they started in a house. They were eventually thrown out into the garage. Then they left home and found an office. We have one little company that is employing 40 people, making CDs for specialist education areas. They got support through this program. They are up and doing it. They are in a rapid growth phase. We should encourage more of them through a variety of means to grow, because growing here and wanting to do it here is one of the ways to make successful businesses.

Dr Watkins—I was going to add that it is in the early stages, but we are quite optimistic from a whole array of perspectives about a very exciting and innovative development which could occur in the domain of animation. This has been a huge growth industry throughout the world, not just for cartoons but for educational purposes and so on. We are on the cusp—it has not quite happened—of very clear and very significant industry development in both the application of the technology for animation and imaging and the things that go along with it which will create sustainable employment opportunities and place Australia at the forefront of the world. At the moment we export our need for animation to places like New Zealand and the United States. If that is retained both in Australia and in particular here in Tasmania, the potential to create a large number of jobs for a highly skilled work force and to value add significantly is—

CHAIR—Where is that work being done, Dr Watkins?

Dr Watkins—It is being done in Tasmania and the centre will be located in Hobart.

CHAIR—Yes, I know, but is it a research university or a back garage?

Dr Watkins—No, it is a combination of Premier and Cabinet, TDR and the office of vocational education—

CHAIR—Is it a cooperative research centre?

Dr Watkins—No, it is a private corporation, which is working closely with the government to investigate the likelihood of setting this project up in Tasmania.

CHAIR—And the private corporation is Tasmanian?

Dr Watkins—Yes, it is.

CHAIR—Well done.

Senator MACKAY—When will we hear about this animation project?

Dr Watkins—As soon as the bottom line is signed.

Senator MACKAY—What will we be looking at in terms of job creation?

Dr Watkins—There is the potential for hundreds of jobs.

Senator MACKAY—Good. What is the status of the Nixon report recommendations?

Mr Burns—I think that at the moment we are waiting on a response from the Commonwealth government.

Senator MACKAY—How long have you been waiting for a response from the Commonwealth government?

Mr Burns—I am sorry; I cannot give you a definite time frame for that.

Senator MACKAY—It would be at least a year, wouldn't it?

Mr Burns—It has been that long since the report was released.

Senator MACKAY—So we have not yet heard from the Prime Minister—whose report it is, jointly commissioned—as to what his view about the Nixon report is, have we? Is that correct?

Mr Burns—I am not 100 per cent certain that there has not been some contact between the two governments, so we cannot comment any further on that.

Senator MACKAY—But there is no official response from the Prime Minister about the Nixon report yet?

Mr Burns—Not that I am aware of.

Senator MACKAY—If there were, you would have been aware of it, I would have thought.

Mr Morrow—It has not crossed our desks, if there has been one.

Mr Burns—I cannot answer definitely on that one, I am sorry.

Senator MACKAY—Basically, the point is that the Nixon report was commissioned by the Prime Minister and the state government, and we have not had a response from the Prime Minister and it has been about 18 months now. Can I ask you about general cuts which you have mentioned in your submission. I know that some state ministers have been very vocal on this, particularly the health minister, who, I understand, did a good job representing the state, I have to say, in relation to what is happening with health. What has been the impact of cuts to things like industry policy, FAGs, SPPs, public sector cuts, and so on, from the Commonwealth end in terms of any employment consequences? Has any work been done on that?

Mr Burns—I am not aware of any figures, but obviously they would have an impact, both directly on jobs and provision of state government services and possibly too in the private sector through cuts in Commonwealth industry development programs.

Mr Black—In fact, it is common in the AusIndustry program. Parts of it are still in place, and it is too early to say where that is going. Clearly, I believe that something along those lines has been beneficial to a lot of companies that you are working with undergoing change or growth—hopefully growth. That program has been wound up and I guess it is fair to say we are waiting to see what it will be replaced with—which will be, one hopes, in the next six months.

Senator MACKAY—From the TDR perspective—say things such as DIFF, EMDG, the export facilitation scheme, R&D, et cetera—what sort of impact would cuts or abolition of those sorts of programs have on local industry?

Mr Black—I would not say there has been a major impact at this stage because the jury is still out, I would say. It is too early. If you accept that a lot of the programs still have funding and are actually being wound up—even though it has been announced they might not be there; for example, specifically AusIndustry has been extended and there will be funds to carry us through to be wound up by the end of December this year—the impact is not there yet, if at all.

Senator MACKAY—What do you think the impact will be? I would just explain that I have been on another Senate inquiry in Tasmania on industry policy where we had evidence from Lactos and a number of other industries that they were very concerned about the potential wind-up of these programs for the industry development side and also for employment consequences.

Mr Black—The AusIndustry programs, as I said, have been beneficial in a number of areas when we can go into a company and use some consulting funds—for example, for a company to assess its potential for growth or if a company is in trouble—and it has been

beneficial. That is still there in the short term. I am not sure what it will be replaced with. I hope, in the long term, that we will have an equivalent program or certainly some assistance there to replace it because it has been beneficial.

Senator MACKAY—I understand that. There are a couple of comments in your submission under Job Network which indicate some concern at this stage with regard to Job Network. I am particularly interested in the quote:

In areas where jobs are not being created (ie Tasmania) payment by outcomes is not only not going to do anything for job creation it is going to make it difficult for organisations to survive.

There are obviously some clear concerns about this. You say:

As the move to the Job Network is occurring as part of a major cut in Commonwealth labour market programs and employment services there is a significant risk of cost shifts to the States and reduced assistance to job seekers.

What do you think the potential for cost shifting is? Why are those comments made, basically?

Mr Burns—Job Network is obviously in a pretty early stage, but I think it was preceded by a major cut in Commonwealth labour market program funding.

Senator MACKAY—Yes, \$1.8 billion of it.

Mr Burns—We are concerned to see, as a bottom line, that Tasmanian job seekers are not going to be disadvantaged at the end of the day by not having access to the services that they previously would have had. As well, we are worried that, because of the reduced funding available in the labour market area for various organisations, those organisations will not be able to deliver their services as they have in the past. They will also be seeking those funds from the state instead and, therefore, putting further pressure on our capacity to deliver the other essential services we are involved in providing.

Senator MACKAY—Has that request happened or do you anticipate that it might happen?

Mr Burns—There is a concern that it might happen. I think it is too early yet to say that that is actually occurring.

Dr Watkins—When the move to the different arrangements for employment services broadly speaking was first canvassed, we suggested in a submission to the Commonwealth that one of the ways to equalise was to organise the payments to the employment brokers, for want of a better term, so that those in regional Australia were rewarded more, given the severe financial difficulties in which they would find themselves. That does not just apply to Tasmania; that applies to the Northern Territory and rural Western Australia. So we argued

for differential funding to encourage brokers to enter the regional domain and not concentrate their efforts on capital cities where it was far more economic. The result was, as you know, that it is a flat arrangement, fundamentally, which is based upon length of unemployment and relative disadvantage rather than a regional basis for doing that.

Senator MACKAY—So the state government actually made a submission to the federal government along those lines.

Dr Watkins—Certainly, my former department made a submission to the Commonwealth Department of Employment, Education, Training and Youth Affairs in which that was canvassed. I believe that was in fact quoted in the final report.

CHAIR—And what was your former department, for the record?

Dr Watkins—The Department of Vocational Education and Training.

Mr Black—The labour market in Tasmania has been difficult for many years and it is not a new phenomenon that we are facing. Whether it is under any of the new or old programs, placing people in jobs is not easy if the jobs are not there. It does not matter how well you are trained in some cases, and I have been involved in a lot of the previous programs. It was somewhat precipitant that you would, through a training program, build up the self-esteem of the person, which was terrific, and give them some new skills, which was good, but if there was not a job there, if there was a poor participation rate and if there was 11 or 12 per cent unemployment, whether it was under a new scheme or an old scheme, it makes getting that person a job difficult. Some of us would argue that job creation is also very important, not just training and trying to get people into employment if the jobs are not there.

Senator MACKAY—That is why I asked about industry policy stuff. I agree.

Senator FERRIS—A previous witness this morning, one of the aldermen from the Launceston City Council, talked about the difficulty with the perception of Tasmania being based on some previous decisions that were made. He cited Franklin below Gordon and also Wesley Vale. I notice in your direction statement that almost all of your areas that you have identified as being potential growth areas are involved in what you could almost call agribusiness. They will require new investments as well as building on existing investments in those areas. Is the government doing anything to try to deal with that negative perception that we heard about this morning? Do you think that will inhibit the opportunity for new investment in these agribusiness areas?

Mr Burns—I think part of the whole direction statement initiative has been to try to produce some more positive attitudes to help Tasmanians to think that they can achieve real change. To that extent, I think that has certainly been changed.

Senator FERRIS—Do you see that perception as a significant difficulty?

Mr Black—Yes.

Mr Burns—Yes.

Mr Black—Could I just add that the premier is out regularly knocking on the corporate door around Australia, saying, ‘Have a look at my state, we have good people, we have got good resources, think of investing down here,’ in its broader sense, particularly in the IT-AT area, and has been very successful. There are a number of issues. I well remember at a major forum about investing in a base metal mine in Tasmania—and we are talking about hundreds of millions of dollars—the CEO said, ‘I came to Tasmania because you have the resource, you have good planning processes in place and good people to help to get the project through, and the people.’ That is a good combination.

We would argue that that is the case in many other areas; the coal centre is a good case. Getting people to come to Tasmania to build a coal centre was contradictory to the thinking originally. But now when you say, ‘Hang on, we’ve got Ansett who champion our cause, we’ve got better productivity than other states, we’ve got a far lower turnover of staff,’ so you have got increased productivity and less cost to your company, the bottom line is there. That is a strategic advantage, it is a good marketing tool, done by others, but many people out there are trying to get into the marketplace. I guess it is the old story of overcoming centralisation, moving away from a capital city, getting them to think of relocating to a greenfield site or another region. An unknown CBD type region is difficult from the corporate sector’s point of view.

Senator FERRIS—I am sure that this would be a question that all senators would find interesting: what would you see as being wood processing and paper production? Are you looking at large investment in that area for value adding? Can you spell out what you would see that area being?

Mr Black—Clearly, there is a whole Forestry Tasmania division that advises on government policy. It has got policies on hardwood and softwood industries. Softwood is looking at expanding the plantations and further value adding in a fairly difficult time as a commodity. Hardwood is about more value adding, in a number of areas. Obviously, there has been a lot of investment in the medium density fibreboard plant, which is a good example. It is a matter of what is the best technology at the time and the best investment for an overseas company, given that we have got resources and it is a matter of utilising that resource and adding as much value as possible in the state to create wealth.

CHAIR—Senator Denman?

Senator DENMAN—Mr Black answered my question in his response to Senator Ferris’s question, so that is fine.

CHAIR—Good. I am concerned about the war between the states—Victoria bidding against Tasmania, bidding against South Australia. Presumably, this still continues. How does a state which is fairly poor, by definition, get up there and bid to get somebody to come to Tasmania?

Mr Morrow—Certainly we cannot afford to bribe them—for want of a better word—to come here.

CHAIR—That is a very good answer, Mr Morrow. You are virtuous because you are too poor to be sinners?

Mr Morrow—We are trying to set up an environment that is attractive to investment, rather than paying them per person put on, or whatever some of these other states are offering.

CHAIR—How are you doing that? They have got all the inducements, have they not, bigger and more wicked?

Mr Morrow—Certainly they have cash inducements. I guess this is one of the reasons why we have not been particularly successful in attracting some of the big business that the other states have been able to put on their books. However, it remains to be seen whether or not that will be a net benefit to those states.

CHAIR—If you have got any information that you could provide to the committee in terms of the jobs lost with the retreat of Commonwealth dollars, we would be very appreciative of that, in particular your concerns that you raised, Mr Burns, about what you think might be the impact of the youth allowance; that is, effectively, less Commonwealth dollars crossing Bass Strait. If you can tell us, too, about the impact of the new Job Network, which is also a straight reduction in jobs, that would be welcomed by the committee.

It is quite clear that, somehow or another, politics is intruding into this committee. We are realists, but I also believe that at some stage or another, we are going to have to talk about regional Australia in somewhat different language.

I am very concerned about your comments about the human capital, Dr Watkins, because I think that now, whoever it was who wrote that brilliant book on how to downsize, now says, 'Whoops, I went too far.' What a smart man, and he actually had to experience this and the pain of the world for 10 years to know what was painfully obvious to the rest of us! He now says, for example—and this might be data you could find for us, as long as it is not hard to find—that they have gone too far, that there has been a loss of corporate memory, that there has been a loss of experience and that there is the cost of training people to do what previously people in the organisation did. Some of the people who might provide that data for you are the people who have actually had a look at the impact of child care.

After I talked myself out of spit talking to some of them, they suddenly realised that training a new secretary was much more expensive than perhaps providing child care to enable a secretary to continue with a supplement. There are some data about the actual cost. 'Human capital' is an expression that I find offensive by definition, but if they have to put numbers on it, I think there is now some evidence in terms of loss of corporate memory and the cost of retraining.

The other thing emerging that is very interesting is the lack of belief in an organisation. There is now no longer a commitment to a brand name or a trust. 'You belong to that bank. That bank's left our area, so sod them.' 'I will never', or 'Over my dead body', or 'If I do, I will be as grudging and as mean as I can.' There is a huge amount of change. People are leaving banks and going to credit unions, for example. There is no sense of loyalty. 'I was with them for 30 years; look what they've done to me.' I think that is one that is hard to put a dollar on.

Senator TIERNEY—Is this a question or what? I thought we were over time?

CHAIR—Yes, we are, Senator, I am just taking a few minutes to put my human thoughts on the—

Senator TIERNEY—You did not give me any minutes earlier, so I am surprised. It is time to wrap up.

CHAIR—I also wanted to ask you about why it is that the very good news of Tasmania never gets told? Why is it that you are the largest provider of lavender to the perfume market in France and you have to look in the middle pages of books to find this out? Why is it the good news about Tasmania is not told or not appreciated?

Dr Watkins—I can only speak from a training perspective and it is told. The National Training Authority produces a national report.

CHAIR—I do not look to the National Training Authority, Dr Watkins, if I want to know which state is doing very well.

Dr Watkins—I appreciate that, Senator, but it does appear in the press; the good news is sometimes extracted from that. In terms of, 'Once upon a time, someone tried to run a newspaper that only told good news,' it only lasted three weeks, I think, because no-one bought it. It really is a very significant dilemma.

CHAIR—As I understand it, Tasmania has some of the best and cheapest land in Australia. It has a ready, willing and able work force. It has very clean water and, in large part, fairly clean air. It has lots of things going for it. It even has people with imagination who switch from cows and beef to pyrethrum and lavender and are making very good dollars, although the frogs have not so far allowed you to value add on that lavender oil, as

far as I understand it. There are very interesting things going in this state, yet somehow we are not hearing the story. The reason I can say this, as Senator Ferris would concur, is that the same kind of misery surrounds South Australia, despite the fact that we are on target to produce 60-plus per cent of \$800 million worth of export of the best wine in the world, we say.

Mr Black—We cannot control the media as much as we would like to.

CHAIR—Is it just media?

Mr Black—On a more serious note, we have traditionally been producers in the agricultural area of wool, beef and vegetables. Some of those have been through very difficult times and still are in difficult times. There have been small niches created by a few but, with due respect to those industries, they are still niches. We still produce a hell of a lot of wool, a lot of beef and a lot of vegetables. It is the real core agricultural economy that is under a lot of pressure.

CHAIR—The point, Mr Black, is that, as the world has changed, a lot of people are believing that it is a depressing and wretched place to be in. Is the Tasmanian government able to do something about that? What steps are you taking? Can I ask you to take that on notice because, as my colleagues have pointed out, we are pressed for time. If there is anything further in the way of useful data for job losses or in answer to some of the questions, the committee would be very much appreciative of that.

Committee adjourned at 1.00 p.m.