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EMPLOYMENT, EDUCATION AND TRAINING REFERENCES
COMMITTEE

Reference: Regional employment and unemployment

THURSDAY, 7 MAY 1998

MELBOURNE

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SENATE

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES COMMITTEE

Thursday, 7 May 1998

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

Substitute members: Senators Carr and Mackay

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

Senators in attendance: Senators Allison, George Campbell, Carr, Crowley, Mackay, Synon 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

ANDREACCHIO, Mr Dominic, Chair, Melbourne North West Area Consultative Committee, 1A Wingfield Street, Footscray, Victoria 3011 363

BROWNE, Mr Liam, Executive Officer, Melbourne North West Area Consultative Committee, 1A Wingfield Street, Footscray, Victoria 3011 363

COWARD, Councillor Sara Isabel, Mayor, City of Maribyrnong, Corner Napier and Hyde Streets, Footscray, Victoria 3011 449

EINFELD, Mr Steve, Chief Executive Officer, Westgate Community Initiatives Group Inc., 22 Hopkins Street, Footscray, Victoria 3011 414

GRAHAM, Mrs Bawani Devi, Industry Development, AusIndustry Programs,

Economic Development Unit, Moreland City Council, 90 Bell Street, Coburg, Victoria 3089	394
ILIBASIC, Ms Carmen Mary, Manager, YES West, Suite 5, 131 Paisley Street, Footscray, Victoria 3011	431
JAMES, Ms Sally, Manager, Employment Education and Training Programs, Melbourne City Mission, 214 Nicholson Street, Footscray, Victoria 3011	363
JERKOVIC, Mrs Lidia, Assistant National Secretary, Textile, Clothing and Foot- wear Union of Australia, 132-138 Leicester Street, Carlton, Victoria 3053	479
MILTHORPE, Ms Jill, Manager, W.O.W. Employment Services Inc., 106 Buckley Street, Footscray, Victoria 3012	431
PULLEN, the Hon. Barry Thomas, MP, 115 Brunswick Street, Fitzroy, Victoria 3065	462
ROBB, Mr Adrian, Director City Strategy, Moreland City Council, Locked Bag 10, Moreland, Victoria 3058	394
RYAN, Mr Vincent Matthew, Economic Development Officer, Maribyrnong City Council, Corner Napier and Hyde Streets, Footscray, Victoria 3011	449
SALEMME, Mr Max, Manager Economic Development, Moreland City Council, 591 Sydney Road, Coburg, Victoria 3058	394
THOMPSON, Mr David Francis, Chief Executive Officer/Secretary, Jobs Australia Ltd, 708 Elizabeth Street, Melbourne, Victoria	378
WELSH, Mr Peter John, Chairperson, Board of Management, YES West, Suite 5, 131 Paisley Street, Footscray, Victoria	431
WOOLGAR, Mr Tony, National Secretary, Textile, Clothing and Footwear Union of Australia, 28 Anglo Road, Campsie, New South Wales 2194	479

Committee met at 8.58 a.m.

ANDREACCHIO, Mr Dominic, Chair, Melbourne North West Area Consultative Committee, 1A Wingfield Street, Footscray, Victoria 3011

BROWNE, Mr Liam, Executive Officer, Melbourne North West Area Consultative Committee, 1A Wingfield Street, Footscray, Victoria 3011

JAMES, Ms Sally, Manager, Employment Education and Training Programs, Melbourne City Mission, 214 Nicholson Street, Footscray, Victoria 3011

CHAIR—Today's hearing at the Western Bulldogs Football Club in Footscray is part of the committee's inquiry into regional employment and unemployment. I welcome Mr Dominic Andreacchio, Mr Liam Browne and Ms Sally James.

The committee prefers all evidence to be given in public, but should you wish to give your evidence, part of your evidence, or answers to specific questions in camera, you can 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. 62 dated 29 April 1998. Are there any alterations or additions you would like to make to the submission at this stage?

Mr Andreacchio—No.

CHAIR—Is it the committee's wish that the submission be received? No objection. It is so ordered. Committee colleagues, we have had a request for the receiving of all submissions for today's hearings at this time, so that some of the journalists who have got an interest in this committee's work might be able to have access to the day's submissions. If there is no objection, I will order the receiving and making public of all the submissions for today's hearing now. No objection. That is so ordered. Thank you for allowing that brief interruption. I now invite you to make an opening statement, and at the conclusion we will have questions.

Mr Andreacchio—Thank you very much for the opportunity to the committee for the North West Area Consultative Committee to present our submission and response to your terms of reference. The North West Area Consultative Committee has a very important role that we have endeavoured to play since its inception, of trying to link a whole host of industry, business, community, education and community providers, who are all trying to address the issue of job creation and trying to address the area of unemployment. As a result, we commissioned a consultant to try and go to these various bodies that represent the north-western area, to try and have some input in addressing the questions that form the basis of your terms of reference. Our submission gives you a very brief overview of that collective input to those areas or those issues that you are about to look at. No doubt throughout the day the individual representatives from the TAFE system, the community and what have you, will be expanding in a little bit more detail the impact as they see it, and discussing the issues with a little bit more clarity.

From the North West Area Consultative Committee we have had a number of initiatives since the committee was put together, to try and look at the area of regional economic development, and also how we can generate job creation, and to the extent of where we have got threats that jobs will be lost as a result of ongoing restructuring. For the benefit of those senators who may not be too familiar with this area, it used to be known in the old days as the manufacturing hub of Melbourne, and you just have to look around you to see and appreciate a lot of the disused factories and warehouses, and the changes in the landscape, where once you used to have a lot of the manufacturing companies that have now changed their emphasis basically from manufacturing, to services and to retail.

The impact that has had on the community has been quite profound. You just need to go down Ballarat Road and Anderson Road and look at those four intersecting corners which once used to house Spaldings, Nettlefolds and Massey-Fergusons, which employed into the tens of thousands collectively, and now you have got Bunnings and you have got Myer warehouse and you have got the Cinema Centre, and there is just one small clothing factory which has managed to survive the TSF restructuring all this time.

With that change in the emphasis has been a massive change and influx into the number of newly arrived migrants who have gone to make up the communities that the area consultative committee services. As a result of that, we have got a lot of issues that we need to deal with such as youth unemployment, education, retaining youth at schools, and those are all areas that the North West Area Consultative Committee is endeavouring to address. We have been associated with a number of very successful programs that have tried to address that issue, and our jobs action and youth program via the A-Step training program has really focused the outcomes in terms of linking training and pre-employment preparation of the unemployed youth to real jobs outcomes at the end of the training period.

There is one specific program that we have had some success with which we would like to show the Senate committee here this morning, just so you can get a feel for the emphasis and the target audience, and, more importantly, the success that this program, which was a pilot, has demonstrated, and as a result of that we have been able to secure some funding from the government to allow us to start preparation for another youth employment program. So with Senator Crowley's permission, if you are able to just share with us this video. A picture is worth a thousand words, and you will get a good feel for the sort of programs that we are involved with, and the outcomes, which is a feature of the emphasis over the last couple of years with the change of government.

CHAIR—Just while that is being plugged in, can you tell me roughly—as you have a little map here—what area you cover?

Mr Andreacchio—The North West Area Consultative Committee covers the Hume Highway and Broadmeadows, Glenroy, Craigieburn, right down through to the Western Highway, taking in Sunshine, St Albans, Footscray, Bacchus March, Melton and right through up to the areas of Sunbury and Gisborne, so it is quite an enormous area.

CHAIR—So you do not go below the Western Highway?

Mr Andreacchio—Sorry, below the Western Highway?

CHAIR—South of Sunshine. Is that in your territory?

Mr Andreacchio—Yes, Sunshine, Footscray.

CHAIR—Do you go down to the Princes Highway?

Mr Andreacchio—We just go up to the boundary, over there at Laverton, yes.

CHAIR—So in some ways you cut a little bit—would it be Boundary Road?

Mr Andreacchio—Boundary Road in Laverton. That forms part of our area as well, because that goes into Werribee as well. We cover Werribee.

CHAIR—It is a very large area.

Mr Andreacchio—It is very large, and as the statistics show, it is very much affected by unemployment and all the other issues associated with that lack of job creation.

CHAIR—Most of the population is in here, within the first, what, five miles from the city?

Mr Andreacchio—I suppose from the radius. If you were to take Sunshine as being your centre, you go out to Footscray and Keilor, St Albans, Melton areas. That is probably the furthest, out into the satellite towns that were built in the early 1960s.

CHAIR—Thank you very much. Will we get a copy of it and incorporate it? We will see what can be incorporated.

A video was then shown—

Mr Andreacchio—What hopefully you saw there was a real insight into what the ACC is about, trying to bring all the various groups together, the TAFE, JPET and other private providers in a partnership to try and address the very pressing, urgent and critical issue of youth unemployment in our area. Sally has been very closely associated with putting that program together, so I think it would be appropriate if she could just have an opportunity to give you a little bit of background into where those youth came from and where they are today in terms of the outcomes that we have achieved.

CHAIR—Certainly. We started a bit later and granted you a bit of time, and that has taken some more time. As you say, a picture speaks a thousand words. You have got two minutes, Ms James; and Mr Brown, you make a case for one minute because the senators are dying to ask you questions.

Ms James—Basically, that group of young people we were targeting for that program have limited family supports, or limited social supports. The young people do not have any role models in their lives and have no understanding of the different sort of industry groups. A lot of people talk about warehousing, rechannelling, these days. Young people do not know what that is, and so they need to taste those areas and get an understanding of where

they want to go so that they end up staying in employment, and not get a job and then decide, 'Actually, that's not what I thought it would be and I am leaving,' and then they are penalised for doing that, by being along that pathway of not finishing anything, or leaving a job and then going back into the wilderness again and not being sure where to go to next.

We interviewed 20 young people for that program. Seventeen started and 12 got to the work experience stage and finished the whole program. Out of that 12, six people have returned to further studies. Four of them are doing VCE at TAFE, and the whole idea of having TAFE involved was to introduce them to a mainstream educational institution. They have often left school, being school refusers, so they perceived that sort of school environment as being too young, not being adult-like. That is why we involved TAFE there, and also to introduce them to other courses that TAFE provides.

So it was not just looking at our course. If they wanted to do other things, they had a whole variety there that they could choose from, once they had the confidence and understanding. And six of the other young people are in jobs. The young man who said he wanted to become a chef is in an apprenticeship at the Pascoe Vale Hotel. The others are involved in mainly labouring sort of positions. Two are working for the Myer Good Buy store, and a couple of others are working in landscape gardening type jobs which are semi-permanent positions. So that is basically the program.

CHAIR—Mr Browne, are you forgoing your rights to answer questions?

Mr Browne—I think you have got the gist. We can go straight to questions now.

CHAIR—I would appreciate that, if you do not mind. If there was something that you really wanted the committee to hear, feel free.

Mr Browne—No, we can answer questions.

CHAIR—Thank you.

Senator SYNON—I am wondering if you could explain to the committee what in your view is the program or further programs that have worked best for people in this region in terms of getting another job, over the last 10 years, or for however long you can draw on your experience.

Mr Andreacchio—Well, I believe I am speaking from the experience of involvement with the area consultative committee. The most successful program that we have seen which has been outcomes focused has been the A-Step program. That is where we have gone into business and industries, trying to assess what their needs and their skill shortages are, what their skill needs or requirements to do various jobs are relative to vacancies that they have had difficulties filling. We have then been able to form this partnership of trying to say, 'Well, if we're able to train unemployed people to meet these skill requirements that you need, will you then be able to offer them a guaranteed position?'

The best partnership formed was with David's warehousing just up the road in Laverton there. We went in there and, working very closely with them, we found out that they were

short of a forklift driver, warehousing people, storepersons. We developed a training program in conjunction with them, tailored to their requirements, to their needs. The people spend time out in their warehouse getting work experience, and at the end of the program they get assessed. That program was so successful that Davids, which is a national company, then also ran that program in Sydney and in Brisbane. I think we ran about three programs with them. So it was very successful.

Senator SYNON—So was its success based primarily on the fact that it was employer focused, or that it was a dual-pronged approach?

Mr Andreacchio—I think at the end of the day you have to give the employer what they need in terms of meeting their skill shortages. It is the mere fact that we have been able to form that partnership where we go out and try and find the unemployed people, skill them up to those requirements, give them the training there on the job, and then let them go with the employer once they successfully complete the program. So it is both of those things, yes.

Senator SYNON—That sounds, in concept, fairly similar to the new arrangements of the federal government—FLEX 3; that is, working with employers to identify skills.

Mr Andreacchio—Very much so. I have not only had the opportunity of being a chairperson of the area consultative committee, but I am the human resources manager at Lane's Biscuits. My role is basically filling vacancies and looking at all the employment opportunities, both from the exit and at the job creation side of things. One of the experiences as an employer was that difficulty in seeing the service provision from the old CES, where they would send you anyone, as against now where I think there is that customer service focus of trying to look at that unemployed person as a customer, and then trying to match them with the job opportunities that employers may have out there.

Senator SYNON—Yes. Is the ACC happy with the increased role of the ACCs outlined by the minister, I think last week?

Mr Andreacchio—That certainly went a long way to once again reaffirming what role the ACC has in this new labour market, and we are confident that we have got a role to play. More importantly, we were, for the first time, given a three-year funding outcome and we could plan a little bit longer-term, rather than on a year-to-year basis, and then in between that would come another federal election.

I mean, that is what the ACC has gone through. It was a great initiative of the Labor government, taken up, and it ran very successfully. There was a six-month period trying to find out what was the role of the ACC, developing strategic plans, and just when we had that developed and we were able to then go out and do something with it, there was a change, and then we went back to developing another strategic plan with a slight modification in direction. It is terrific that, irrespective, I think we are able to plan three years ahead with funding commitments to support that.

Senator SYNON—What do you feel are the biggest barriers before the ACC in terms of its work?

Mr Andreacchio—Before the ACC?

Senator SYNON—Yes. How could you more effectively and better undertake the role?

Mr Andreacchio—I think before the ACCs, and even in the initial period when they came in, there was just a plethora of different sorts of organisations out there, all seeming to go in various directions, all with the best intentions of trying to address job creation and the areas of unemployment. Certainly from an employer's point of view, there was so much information there was so much confusion, there was so much duplication, all this. I think the ACCs and the changes to the labour market programs have tended to make them a little bit more focused on the outcomes. The roles have been a little bit more clear, and the linkages are able to be brought together a little bit better.

Senator SYNON—In your submission you say

There is a need for a planned and coordinated response by State and Federal governments which simplifies and streamlines training and education processes and eliminates duplication.

I would like to tell you the page number, but I do not think they are numbered. It was page 13 of my facsimile, under the key issues section. I am interested in two aspects of that statement. One is the need for 'planned and coordinated response by state and federal governments which simplifies and streamlines', which has been a personal interest of mine over many years. I was wondering if you could perhaps outline what you mean by that.

The final bit of the statement—that 'eliminates duplication'—are you suggesting that it is more difficult for both state and federal governments to be involved in the provision of employment services? Is that what you mean by a duplication? Because, as you would know, Victoria does have a healthy interest in providing a response to unemployment, whereas there are a number of other states—Tasmania, New South Wales, and Queensland—which have in fact pulled out of employment service provision over the last five years. So could you expand on that, please.

Mr Andreacchio—Liam, would you like to respond to that? Bear in mind that this is a collection of different groups' input into these points.

Senator SYNON—Yes. Is this the submission of the ACC, everything that is in here?

Mr Andreacchio—The ACC coordinated this submission, but the consultant went out and asked all the various groups to have some input into it.

Mr Browne—So it is really based on the feedback from the groups that were contacted. This is a general opinion, or the average that was received, shall we say. It is not really a statement from the ACC.

Senator SYNON—Right, but could you explain what it means?

Mr Browne—Thinking back on what the consultant briefed me on, it was that when employers are looking at training issues, they run around in circles, basically, with federal

and state funding, not knowing which direction to go in. I think the answer was that to avoid duplication there should be one point of contact.

Mr Andreacchio—Earlier on a member of the area consultative committee was a representative from the state government, and there certainly was an opportunity there for the committee to be able to know first-hand what programs the state government was running with, so then we would try as much as possible either to duplicate any successful outcomes into a broader area or not to duplicate in the areas that you were already running, and that seemed to work fairly well.

Senator MACKAY—Is that no longer the case?

Mr Andreacchio—That is the case, although we have not had as much, I suppose, presence at the meetings. Certainly the position has not been taken away, but in terms of availability, the government representative has not been there as often at the area consultative committee meetings.

Senator CARR—Mr Andreacchio, you would be familiar with the pattern of employment of trainees and apprentices in this region. What do you believe to be the responsibility of employers to meet the long-term needs of their industries in terms of the employment of trainees and apprentices?

Mr Andreacchio—I think we will be in real dire straits in another five to 10 years, if not sooner, with that whole issue of apprenticeships. I think we all have a responsibility and, to be quite honest, for whatever reason or excuses we may look at, the apprenticeship program has not been taken up. Certainly I have an opportunity in my role as chairperson of the North West Personnel Group, which is a collection of human resources managers from companies in the northern area of Melbourne. We meet monthly and we share issues. I was horrified to hear about six weeks ago at the last meeting that one of the companies is having to bring some first-class tool makers from Portugal, because we cannot get them here with the high rates of unemployment and skills shortages that we have got.

Because of my connection with the area consultative committee I had the opportunity so I asked the question, 'What if we're able to look at some training and link into the new apprenticeship scheme here?' A couple of them have been put off by some of the bad press that has occurred recently with the apprenticeship issues that Qantas was having, with their inflexibility of being able to determine and make decisions at the end of an apprenticeship program, but I certainly think that that is something that we should be pushing, with a lot more energy and a lot more focus on getting employers to take on apprentices.

CHAIR—I really hate to do this but we have got a pressing number of witnesses, so if I could ask you to make the answers a bit shorter, and I will ask my colleagues to make their questions a bit shorter, but I know that my colleagues here particularly want to ask questions. So if I could ask, Senator, if you have finished with Mr Andreacchio—

Senator CARR—I need to follow that up because there have been dramatic cuts to the TAFE programs, dramatic cuts in terms of the provision of support by governments through the new apprenticeship scheme, and a deskilling of apprenticeship training programs. There

are reductions to small, or shorter, more narrowly focused industry specific arrangements. What do you say to the question of those changes, and what is the responsibility of government—you have answered the question in terms of the responsibility of employers—to provide the support mechanisms, including subsidies or the provision of effective industry based training models fitting in with the TAFE programs?

Mr Andreacchio—I believe that governments and employers have dual responsibility; governments to provide those incentives, to clear the pathways, and also for employers. But the other thing is that they cannot get applicants to apply for certain apprenticeships because they are not as attractive as they were in their day. Now, I do not know whether the expectations of some of the unemployed or some of the youth are different today than what they were, but in the areas of boilermakers and what have you, apprenticeship group schemes, where the employers mainly go to to get their apprentices from—they are the employees of the apprenticeship group scheme, they are not the employees of the companies—have shortages. They cannot fill those vacancies either. So it is threefold, absolutely.

Senator CARR—Is there a need to improve the wages and conditions for apprentices?

Mr Andreacchio—Whether it is wages and conditions, or whether it is that a perception of some of the youth not really appreciating where a job could lead to when you start off at this level, and not seeing a career path, makes it less attractive.

Senator MACKAY—Is the Jobs ACCtion program that we saw funded by state or federal?

Mr Andreacchio—Federal.

Senator MACKAY—Under what program was that funded, and how did you get the money for the particular project?

Mr Browne—It was done under the regional assistance program.

Senator MACKAY—It came under RAP, did it?

Mr Browne—Yes.

Senator MACKAY—Do you have any idea what the total RAP funding to your ACC is?

Mr Browne—RAP came on at an allocation of \$120,000 from initial submissions.

Senator MACKAY—In terms of the progress of this inquiry, we have been trying to establish what the changed role of the ACCs is, since they took over the new employment services market, and I think we have pretty much established that, but what we have not found out about yet is increased funding. What indication have you got from the federal government about increased funding for the increased role that you are going to have with regard to the employment services market?

Mr Browne—We have not been given any specific figures, just that there will be increased funding. But that is it at this stage.

Mr Andreacchio—We have to develop a strategic plan. We have to highlight some program initiatives and allocate what our requirements will be, and then that will be looked at and approved within the context of the overall funding that is available.

Senator MACKAY—So you have been given no indication about what the amount of money in the bucket is?

Mr Browne—No.

Senator MACKAY—It strikes me that there is a considerably increased role for ACCs.

Mr Andreacchio—Absolutely.

Senator MACKAY—And they do not have any indication at this point as to funding. We might ask about that one in estimates.

Mr Andreacchio—Okay.

Senator MACKAY—Also in relation to a couple of points from your submission, you indicate under ‘Key issues’ at dot point 1 that

Active assistance, including labour market programs, are in decline. The net result is that neither level of government is likely to be of benefit to the unemployed, although particular programs such as Business Victoria may be useful.

Also, under dot point 5 you have indicated that there is a concern with regard to the new employment services market causing unhealthy competition amongst providers because of new players in the market; suspicion about the capacity to deliver; anger and frustration about the ones who did not get funded; lack of training other than in FLEX 2 and NEIS.

In your last point you have indicated that the FLEX 3 service providers will be using TAFE to provide the training, but then getting the full FLEX 3 allocation. So there is a clear concern expressed by people that this consultant talked to with regard to the employment services market, but this seems to be a bit different from what you were saying earlier. Perhaps you could expand on it.

Mr Andreacchio—Certainly at the time before the new services came into vogue there was, and there still is I suppose, a degree of scepticism, especially in our area, as to whether it is going to work or not. I see our role as being one of bringing together these providers and all these other interested groups so we can clarify and articulate the support that the ACC provides, and the role that we have got in providing that link and enabling that network of employers and providers and community and what have you to come together.

Senator MACKAY—No, I appreciate all that. I understand all of that. What I am getting at is—we have got submissions here—there has been a massive diminution in funding and a massive cutback of services in this area.

Mr Andreacchio—Yes.

Senator MACKAY—And I have read about it in the *Age*. You can coordinate, and I appreciate that you would do it with the best will in the world, but it is going to be pretty hard under those circumstances. What comment do you have on that?

Mr Andreacchio—The whole issue is certainly hard. If we were wanting to say, ‘Look, it’s going to be hard. It’s going to be impossible,’ you might as well walk away from it and you do not do anything.

Senator MACKAY—No, I understand.

Mr Andreacchio—But what is the answer? The answer is, I believe, working together. The answer is trying to address the scepticism in regard to the ability of the new providers to be able to meet the needs of the worst-case unemployed people by us being able to monitor and provide feedback to both the providers and the government that, ‘This is working,’ and ‘This is not working,’ and then allow them to try and sort it out amongst themselves.

Senator MACKAY—What feedback have you had so far?

Mr Andreacchio—It is very early days at this particular stage, and it is really reliant on what the unemployed people in the community have been able to get from the ads on TV and the newspapers and what have you. It is very early days to see.

Senator MACKAY—We had articles in the *Age* on Sunday where the journalist could not find the local employment national office and people ringing up to access it were being put through to either Perth or Sydney.

Mr Andreacchio—Yes, one of the things we will be doing, within a matter of weeks, is bringing all the providers in the north-western area together for a meeting and starting to create these linkages and provide feedback such as that.

Senator MACKAY—What about the interesting issue you have identified with regard to FLEX 3, where you say that the TAFE system will be used to subsidise the full cost of training, but the providers will actually not be required to provide training? You are quite right; it is a handsome amount of money with regard to FLEX 3. That would strike me as fairly blatant cost-shifting to the state.

Mr Andreacchio—Liam, do you want to make a comment on that?

Senator MACKAY—It is an additional burden on TAFE that they are not getting remunerated for.

Mr Browne—It is, and at this stage it is taking on that burden, but for what time I do not know. As Dominic said, it is just that things have not settled in yet and, once they do, then the feedback will come back pretty hot and heavy, I would think.

Senator MACKAY—That is an interesting point you raise, a very interesting point.

Senator GEORGE CAMPBELL—I just have two quick questions. You make a comment under point 6—strategies that have or can contribute—saying there appears to be a trend towards a local or ‘community up’ approach. Do you support that approach in terms of dealing with these issues? What has been your experience? Do you believe that we have got a better chance of finding solutions dealing with it from the bottom up, from within the community, rather than using the experts, so to speak?

Mr Andreacchio—I certainly believe that the local community, that knows the area, that knows the people, that knows the issues, is best able to articulate those things, and I suppose I would have to work with those people trying to come down from me up. I would support that approach, because there are a lot of skills, and there are a lot of committed people from business, industry, community and what have you. It is a question of drawing those links together and getting a unified sort of voice and approach to the issues.

Senator GEORGE CAMPBELL—Do you have, as an ACC, for want of a better word, a strategic plan?

Mr Andreacchio—Yes, we do.

Senator GEORGE CAMPBELL—A framework to develop the issues?

Mr Andreacchio—Yes.

Senator GEORGE CAMPBELL—Can a copy of that be made available to the committee?

Mr Andreacchio—Yes.

Senator TIERNEY—Just before that page on your section 5, in the first line you have got:

The NEIS program was a very effective program.

Do you recommend the NEIS program? Is it a very effective program? It is ongoing.

Mr Andreacchio—It is a very effective program; it is just that the guidelines have been changed in terms of how that program is to be undertaken.

Senator TIERNEY—With the Portugal example that you mentioned, of course, apprenticeships have been dropping dramatically in this country for 15 years, but with tool making were you suggesting that the offer was made locally for people to take this up?

Mr Andreacchio—The company that is a member of that group went locally, state wide, nationally and then, as a last resort, went international.

Senator TIERNEY—Are there any training programs locally for tool making that are going to be undertaken?

Mr Andreacchio—There just was not the feeling that, if there was, it would produce the required skill levels in time. In looking into that with that particular company, they do not believe that there is a program that has got the ability to produce that high level of skills that they so critically need. That is sad.

Senator TIERNEY—And the jobs are in north-west Melbourne.

Mr Andreacchio—The jobs are in the north part of Melbourne that we cover, yes.

Senator TIERNEY—Just in relation to the massive drop in employment in this area, in north-west Melbourne, over the last 15 years—and you might particularly focus on the TCF industries—when did that actually occur?

Mr Andreacchio—In the north-west of Melbourne I would say you have to be looking in the early 1980s. I think with the recession that we had, I was working in one of those corners that I was talking to you about, and you could almost start seeing the decline in the late 1970s and early 1980s, with the manufacturing industries starting to close.

Senator TIERNEY—Are you sure it was not in the late 1980s?

Mr Andreacchio—The late 1980s?

Senator TIERNEY—The TCF policies of the last government.

Mr Andreacchio—I am trying to draw on my memory here.

Senator TIERNEY—All right, we get an average picture of it. Would you possibly have those figures, or could you get hold of those figures, for the north-west Melbourne area, to show what has happened with the TCF from, say, 1980 up to now.

Mr Andreacchio—Yes, I am certain that we could get those figures for you.

Senator TIERNEY—Thanks very much.

Senator ALLISON—Can you tell the committee how many FLEX 3 positions there are in your area?

Mr Andreacchio—No, I have not got that information, sorry.

Senator ALLISON—Are you able to give us the ratio of case managers to job seekers?

Mr Andreacchio—Under this new system that has just come out we do not have that information, unfortunately.

Senator ALLISON—Do you have any confidence that eligible job seekers will be able to access FLEX 3 assistance when they need it, without having to go on a waiting list?

CHAIR—Is it something you could perhaps take on notice?

Mr Andreacchio—We can, and follow up to the committee, yes.

CHAIR—Thank you very much indeed. What do you think would be the best way to solve unemployment in this region?

Mr Andreacchio—Short answer or long answer?

CHAIR—Both.

Mr Andreacchio—I think the only way you can solve unemployment is by trying to generate employment; by trying to generate and create jobs. There are times when I honestly feel that it is almost like being that little fellow with his finger in the dyke trying to hold back the water. You have got on the one hand every possible initiative from every interested and committed group trying to plug and create and generate jobs; on the other hand, we have got a situation where we believe that massive restructuring has slowed down or stopped, yet it is still ongoing. Restructuring, from the private sector to the public sector, is just massive out there. It is a question of: what can we do faster to try and get on top of the situation? I honestly think that you cannot stop restructuring. That has got to continue in order to maintain our competitiveness. What we should be trying to tackle is: how can we generate more of the jobs?

CHAIR—But, Mr Andreacchio, a little while ago jobs drifted out here. No doubt when jobs first settled along the Ballarat Road there were screams from inner city areas that now did not have the jobs around the corner, and I suppose you could bring Collingwood in on this matter from the 1930s, 1940s, 1950s. When did Sunshine, Ardeer and those places get going? Please do not answer that; it is a hypothetical question. How much of the industry that has gone from here has moved to a new industrial area? For example, have any of the jobs gone to east of Melbourne, or have they gone further out, or are you telling us that all the jobs that used to be here do not exist now?

Mr Andreacchio—I would say that the bulk of the jobs that used to be here do not exist now.

CHAIR—Replaced by technology?

Mr Andreacchio—They have been replaced by different types, by technology. The manual, lower-skilled, labour-intensive jobs that used to create the opportunities for the migrants—and my father was one when I migrated here—are not here any longer.

CHAIR—So what do we have to do? You want investment, but they are going to invest in robots, aren't they?

Mr Andreacchio—That investment is going to be towards the more high-tech areas. I think in terms of the services type areas, there is an opportunity there to tap into some of the unemployed people that we have got now. The answer is training people into those technical skills for the future. When you look around you and you see government services, building facilities and all these other things that are just wasting around us, where the level of services and standards seems to be going down, and yet there are so many unemployed

people. A lot of people ask me why we cannot get some of those people into areas where they would be able to maintain and upkeep. These are the sort of questions the community people out there are asking. You have got needs. You have got unemployed people. It is a question of looking at a reasonable sort of rate of pay and remuneration that is going to be encouraging and wanting to make these people take up different types of jobs.

CHAIR—What about work for the dole?

Mr Andreacchio—Work for the dole, I would have to say, certainly has not been a success, and it has come out here in the report.

CHAIR—Yes, you did tell us that.

Mr Andreacchio—Whether that is because of the name—work for the dole—rather than trying to emphasise the positive parts of it or whether—

CHAIR—Why don't people want to invest in the western region?

Mr Andreacchio—Sorry?

CHAIR—Why don't industry people want to invest in the western region?

Mr Andreacchio—I think that used to be a perception of the past, but now that certainly has changed, because we have had massive investment in the western region over the last 10 years. Just look at the infrastructure development that has gone on. The opportunities that are out here in the west now have never been better, and that is why we have such a big selling job, to sell the strengths of the west to the people who live out in the other side of the city.

CHAIR—The other thing you seem to be saying is that if there is investment, a lot of it is in high tech jobs that a lot of the people have not actually got the skills or the study for. So really what we need to do is go back and make sure that people are trained for the jobs that are coming. You have got a long enough lead time with skilling and training of the people out here, which means you need to be talking to families and children in secondary school.

Mr Andreacchio—Absolutely. Develop linkages with those secondary schools to get them before they start developing some career paths.

CHAIR—Do you think the networking and the sitting down and talking with industry is sufficient? Do you think the industry in this region is aware enough of your efforts and other efforts to train people locally to take those jobs?

Mr Andreacchio—As much as we try, we could always do better, and you just cannot sit back and say, 'We've done our job by trying to communicate it. It's up to them to try and understand and accept it.' We have got a job on our hands and we are still committed to do it.

CHAIR—That sounds like a very good note to finish on. Thank you very much indeed to all of you. Regarding some of those things we have asked you on notice, if you can find that information for us, that would be very welcome, and if there is anything else you would like to add, please feel free to put it, and thanks very much indeed for coming this morning.

Mr Andreacchio—Thank you for the opportunity.

[9.51 a.m.]

THOMPSON, Mr David Francis, Chief Executive Officer/Secretary, Jobs Australia Ltd, 708 Elizabeth Street, Melbourne, Victoria

CHAIR—The committee prefers all evidence to be given in public, but should you wish to give any of the evidence, answers to question, or part of the evidence in camera, the committee will give consideration to a request to do so. We point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. You have just provided us with a submission. Is that right? Shall we receive it now? We have not seen it, but I cannot imagine—have you got anything inflammatory and terribly derogatory in here, Mr Thompson?

Mr Thompson—No.

CHAIR—I think what we should do is receive this now if there is no objection. We order that the submission from Mr Thompson be received. No objection? So ordered. Do you wish to now make a brief opening statement, Mr Thompson, and then field questions?

Mr Thompson—Yes, if I may. Firstly, the submission which we have provided to the committee is prepared on behalf of—we think—more than 300 community based, not for profit organisations which are members of our organisation, which was formerly the National SkillShare Association. Our member organisations have operated in regional, rural and remote localities for as long as 20 years across Australia. They have been significant providers of various forms of labour market assistance under a variety of Commonwealth and some state labour market programs. I think it is important that I point out that our members are interested in working with the community, with the government, with the private sector, to actually solve the problem of unemployment. We are not just providers of labour market assistance.

I think it is important to note that the changes now being implemented in the area of employment services in this country at the moment have resulted in of the order of 80 to 100 of our organisations being forced to close, because they have failed to secure contracts to deliver services under the new job network arrangements. At the same time as that is happening, they are seeing a situation where levels of unemployment and long-term unemployment continue to rise, and the prospects are that that is just going to continue. As the committee will be well aware, while unemployment is frequently talked about in terms of national and state averages, there are and have been for many years pockets of extreme levels of long-term unemployment that are way above the average, including the state from which I come, Tasmania, as a case in point, but many other regions and localities across the country.

I think it is also important to note that we would expect that there are many organisations and perhaps individuals who otherwise might wish to put their views before the committee, but who are in various ways involved in the implementation of the new job network, and are so preoccupied with that that they just do not have the time necessary to prepare submissions and so on. The response we got from our members when on several occasions we requested them to provide input was really very disappointing, but understandable, given that many of

them are involved in implementing the new arrangements, and some of them are more preoccupied with the fact that they have to close.

In our submission we have not sought to address in any detail or in any depth some of the broader issues under consideration by the committee, and I would point out that with another hat I am the employment, education and training principal policy resource coordinator for the Australian Council of Social Service, which is preparing a more broad and more detailed submission which will be structured around the document called the JobsPack, copies of which I have brought for the committee today. It puts a seven-point plan to restore this country to full employment, and that seven-point plan goes to questions of more effective macro-economic management, more effective industry development policy, comprehensive taxation reform, more integrated regional development strategies, appropriate employment and training initiatives for disadvantaged job seekers and young people, initiatives to share work and skills development more fairly, and an adequate and secure safety net. But as I say, I have provided copies of the document called the JobsPack, and ACOSS itself is making a submission, which we broadly support.

In particular, I think the need for effective industry development policy, both on the part of federal and state governments, better integrated regional development strategies and better resourced regional development strategies, and appropriate employment and training initiatives are particularly important.

The matters of particular interest to our members are, in terms of the committee's terms of reference, (1)(b) and (e), the effectiveness of labour market programs and vocational education and training on job creation, and assessment of the effectiveness of current and previous government funding and program deliveries in regional job creation. I think the first point to make is that, by and large, most labour market programs, however they are structured, however they are operated, and whatever they are called, are not about creating jobs. They are about promoting greater equity and/or efficiency in the labour market. There are some exceptions to that. The new enterprise incentive scheme is an example of that, and that is probably more properly described as an economic development program rather than a labour market program. It has mixed objectives.

But to the extent that greater efficiency and equity in the labour market will promote economic growth and make better use of human capital and other things, the pursuit of equity and efficiency will generate some jobs growth as an indirect impact of those programs.

There are again some other programs which are described as labour market programs and some elements of the present regional assistance program and some, by comparison, relatively modest programs funded by, for example, the New South Wales and Victorian state governments. Where those programs are adequately resourced and engage the broad local community—including employers, community organisations, local and other government authorities—and focus community energy and effort on local economic development and job creation, they can play a very useful role, importantly, in empowering local communities to take a positive and active approach to enhancing local economic development and job creation. We suspect that kind of approach may well be more effective in

localities where there is a strong sense of community, whether of people in a discrete geographic area or of groups or communities of people with common interests.

In terms of the issue of the role of vocational education and training in the context of job creation, to the extent that it creates a more highly skilled and efficient labour force, it will contribute to economic growth and the capacity of regions to develop new industries and enterprises and to value-add to the production of goods and services. To the extent that the availability of a pool of labour with relevant skills might influence investors to establish new businesses or expand existing businesses and to employ local labour, provision of vocational education and training to unemployed people and to those already employed can play a role in attracting or not deterring investment in regions which might otherwise be overlooked for investment.

It seems likely—and I am sure it is in fact the case—that the skills level of available labour in any regional locality will be only one of a number of factors in combination which influence such decisions. Other incentives, which can be offered by local, state or federal governments are likely to be of great significance and impact. There are many examples, and the one I cite in my submission is the Tasmanian government's success in attracting call centres using new technology and a pool of some unemployed people to actually run them

CHAIR—What centres?

Mr Thompson—Call centres.

CHAIR—They are telephone centres. Thanks, Mr Thompson.

Mr Thompson—So you might ring a major operator from here and speak to an operator that is in fact located in Hobart or Launceston.

CHAIR—How are we going, Mr Thompson? I know the paper is very useful but if you could look to winding up or just give us the headlines and if the points you want to make are not made in answer to questions, you will have the opportunity of a right of reply.

Mr Thompson—I will go to pages 3 and 4 of the submission: assessment of effectiveness of current and previous government funding in program delivery. The first point concerns the further development of the area consultative committees established by the former government—and the importance which the present government places on them is welcome. The government's decision in 1996 to cease funding and other support for regional development organisations, to wind back the activities of the Office of Labour Market Adjustment, and to significantly reduce the funding provided for coordination of regional economic and employment development to of the order of only \$20 million a year is, in our view, a retrograde step and something that needs to be addressed. We also believe that a lot more resources could be put into programs which support business incubators and more resources ought to be put back into the new enterprise incentive scheme which has taken a cut along with almost the whole array of labour market assistance.

I do not think it is possible at this point for any person to make any assessment of the current government's arrangements in relation to employment services or labour market

assistance. Those new arrangements have now been operating for five days. It is a very turbulent and immature market, as people who look at markets describe it, and it is going to be some considerable time before anyone really knows just how the new arrangements work and whether they are particularly effective.

In terms of the former government's program, broadly under the label of 'working nation', it is our view that many of the relevant problems—and there were many—arose as a consequence of implementation rather than problems in program design. The combinations of periods of paid work experience complemented with vocational training did operate to improve the skill, self-esteem, confidence, et cetera, of unemployed people. Many of the programs, and especially the well conceived and well implemented ones, also played a significant role in developing local public infrastructure and facilities and a wide variety of other benefits.

In terms of the new system, its emphasis on competition and on real jobs outcomes may well provide more flexibility, more opportunity to tailor assistance to the individual needs of unemployed people and to employers, and perhaps promote greater efficiency in the delivery of labour exchange services in particular. It will not, however, have any significant impact on job creation except through the new enterprise incentive scheme, and perhaps new apprentices to the extent that streamlining of the system may encourage more apprenticeship positions to be created. The fact remains that the system will operate with effectively something of the order of a \$950 million per year reduction in the resources being provided by the government to actually operate these new arrangements. The comparisons are difficult because we are comparing the working nation program for all estimates which it would have finished, had it operated, this financial year, and the government's projections for spending on the new arrangements.

What I would like to do is just briefly take the committee—and I promise I will be brief—to some of the concerns that are presently held about the operation of the new system, but I stress that we do not intend—or wish to be perceived—to be particularly pessimistic. We think it is in the interests of every unemployed Australian and the Australian community generally, that the system that we have is given as much opportunity to work—and to work as best it can—because after all it is pretty much all we are going to have for certainly the immediate future. There are particular concerns relating to, in some cases, rural and remote areas.

There has been an apparent emphasis on lowest price in the tender process, which could mean that some providers have won contracts at prices which will not allow them to deliver an appropriate range and quality of service, and that is probably exacerbated by higher costs of delivery of services to geographically dispersed, relatively small numbers of unemployed people. So you have got higher costs of service delivery combined with lower prices; quality is potentially a problem.

Another problem which we suspect will rear its head sooner rather than later is the cashing out, as it is called, of various forms of mobility assistance, including fares assistance, relocation assistance, and formal training allowance, all of which helped facilitate the mobility of people moving from one locality to another, moving from regions of lower employment opportunities to higher employment opportunities. Those resources are now

contained in the fees which providers get, and providers have total discretion as to whether they use those resources in that way or whether they choose not to do it at all. We suspect it is quite likely that many providers will choose not to provide such assistance or only to provide minimal assistance of that nature. If that is the case it will operate to the disadvantage of people who need it, particularly in those areas where there is limited or no access to public transport and where people need that assistance to be able to move around. There is also the possibility that some rigidity in the way providers work across the tendering regions may work against the facilitation and mobility of labour that may be needed to actually deal with some of this.

Thirdly, despite claims to the contrary, when you count the number of points of access that unemployed people had to assistance—CES offices, contracted case management outlets and SkillShare organisations and others, there is a significant reduction in the number of those points of access. Combine that with the fact that many of the points of access are now part-time and we do not know yet what part-time actually means. It may well be that people in some rural and remote localities will get less service and will have greater difficulty getting access to service. The creation of the national vacancy database may help generate greater access to information about labour market vacancies, but it will require people in rural and remote areas, in particular, to have access to the Internet to be able to use it, and that is not there.

Fourthly, many local, community based providers, many of which are very successful, with very strong track records, strong labour market knowledge, and links to local employers, with well-established networks and infrastructure, have missed out in the tendering process. Contracts have been won in many cases by organisations with no such links or infrastructure. This has generated some concern in many rural and regional communities, as to why the government has not seen fit to award contracts to the local organisation.

CHAIR—Can we finish there, Mr Thompson, or have you got more?

Mr Thompson—Just a couple more.

CHAIR—Well, you have got 30 seconds. You are reading very closely what is a very useful submission indeed, thank you very much.

Mr Thompson—I think this question goes to a point which was raised by the committee earlier, and I think it is somewhat disturbing that the flexibility given to providers of intensive assistance in the new arrangements is such that they can choose what to spend the money on, how much money to spend, and what they retain. The disturbing message we are getting from across the country, from public, private and community providers, is that they do not intend to spend significant resources or place significant emphasis on the provision of vocational education and training as part of what they are going to do.

It is partly a problem of cash flow, but it is also that they can get the same fees for placing people in low skilled jobs that do not require that effort. I think importantly—and this is a point that is not often recognised—the array of labour market programs with a component of recognised vocational training in fact represented a quite significant contribution to the national vocational, education and training effort. Now, if the new system

operates in the way in which I have just expressed some concern about, then that contribution to the national VET effort will not be there. Whether market forces will eventually encourage providers to actually deliver quality training as part of what they do remains to be seen. We think it is something that needs close watching. It may be something that needs some attention and some change.

There is another set of concerns about need for providers to charge employers to fill vacancies. That is creating a lot of resentment. In a lot of places, especially rural and remote localities, we are getting consistent reports that employers have a lot of resistance to actually paying for something that they used to get for nothing. We are concerned that that may act as an impediment. It may be that the market actually works to encourage them to do that because it is the only thing they do.

In overall terms, given the scale and complexity of the new arrangements, I think it is inevitable that there is going to be a need to make some changes to the design and parameters of the operation of the system. We are very concerned that, because tenders are going to be called for the three-year period commencing 1 December sometime in February or March next year, there is very little time to gather information about what those changes ought to be before the market is locked in for another three years.

Senator MACKAY—My personal experience in terms of my front bench responsibilities has been that a number of ex-providers or current providers—particularly current providers who have got some FLEX, albeit, say, FLEX 1 or a bit of FLEX 2 or whatever—are very reluctant to come forward and talk about it, because they are concerned about, firstly, the confidentiality provisions that were in the tender documentation and, secondly, their capacity to reap in whatever contract they got, or FLEX they got. Are you aware of any experiences like that?

Mr Thompson—I think providers in the market see the main game as winning the three-year tenders commencing 1 December and operating successfully to be able to do that. To the extent that any, albeit positive and constructive criticism of the new arrangements might be seen by the purchaser, DEETYA—sorry, some of them at least perceive that they should not be at all critical because it might disadvantage them.

Senator MACKAY—Prejudice—yes.

Mr Thompson—I do not believe that that is actually the case, but it is a perception. Certainly in terms of the confidentiality requirements associated with the tender process, the tender process is finished, and so is the confidentiality requirement.

Senator MACKAY—Yes, I think that is right. There is that perception, though. They are very afraid, a number of them. Can I just go quickly to the issue of both subcontracting and outsourcing. I appreciate that subcontracting is required to go through DEETYA, and we have the famous case of Mr Rude, who is subcontracting out everything. But it seems that there is an increase in outsourcing, which is not required to go through DEETYA, whereby successful tenderers are simply outsourcing functions to organisations that used to provide the functions that a FLEX 3 or FLEX 2 or whatever used to provide. In fact, in some areas I have personally heard that in terms of the amount of money that the organisation that is

being outsourced is receiving, it is approximately 50 per cent of the total of government funding to the successful tenderer. Are you following me? It is a bit complex.

Mr Thompson—Yes, I have got you. The contract arrangements require substantial subcontracting to only be done with the prior approval of the department.

Senator MACKAY—Yes.

Mr Thompson—The feedback we are getting—and it is very early days—is that there is not a great deal of the sort of outsourcing you talk about actually occurring, but where it is occurring it is on the basis that the primary provider is taking a margin. In some of the cases I am aware of regarding the fees that the primary contractor is attracting for a service, there is one in Victoria, for example, who is delivering FLEX 2 at \$120 a head. They have offered to subcontract that work around for 60 per cent of \$120, which is \$72. It defies the imagination how anything can be done in any sort of quality fashion for \$72 a head.

Senator MACKAY—But it is also extremely questionable in terms of what happens to the additional 40 per cent. I mean, it just strikes a number of us that this system is open to major or potential rorting in terms of skimming and so on with regard to funding, with very little accountability.

Mr Thompson—One would hope that those sorts of things will be picked up in the monitoring of the performance of providers and their subcontractors. We would wish that, including in terms of our own members, to be as rigorous as it possibly can be. But hopefully, also, unemployed people will become aware of providers that are short-changing them in terms of the quality of service they get, and they will choose to go elsewhere.

Senator MACKAY—Yes. Can I just move on. Wearing your SkillShare hat—and I know you have got about five hats on today—what is the estimated job loss with regard to the closure of SkillShare nationally?

Mr Thompson—It is certainly not as great as we originally thought. It is probably of the order of 3,000 to 4,000 people out of a total of something approaching 9,000. But, as might be expected, there is a great deal of mobility of people. People that have lost jobs with one provider are finding jobs with other providers. We have actually set up a facility on our web site to help promote that mobility of labour within this industry.

Senator MACKAY—I understand, and that is a laudable thing to do. I guess another thing that concerns me, which is tangentially related, is the fact that a lot of the case managers who were unsuccessful—well, in fact in ESRA's top 10, I think it was only four who got any FLEX 3 at all—were way above ESRA's national standards. Have you done any work in terms of national SkillShare in relation to this, as in who has missed out?

Mr Thompson—Indeed we have, and it is commonly said that being a best practice case manager was the kiss of death in this process. I was a member of the former ESRA's best practice subcommittee of its national consultative committee, and I am familiar with it. What we suspect has happened is that they have not won FLEX 3 on the basis of the combination of FLEX 1, 2, and 3 that they have put together, and they have been beaten on price. That

probably means they have set a quality of service which was higher than other providers who could deliver a lower quality service at a lower price. Granted, there is probably some room in the middle where they may have been able to shave their prices and still retain their quality, but for them it is too late.

Senator MACKAY—We had evidence elsewhere that there was a regional standard or an area standard that is set with regard to FLEX 1. They seemed to sort of aggregate it and put a line through it and if you were a bit above that you missed out. In fact you would be aware of the stories that in some areas it is as low as \$90 and in some areas it is about \$120, \$140 or whatever.

I noticed with interest the other day that Employment National put out their fee schedule, which I think ranged from \$250 to \$2,000, with regard to charging employers, who were less than impressed. So Employment National has said that, equating FLEX 1 in terms of providing assistance to employers, it is a minimum of \$250. That would seem to be pretty much what National SkillShare were saying.

Mr Thompson—Our financial modelling suggests that it costs significantly more than the fees being paid to deliver FLEX 1 services, which leads you to the conclusion that you either cross-subsidise them from fees payable for FLEX 2 or 3—in particular FLEX 3—or charge employers. How the market actually operates in terms of this is, as I said earlier, that the withdrawal of a universal and free labour exchange service for employers—to the extent that it was free; the CES did use to levy some charges—will create a situation where employers will have to either choose some providers who choose not to levy a fee for FLEX 1 and cross-subsidise it from FLEX 3, or pay a provider that does do it and perceive it as value.

Particularly in country areas, as I said, our feedback is that employers greatly resent this. They see it as being sort of another impost on them, but some way down the track, in the event that they need new labour and they are not prepared to pay for the costs associated with doing it themselves, one assumes they will eventually decide to pay for it.

Senator MACKAY—Employment National have already indicated that there will be a cost outside of the government FLEX allocation—a minimum, as I said, of \$250—which I found very interesting. In relation to the diminution of funding, you have indicated that you think it is about \$950 million. Isn't that right?

Mr Thompson—It depends how you make the comparison, but it is of that order of magnitude by comparison with the working nation program forward estimates.

Senator MACKAY—Have you done any work, or has the organisation done any work, with regard to diminution of funding on case management, FLEX 3?

Mr Thompson—Roughly 1.1 of the \$1.7 billion; it is a difficult comparison to make because FLEX 3 includes FLEX 1 for a start. It includes to the extent that it will operate case management type service as well as, to the extent that this will occur, the various other forms of assistance which have been cashed out and included in the fee. So it is almost impossible to make that comparison.

Senator MACKAY—According to rough calculations that my office has done in Tasmania, for example, there has been a huge cut in relation to case management versus intensive assistance.

Mr Thompson—As I said, case managers were able to access programs which were paid for separately, so it is difficult. I think if you come back to the overall figure, it is approaching a billion dollars less being spent. That will be reflected in the quantum of funds available for case management. As the secretary of DEETYA said in Senate estimates, of the order of 1 in 3 long-term unemployed people will get access to FLEX 3 in any year. Given that, as a rule of thumb, the number of people who experience long-term unemployment is roughly double that number at any one time in any one year, there are a lot of people who are going to be waiting a long time.

Senator TIERNEY—It is a pity we got your submission only this morning. We have not really had a chance to go through it but I was wondering if you could just comment on things we have been given in the briefing notes in relation to Melbourne, where I believe you are based, and north-west Melbourne here in particular. Our notes say there has been a massive drop in employment here because of the 1991 recession, restructuring, in particular the TCF industries and automation, creating a large pool of unemployment particularly for older workers and non-English speaking background workers. The point I wanted you to comment on is it also said that that created a generational distrust with the manufacturing sector as a career option for youth. Could you comment on that statement?

Mr Thompson—I appreciate what that point is getting to. I do not have enough contact with young people to know whether that is true or not. I suspect that it is at least possible that in families where breadwinners—dad, I presume, and mum as well—have lost jobs as a result of manufacturing closing down, it would be understandable for their kids to think that is not the place for them to go. I suspect it has also got something to do with the perception that some young people would have about the nature of the work and the attractiveness of other kinds of work, such as in service industries and the like.

I neglected to mention in my opening remarks that DEETYA has done some very interesting analyses in Sydney and Western Sydney about mobility of labour across regions. From memory—Leslie Hale, the state manager of DEETYA in New South Wales, actually gave me this information—there is a lot of it. It is not just a question of unemployment in regions. You have got to take account of the mobility of people and where people move across, particularly in metropolitan areas. So kids here may well be finding jobs in inner Melbourne or out in the eastern suburbs and may well need to look to do that as well. It is, as you know, a very complex picture.

Senator TIERNEY—There was an interesting comment also about it perhaps moving in the other direction of people coming in and taking jobs. We were in Broken Hill last week, and of course there are not many new industries moving into Broken Hill, but it seems as though you have got a lot of capital works projects, infrastructure, developing in this area or nearby, particularly in things like the western ring-road, airport, dockland, National Freight Centre—these sorts of projects which do create real jobs nearby. The comment was made that these often go to people outside the region—and this is what I wanted you to comment on—because of a misconception amongst employers that the local people are not as

competitive. From your view of Melbourne generally, would you like to comment on that aspect of north-west Melbourne?

Mr Thompson—I suspect to some extent that could be true. One would need to talk to employers to see what they actually say about that. If it is true, remembering that many of these very capital intensive infrastructure developments do not create huge numbers of jobs—they create lots of work for machines—that would give rise to a need to, firstly, better educate and inform employers about the capacity of local people—a good job for ACCs and others—and, on the other hand, to make sure that the pool of people who are unemployed have got the skills necessary to be attractive to employers: spending on VET and making sure those people get access to it.

Senator TIERNEY—Do you know of any programs to perhaps try and correct the misconception, because I believe you have got some quite good TAFE colleges in this area and they are presumably training people from this area, to let employers know in perhaps those capital infrastructure projects of the skills of the local workforce?

Mr Thompson—I am not aware of any in this area, of this region, Senator, but I am sure there will be some enterprising providers in the new market that will be making sure that happens.

Senator TIERNEY—In your comments you mentioned a number of shortcomings in the form of a working nation program and you mentioned it was in the implementation. Are you referring there to the outcomes of those programs in terms of actual jobs that people got at the end of the whole process.

Mr Thompson—Firstly, I would make the point that looking at the average picture in terms of the working nation program performance hides the very good performance of some particular initiatives that were well conceived and carefully implemented. In overall terms, the evaluation of the working nation program which was published in 1996 showed that a lot of the programs had very poor outcomes and long-run outcomes, and in our view a lot of that was to do with the nature of the implementation in terms of the speed with which some programs were put together and actually started, the inappropriateness of some of those programs, and so on. But at its heart, the notion of the provision of a combination of paid work experience, quality recognised vocational training and the other elements, is a recipe for success for labour market programs for some of those people.

Senator TIERNEY—Even though the national outcome is only 30 per cent.

Mr Thompson—The level of outcomes, I suspect, of the new system is not likely to be significantly higher.

Senator TIERNEY—You do not have any evidence for that because it has not played through yet, has it?

Mr Thompson—No. I said I suspect.

Senator TIERNEY—Well, that is speculation. If we look at the actuality of what happened with working nation, I was just wondering if you have any comments on what happened in Melbourne or north-west Melbourne in relation to outcomes compared to that national—

Mr Thompson—I do not have any particular knowledge, Senator.

Senator TIERNEY—Is there any way of your finding that out for us?

Mr Thompson—I could certainly have a look.

Senator TIERNEY—All right. You could take that on notice. Thank you.

CHAIR—Senator Tierney, can I just comment on that. Mr Thompson, I think that would be very useful, but given that you have said before that everyone is flat-strap, if you can find it and it is a dot point on a page, we will accept that. We are certainly trying to allow Senator Tierney's very useful requests in other places, but if you can provide anything, that will be really very good. Senator Allison?

Senator ALLISON—Mr Thompson, you referred very early on in your submission to the pockets of extreme long-term unemployment, and I recall being especially impressed by the SkillShare work in this area, and particularly long-term unemployment in the population of people who were exiting our prison system, for instance—the work that was being done there. Can you give the committee your view as to how well the new arrangement will deal with those people?

Mr Thompson—Again, I would say, Senator, it is too early to tell. One that comes to mind is the area round Glenorchy in the city next to Hobart in Tasmania, where our member there was reporting seeing people who had been long-term unemployed for as long as 10 to 15 years, and being able to find ways of actually re-engaging those people and getting them on a path to helping them learn to learn, getting them equipped with the social skills and vocational skills that they need to be able to succeed in the labour market. So it is certainly possible. To the extent that providers in the new system have flexibility to do whatever they think is needed, and to the extent that the people are given entitlement to assistance, which is a function of the resources available, it may well operate in the same way, but one imagines, given that only of the order of seven per cent of people are expected to attract the highest fee for FLEX 3, a small proportion of the total, there could well be an argument, which was put by ACOSS in its budget priorities statement, for the creation of another category of intensive assistance, or another stream of intensive assistance that has more resources. In other words, there may well be a group of people for whom the payment of a fee—less than \$10,000, but more than \$9,000—will not be sufficient, but again, it remains to be seen.

Senator ALLISON—Thank you. A specific question on another matter: as I understand it, a letter has been sent from Centrelink to all previous CES registered job seekers. This letter asks recipients to tick the box to have their records sent on to Employment National. Given that there was not any choice given in terms of where those records were to be sent, is it a concern to other providers that they are at a significant disadvantage in terms of receiving referrals from Centrelink?

Mr Thompson—If I may before I answer, Senator, just correct one point. The letter—and I have seen a copy of it—was sent not by Centrelink, but by DEETYA. It does talk about, and informs job seekers about, the new arrangements and refers specifically to the government owned Employment National, and invites them to tick the box to have their records transferred from the CES to Employment National. That is causing significant disquiet on the part of both private and community providers. It is unclear just which categories of job seekers have received that letter, but what is being said—apart from those providers who are saying they wish to take that matter up with Professor Allan Fels—the question they are asking is: how level is the playing field? It does appear to give Employment National some advantage.

Senator ALLISON—Thank you.

Senator SYNON—Just following on from my colleague's comments, Mr Thompson, regarding working nation, there were some programs that you said were inappropriate, and some that were well run. Which are the ones you felt did not deliver on the ground?

Mr Thompson—Those programs—and I will cite a particular example in a second—where the number of people put into them was inappropriate, given even the highest expectations of outcomes, where they were not constructed with sufficient care, and implemented probably with undue haste. An example that comes to mind is a program which I think was called jobs north in the Hunter Valley-central coast area of New South Wales, where some hundreds of new work opportunity positions were created in the tourism and hospitality industry. It was widely said that there was never any prospect that those new work opportunity positions could be converted to ongoing employment in the industry because the industry did not have the capacity to continue to employ that number of people and, as I understand it, the outcomes were indeed very low, and there was some untoward displacement of people in unsubsidised, sort of normal employment in the industry as a result of that program.

Senator SYNON—So your concerns go more to specific programs on the ground rather than generic programs like new work opportunities generally? It is the implementation of new ones in particular areas?

Mr Thompson—Exactly, and the same could be said of the other programs of that nature.

Senator SYNON—What is your comment about the often repeated assertion that people are just churned through training programs, that they did course after course in various different disciplines, from horticulture to hospitality to forklift driving to computer to whatever. Do you think that is helpful for a person, and in what sense?

Mr Thompson—I suspect I actually bear some responsibility for that term, and indeed I think there is a need for an appropriate balance between prescription of process and prescription of desirable outcome. Where there was overprescription of process, so that success was just running the process, that is, running a training program, there are instances where people were put through one training program after another, or put through training programs that were not relevant to their needs or aspirations, as a result, one suspects, of an

over-emphasis on process; and to the extent that the new system focuses much more on outcomes, albeit narrowly defined outcomes, it could operate to deal with some of that, and so avoid the waste that is associated with that sort of duplication.

Senator SYNON—You said—and I did not get the exact context—that basically the employment market as we know it—or the DEETYA services as we know them—are not so much about creating jobs as about providing, I think you said, equity and efficiency. Given that and given that, with our protracted levels of unemployment in this country, our programs should be in fact about creating jobs, do you have a suggestion as to how billions of dollars might be better spent therefore on actually creating jobs?

Mr Thompson—I do not believe it is a question of spending the money that is being spent in the employment services market, or taking that away and using that money in quite different contexts. As I said earlier, I think the prescription and the mix of programs, the mix of policies is very complex. I think there are compelling arguments for significant increases in expenditure of public spending on infrastructure, both in metropolitan and rural and remote areas, rural areas in particular, and about doing all the other things in combination which are going to really address the problem of unemployment.

Senator SYNON—So you think that it is an acceptable outcome that the employment services market money is spent basically on equity and efficiency, rather than on job creation?

Mr Thompson—Absolutely. We need all three.

Senator SYNON—Australia is still experiencing very high levels of unemployment, although I must say that it has, under this government, dropped to the lowest level in seven years. However in the USA and the UK we do see unemployment dropping; in fact in the USA it is in some cases only your average frictional unemployment. What do you know of international models that you would like to see work in this country, operate in this country?

Mr Thompson—First of all it is very difficult to apply some of the particular models that operate in different economies in different cultures and all the rest. When it really comes down to it, it is the combination of a variety of different initiatives, different policies, different programs which will do the trick. You correctly say that on one level the level of unemployment in the US is substantially less than ours, but they still have significant problems. For example, Afro-American unemployment is still nine per cent. So there are significant problems. There is another set of problems associated with people who are not unemployed but who are in poverty as a result of very low wages, and so on, so it is a very complex picture.

A lot of what has been done in this country has been informed and enhanced with the knowledge of what is being done in other countries, and I think we ought to continue to do that. There are some interesting initiatives in some European countries which involve much better engagement of employers in dealing with some of this, which was talked about earlier and which I think we could usefully explore, and I would be happy to provide some more information about some of those things.

Senator SYNON—Are they resulting in outcomes?

Mr Thompson—As far as I know, yes. But in the end, those things are really about changing things on the margins. What we need is for the economic growth and the job creation that can, but does not necessarily, come from that to actually make the difference.

CHAIR—Mr Thompson, we are way over time. I would like to ask three quick questions, or perhaps it is only two. Discontinuity you mentioned as one of the negatives, that is, having just got lots of bits and pieces of working nation in place, some of the good bits are now to continue, some of the bad bits are being recognised. Suddenly the whole thing is being restructured, rearranged, and this has a very negative effect, particularly in rural, regional and local areas. What do you say about the fact that everything that is in place now is up for grabs again early next year?

Mr Thompson—Since March 1996 we have seen significant change and disruption—you might call it chaos and turmoil—in this area.

CHAIR—Chaos and turmoil, all right. Are you actually suggesting it is only going to keep going?

Mr Thompson—It is going to take quite some time for this new set of arrangements to settle down.

CHAIR—And just when they have settled down, they are going to have to deal with the next lot.

Mr Thompson—Here we go again. So it is going to be difficult.

CHAIR—In answer to, I think, Senator Mackay you were making the comment—not suggesting it would happen, I think—that if the unemployed people discover they are being sold short—as in down the road somebody is spending \$120 and getting a better deal and they are getting a \$72 assistance—they will be able to go elsewhere. I put it to you that your saying that does not actually take account of the fact that the least able to assess the value of what is being offered to them by way of a program are unemployed people, particularly long-term unemployed, people who are least able to catch a bus and go down the road and compare what the next training scheme is. The people least able to actually make that kind of comparison would be your unemployed.

So while I appreciate that it is possible that somebody could say, ‘Well, I’ve been looking at the unemployment market. I’ve been unemployed for 12 months, and I think this job market centre looks as though it’s offering a really good package,’ you and I know that that is not going to happen. So in fact can you add to your comment that it is highly unlikely—well, I will take your comment on it—that unemployed people are going to be able to do that. What does this mean—that some people will be sold a pup?

Mr Thompson—Remembering that the government in effect is acting as a purchaser on behalf of unemployed people, who are in fact consumers of the service, to the extent that it is them rather than employers, I think to a point you are correct, Senator, in that they are

probably some of the people least able to make those kinds of decisions and judgments. I think that makes it incumbent on the government to do its very best and to provide the resources necessary to make sure people have the information they need to be able to make those choices, and for organisations like our own and others to actually promote that notion and to help give people the information they need.

CHAIR—Are you going to actually tell people how much it is costing—‘This is a \$72 job. You can actually get a quick whiz through and be ready to do a job out of it. If you wait, you can get a better package and go further’?

Mr Thompson—One of the things that we intend to do—and we would certainly hope the government would also do—is to make sure that people who are eligible for intensive assistance know what fees providers are being paid, so that they can be in a better position to bring providers to account for how that money is being spent.

CHAIR—That leads me to my last question, and maybe you would want to take it on notice; maybe not. That is the question of evaluation. I am very concerned, particularly in the light of your comments, that there is only going to be very limited time for evaluation, but I think some of us are also very concerned that a lot of this is now called commercial-in-confidence, private contracted out, and there is going to be a very small capacity for us to examine it closely, particularly at the level of detail you are telling us about; that I think is going to be critical. I would be very reassured by your comment that you will be providing to all of your customers, and presumably to us, the public, and to the government, a very detailed audit of the money in and the money out, to say nothing of the outcomes.

Mr Thompson—Indeed. I think that the issue about the operation of a competitively tendered commercial market—which is spending in 19 months \$1.7 billion of public money and is influencing the lives of many hundreds of thousands of citizens—is that it is going to be very important that the processes that go on in that context are subject to public and parliamentary scrutiny. I believe it is open to DEETYA under the terms of the contract arrangements to actually have a close look at what the providers are doing and how they are spending the money and so on. We think they should.

CHAIR—In the last few estimates, Mr Thompson, when we have put questions asking the department to explain some of those things, the answer of commercial-in-confidence has been one we have received a whole lot—‘This evidence can’t be provided. This is actually now in the private sector. We don’t have the capacity to give you full detail.’ In fact, I think if you have got anything further that you can tell us about how you see the evaluation going, let alone how you recommend that it goes the committee would be very grateful to receive that.

It being now way past the time to talk with you, we thank you very much for your attendance. I particularly appreciate, on record, a very excellent submission. Thank you very much.

Proceedings suspended from 10.48 a.m. to 10.58 a.m.

GRAHAM, Mrs Bawani Devi, Industry Development, AusIndustry Programs, Economic Development Unit, Moreland City Council, 90 Bell Street, Coburg, Victoria 3089

ROBB, Mr Adrian, Director City Strategy, Moreland City Council, Locked Bag 10, Moreland, Victoria 3058

SALEMME, Mr Max, Manager Economic Development, Moreland City Council, 591 Sydney Road, Coburg, Victoria 3058

CHAIR—I welcome representatives of the Moreland City Council. The committee prefers all evidence to be given in public, but should you wish at any time your evidence, part of the evidence or answers to specific questions to 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, as has happened over the last recent few years.

The committee has before it submission No. 106 dated 1 May. Are there any alterations or additions you would like to make to that submission at this time? No? Is it the committee's wish that the submission be received? No objection. It is so ordered. If you would like to make an opening statement, and then we will ask questions. Could I beg of you—urge, cajole—that it be three minutes, not five; if you could give us the highlights and then perhaps pick up the other points in your submission in answer to questions. Thank you very much.

Mr Robb—Thank you, Senator and other senators, for the opportunity to be present here today. We had intended to run through some of the key issues that have been identified in our submissions, but, given the time constraints, perhaps I will just point out some of the particular features of Moreland which we would like to use to frame the discussion today. Moreland does welcome the opportunity to contribute to the committee's inquiry, and we would like to place on record our appreciation of that, and to wish the committee success in the challenges that it is dealing with.

The north-west of Melbourne, in which Moreland is located, has got a very high unemployment rate. In the most recent figures, which the committee would be aware of no doubt, that is some 13.5 per cent compared with the Melbourne statistical division of 8.2 per cent. So we are a municipality of some 135,000 residents located in an area that has particular disadvantage, and our submission has sought to highlight some of those factors. The region in which we are located does in fact have the highest unemployment rate of any region in capital cities throughout Australia.

Teenage unemployment is a big concern for our city, and in the north-west that stands at 28 per cent, in figures that go back to March 1997. We have a low job growth rate in Moreland compared to the metropolitan area. Ours is 1.6 per cent for the period 1994 to 1997 compared with 7.8 per cent again for the metropolitan area. The average weekly household income in Moreland has dropped over the last five years from \$248 per week to \$244 per week, and that compares with, over the same period, the fact that the average weekly household in the metropolitan area has increased by six per cent to \$311 per week.

These are just some of the things that paint a picture of the circumstances facing residents in Moreland. It is a local government area that has been created through the local government restructuring process in Victoria from the previous cities of Brunswick, Coburg and the southern section of Broadmeadows. We are framed by Mary Creek to our east, the Moonee Ponds Creek, part of which is along the Tullamarine Freeway, to our west; the northern ring-road covers our northern boundary and down in the south we go down to Park Street which borders on the Melbourne and Yarra municipalities.

We have got, historically, a low-income area with a high proportion of people from non-English speaking backgrounds. The population base in that area has been affected over the years by the rises and falls and changes, mostly in the manufacturing area, but we have got a strong base of employment historically in the manufacturing area. We are being affected by some inner city gentrification to the south, but there is a very different sort of population, with characteristics, in the north as well. So we are a very diverse community.

I think, Senator, we have outlined in the submission some of the things that we believe could be of value in addressing that, and given your time constraints perhaps I will not go any further than to just leave those introductory comments there and invite some questions.

CHAIR—Thank you very much indeed.

Senator CARR—Could I draw the officers' attention to the fact that I acknowledge the strength of the submission that the council has put in and I would ask that you convey to the relevant authorities my appreciation of the amount of work and effort that has gone into it. Obviously the council is very concerned about the issue of unemployment in the region. I also declare, as a resident of the council's district of Moreland, that I have a bit of an interest in the issues that you have raised beyond what I would otherwise have.

The big issue highlight is in terms of the manufacturing base of the city being at some 27 per cent of total jobs in the region. That is higher than the state on average; the state on average is about 18 per cent. So in Victoria 18 per cent of gross state product would come from manufacturing, but in Moreland it is likely to be around 30 per cent. Would you say that would be a fair comparison? There is actually a disproportionate level of manufacturing in the region?

Mr Robb—Yes.

Senator CARR—Would you also argue there has been a disproportionate fall in the number of jobs in the north-west in recent years?

Mr Robb—That is correct. The TCF industry is probably one which we would point to because, making up as it does some 10 per cent of employment in the Moreland area, it presents particular concentrated impacts in the Moreland north-west region in particular, whereas TCF-related employment is something around the order of 1.2 per cent, as I understand it, nationally. In Moreland it is around 10 per cent. So an industry that can be seen nationally as being at the margin, if you like, of relatively marginal significance, has a tremendous impact and importance when it comes down to the local area in Melbourne and in Moreland in particular.

Senator CARR—For 15 years or so we have heard in this country of the need to restructure everything that moves to micro-economic reform, to readjust all our patterns of living. When it comes to Moreland, what has been the impact of that readjustment, reassessment, restructuring that economists so fondly talk about?

Mr Robb—In diversification of employment opportunities there have been changes over time; there is no doubt about that. However, the nature of the community, we would argue, and some of the infrastructure, has meant that it has been more difficult for communities such as Moreland to take advantage of the restructuring that is occurring. So disproportionately the negative impacts, the downside if you like, of the areas of industry and employment—which are seen not to possess a terrific future for growth and investment, being concentrated as they are in the Moreland area—the losses of employment there, have not been made up by an increase in additional employment and investment in other areas.

Senator CARR—So the levels of poverty have grown?

Mr Robb—Yes, as evidenced by the submission.

Senator CARR—So the social dislocation has actually grown substantially in recent years?

Mr Robb—Yes. Those things are important. If I can just say, Senator, that one of the reasons why local government has a particular interest in employment and economic development issues in more recent years is a concern for, if you like, the whole of community approach. We believe that local government has got a local governance responsibility to do what it can to support and advocate for quality of life for residents, be it in regard to social, economical or physical planning. We are quite keen that we are on a path to ensure that we use our statutory powers, our advocacy powers and our community development responsibilities to try to foster quality of life. In an area like Moreland, that essentially has got to get back to being the fundamental concern about jobs, wealth creation and people's economic wellbeing.

Senator CARR—So council is quite an activist council. I notice it gets involved in overhead cables issues, it gets involved in freeways, it gets involved in TCF, and makes a national profile. Does the council see it as part of its role to make up for some of the losses that they have suffered in terms of advocacy at a state and national level?

Mr Robb—Yes. Bearing in mind our comments before, I started as an officer of council. I might make some comments that will be different from councillors who were not able to be present here today. I perhaps should put that on the record. Given the notice, there were not elected representatives who were available to come along to today's hearing.

But, yes, that is undoubtedly the case: Moreland City Council has demonstrated that it has a very wide interpretation of its local governance responsibilities, and if that means advocacy and representation of the local community to forums such as today's hearing, and the process that the community is going through, then council takes that very seriously and will invest resources in trying to bring the problems of the local community to attention in the relevant places.

Senator CARR—Council has made a great deal of the issues in regard to education, and my reading of the local papers highlights to me the emphasis that council has placed on that. I am particularly concerned about the issues of vocational education as they affect the region. Are you aware of a report by the manufacturing industry ITAB entitled *On the brink of crisis?* by the Engineering Skills Training Board (Vic) Inc., a report published at the beginning of May, which argues that there has been a 44 per cent reduction in the number of commencements in the manufacturing industry take-up, particularly the engineering sections of that industry, in the first six months of 1997. Are you aware of those claims?

Mr Robb—No, I have not personally been aware of that situation. I am not sure if any of our other staff have. But I am interested to hear that.

Senator CARR—This report argues that while there has been a major reduction in the levels of employment of apprentices and trainees by government in recent years, that there is a broader concern by employers in Victoria about the directions of the so-called new apprenticeship scheme. This is a tripartite body based on consultations with over 100 employers across the state. Given particularly its concerns with your council area, there is widespread confusion experienced, they report, in the new apprenticeship scheme, and great concerns about the reduction in apprenticeship intakes and a loss of infrastructure for training. Are you experiencing any of those sorts of sentiments in the Moreland area?

Mrs Graham—No. I spend a lot of time with industry. That is not something that has come through to me. The industry mainly is TCF—textiles, clothing and footwear. We have the Melbourne Institute of Textiles present within Moreland and, therefore, we have a training organisation that caters for those industries. That might be the reason why we do not experience the same issues that are in that particular report. This is recognising that Moreland has got distinctive characteristics with its high dependency on TCF.

Senator CARR—The report, as I say, is entitled *On the brink of crisis?*, and it argues:

An apprenticeship system for manufacturing industry in Victoria is on the brink of crisis which, if allowed to continue, would lead to major skills shortages, calls for increased migration, loss of competitiveness, and a collapse of training infrastructure, and an ultimate compromise on the ability to actually make things in this state.

How do you respond to those suggestions?

Mrs Graham—With respect to skill shortages, yes, I definitely agree with that. How it relates to the apprenticeship scheme, I do not think I have got evidence about that. But skill shortage is a big issue. I do have manufacturers calling, wanting to know whether or not we have got people interested in taking up work, in particular the TCF dyeing industry. We find that there is no-one with that skill to take up those jobs. What we have found in the last few years is that there has actually been a resurgence in the TCF industry. They have stabilised; they have taken on best practice, benchmarking, and so there was actually a resurgence of jobs. But the problem was many of the people who were in the industry had left the industry and were not returning, and there was a big skill shortage in rejuvenating that industry.

Senator CARR—How does that impact, for instance, on the Melbourne Institute of Textiles, which is centred in the city, in terms of reductions to the facilities provided by governments to TAFE?

Mr Robb—It has been an issue that has been raised at council level in the past. We have made representations, because we are very keen to see the Melbourne Institute of Textiles grow and prosper as a terrific example of the link between education and training and industry. It has historically had a very strong industry base. Council has supported the establishment of the International Fibre Centre, primarily out of there, having regard to the terrific concentration of TCF nationally in the north-west area. We are very much behind efforts to strengthen the linkages between training and industry, and apprenticeship programs form an important part of that. I would be interested to follow up with some of our apprenticeship bodies in the Northern Group Training Ltd scheme as well, and, if necessary, pass on some direct comments about the assessment of the local impacts relating to that report.

Senator CARR—I would appreciate it if you could provide the committee with advice on this report, which, as I say, has just been published. I am happy to give you the details after the hearings, if you would like. Finally, on the council's own record of employment, have you maintained a number of apprenticeships in recent years?

Mr Robb—I cannot tell you specifically what the number of apprenticeships are. We have maintained the level and there certainly has not been any significant winding back, as I have understood it. So we do have the use of trainees and apprentices in the city works area, which is involved mostly with the physical construction programs.

Senator CARR—And that is despite the fact that you have been obliged to operate under competitive tendering, and have been forced into an extensive privatisation of local government services?

Mr Robb—Yes. The tenders that have been awarded in that area have almost universally—certainly where there has been existing work—been won in the competitive tendering process by the in-house units. Back to amalgamation days in 1994, there was a reduction of council staff, I think in the order of 95 to 100 staff—around that mark. That was necessary as a result of the efficiencies that we required through rate reductions.

Senator CARR—And through the privatisation of the SEC you have lost the local electricity supply that used to be provided by the councils in the region. Has that led to any losses?

Mr Robb—Brunswick and Coburg, yes.

Senator CARR—Yes, Brunswick and Coburg.

Mr Robb—The transfer, if you like, or translation of that employment to the new electricity carriers and authorities, Solaris and City Power; I would not be able to provide you directly with the employment comparisons between the previous operators and the current operators, unfortunately.

Senator CARR—You do not have that information?

Mr Robb—I could not provide it to you at the moment, no.

Senator SYNON—On page 9 of your submission, point 5—the reasons for high levels of unemployment in Moreland—it says:

The relatively high level of unemployment in this region in recent decades has largely resulted from the restructuring of labour-intensive industries such as manufacturing, retail, and wholesale. For example, between 1986 and 1994 Brunswick and Coburg experienced a combined loss of around 1200 businesses in the wholesale and retail trade, or a loss of more than 50% of such businesses, and a concomitant loss in jobs. Manufacturing jobs in Moreland dropped by 44% between 1981 and 1991.

Given that we know the level of industry restructuring—and in particular the decline of the TCF industry under the previous ALP government, in particular relation to its policy on tariffs—what was the council's response to the coalition government's decision to slow down the previous government's reform in this area, in particular relation to tariffs?

Mr Robb—Council was very pleased, I think I would have to say, as were a number of local governments in Victoria that made representations in Canberra, with regard to that, because any breathing space that would provide opportunities for that industry to reappraise its response to the changes in the tariff and protection system was certainly welcome. So it was regarded as a great relief, if you like, and a breathing space by us.

Mrs Graham—If I may, the moratorium on tariffs is not starting until the year 2000, so tariff reductions continue between now and the year 2000 as recommended by the Industry Commission. That is having an effect on industry in Moreland. Some of the smaller manufacturers have decided that perhaps they should close down now, and rationalise. But more importantly, with what is known as the Asian currency crisis, there is an awful lot of dumping of imports which is having an even bigger impact.

There was a time when industry decided that knowing exactly where they stood—that there would be a moratorium in the year 2000—they would then undertake steps to strengthen their market base and undertake product development, but now they are again in a situation where they are unsure of the future and therefore we are not getting the investment that we should be getting into the industry.

Senator SYNON—Are you suggesting that if the government had taken the alternative view and continued the previous government's policies of removing tariffs, that it would have made no difference to employment prospects within your municipality?

Mrs Graham—Reduction of tariffs did have an impact, and especially in the beginning it had a large impact, but after a time with rationalisation the industries that remained were the very, very efficient industries. Some of the small industries in Moreland are more efficient and the TCF industries are more efficient than, say, other industries in metals or plastics. The ones that were surviving were doing so because they had undertaken all the right programs in terms of market development, product development and best practice. Even with the reduction in tariffs some of those would have survived, simply because they had

gone out of their way to develop export markets. But now the situation has changed for them dramatically.

Senator SYNON—Do you have any guesstimate at what impact in real job numbers the coalition government's decision to slow down the pace of tariff reduction will have in your municipality?

Mrs Graham—The moratorium was definitely a gift to them. When the Industry Commission's report was released we undertook a survey of the TCF manufacturers in the region and more than 50 per cent of them said they would have to close or downsize if the tariff reduction as recommended by the commission was implemented in its entirety. With the moratorium it gave them that little bit of breathing space to enhance the industry, and so there was optimism, there was going to be investment. But, as I said, now because of the large-scale dumping that is taking place it is not so.

Senator SYNON—What about the western ring-road? What implications does that have for employment and new business growth in your municipality? Has it had any impact?

Mr Robb—It has the potential to bring us closer to a number of the suppliers and transport services. Interestingly, it also, I suppose, has the potential to bypass, if you like, the north-west and to create linkages between the west of Melbourne and the north-east. It very much depends upon the positioning of businesses and the opportunities for business that can be taken in the north-west that will take advantages. It is not going to be a panacea obviously, but it is an addition to the infrastructure that could be very useful, if we get the momentum in the north-west that is necessary to take advantage of it.

Senator SYNON—Have you seen the relocation of any additional major businesses, and in particular, employers in your region, as a result of increased transportation?

Mr Salemme—I think it is fair to say that to the north, given the western ring-road, there have been a number of industries that have now set up. There are probably a number of reasons for that, not the least of which is that there are a number of greenfield sites out there which are suitable for industry development. Certainly its location and its proximity to the western ring-road makes it a very attractive proposition, yes.

Senator SYNON—Finally, there has been somewhat of a resurgence in retail nationally over the last 18 months or so, and given that Moreland has a high concentration of retail, I am wondering how retail is travelling in your municipality. Have you seen the growth figures that we are seeing nationally? Have you seen increases in jobs?

Mr Salemme—I think there is evidence to suggest that they are, in some cases, on a par with what is happening on a national level; in other cases, perhaps not as well. We have got a number of what we refer to as main retail strips, or main retail centres: one to the south, one central, if you like, and one to the north. There is evidence to suggest that one or two of those are comparing quite favourably with what is happening nationally, if you like.

Senator SYNON—Which ones are they?

Mr Salemme—I think it is the Brunswick shopping centre, or the Brunswick retail strip and the southern section of Sydney Road, and the Caribou shopping strip, which is the central retail centre in the city. The one that is not performing as well is the Glenroy shopping centre, which is the one to the north. We have also got a sprinkling of a number of other smaller shopping centres across the city as well, but we have not got a real handle on their performance. Certainly the main retail strips seem to be performing reasonably well, and certainly in comparison.

Senator SYNON—Has the streetlight program had any positive benefit for you as a council?

Mr Salemme—I think it is fair to say that it has. Retail centres were operating in a particular manner up until a few years ago and as a result of streetlight programs, main street programs and the like there seems to have been a shift and they are applying more of the principles that will enable them to survive and remain viable. I think it is fair to say that it has had some impact. Certainly when you are talking to the traders and the establishments of the various retail associations—trader associations—their comments suggest that those sorts of programs have assisted.

Senator MACKAY—Congratulations on a very good submission. I agree with Senator Carr that it is excellent. On page 13 of your submission, the last two sentences on 6.1, it is stated, ‘New system makes no allowance for women and the employment issues.’ It goes on to say that these issues and unemployment are an important factor in Moreland because of the TCF employment situation now. Why do you say the new system makes no allowance for women and their employment issues?

Mrs Graham—The new scheme, the Job Network scheme, we cannot accept that it is a generic scheme. It does not take into account specific groups. Women who work in the TCF sector tend to come from non-English speaking backgrounds, older age groups, and they have got specific skills. We consider that there have to be specific programs for them. The generic programs are not going to assist them. They probably will have to go under the FLEX 3 program, but we do not know whether even the FLEX 3—from my reading of it—actually is going to cater for their needs.

Senator MACKAY—One thing that concerns a number of us is the fact that in order to qualify for FLEX 3 you need to be on benefit and be unemployed for 12 months. That is going to exclude a whole lot of people, including women, whereas the old system was that you registered and after 12 months you got the assistance. I would imagine, in terms of women’s employment being a big issue in this area, this would be quite distressing.

Mrs Graham—Yes, it is a big issue. There used to be a scheme called the LAP scheme specifically targeting these women, which has since been discontinued. A lot of the women work in this area, and all of their spouses work. They have to do so; they need that income. They are from very low income families. Without their jobs that income is lost, but also they are not going to get the assistance because they do not qualify to then find another job. If they are skilled to TCF specific, and the industry is currently undergoing quite a lot of changes, I would say that prospects are truly nil, unless there are some specific programs for them.

Senator MACKAY—This is a dreadful question to ask: how many do you think may be affected in the way you describe?

Mrs Graham—The TCF sector in Moreland employs about 3,700 people; 66 per cent of them are women. I do not know what percentage have spouses that work, but I would say that you are probably looking at at least 50 per cent of them being in that situation. Because it is a low income area the second income is very important.

Senator MACKAY—So ballpark about 2,000 or 3,000—something like that?

Mrs Graham—Yes, about that.

Senator MACKAY—On page 17 under ‘Remedial Strategies’—the major one is the reintroduction of labour market programs—you talked about the usefulness of the old labour market programs with regard to local communities, particularly in terms of social benefits to the individuals and the community. The labour market program is not included under juvenile new Job Network; that is right. In an area which is so dependent upon TCF—and now the government has been dragged kicking and screaming with regard to tariff pause by the Labor movement—what impact do you think this new system is going to have in this area? You have an area which is TCF industry. Not just that, but in any area which has a major industry focus, they go, and people do not have training or they do not have generic training or they are not job ready in a number of areas. What do they do?

Mrs Graham—I would say they probably will become part of the long-term unemployed, of which we have got a core in Moreland, and I believe that that core will increase. The Job Network scheme does not create jobs; it only assists people to find jobs. If industry is no longer there and there are no jobs, then no matter how many schemes you have to help people find jobs, there are not going to be any.

Senator MACKAY—But wasn’t that the same under the old Working Nation programs? How were they different to this, to the new system, in terms of what you are talking about?

Mrs Graham—I cannot compare the two employment programs, but under the old system while tariffs were being reduced there were a lot of industry assistance programs that then created jobs. There was also assistance to small business. Ninety per cent of the employers in Moreland are from small business. We are now seeing the situation where there is no assistance for small business or business in total. We are also seeing the situation where industry is declining and we have got people looking for work. So I would say that it is a no-win situation for the people in Moreland.

Senator MACKAY—We have not only got a tariff pause, in effect, but a cut in relation to the programs that were in place before to assist in the run down to zero tariffs?

Mr Salemm—I think that is one of our real concerns, in that whilst we are appreciative of the moratorium and it gives the industry time to adjust, at the same time the way of assisting with that adjustment is also to make available a number of industry programs that facilitates that adjustment, and that is part of our concern.

Senator MACKAY—And then they do not exist any more. Is that right?

Mr Salemme—Exactly; or what has existed is either now being totally removed or significantly scaled down.

Mrs Graham—Most of the programs are coming to an end this year. The few that will remain are all competitive grants, which means that a business that wishes to apply for these grants or this assistance has to make an application. Having done it myself for a number of the businesses in Moreland, it is a real challenge. The notes to the application themselves sometimes can run into 50 pages, and then the application has substantial work. Small businesses, which are the main employers, use all their resources for their day-to-day operations. They just have not got the time to apply for these grants.

Senator MACKAY—Too much red tape.

Mrs Graham—Yes—on the basis that they may or may not get it.

Mr Salemme—And in particular for Moreland as well, because small to medium sized businesses comprise about 90 per cent of the local businesses. So it is even more difficult for them obviously.

Mr Robb—Just to add to that point, that partly picks something I wanted to say in regard to Senator Synon's comments earlier. In Moreland we have a classic situation of an inner urban, traditionally manufacturing community, where pressures of gentrification and mixed land use have been historically not terribly well controlled by the planning regulations and the regime, the way it was operated. Businesses are now being pressured because of that land use conflict to move out. So where you have got facilities like the ring-road providing improved transport access, the inner ring of municipalities that are having that land use conflict are seeing industry move out to greenfield sites; larger industries. That is why we so strongly say that the future of our employment base seems to be small business, and small business needs to be given a real go if we are going to get a significant change in employment opportunities and economic development.

Senator MACKAY—Some form of restoration or reincarnation of the sorts of programs that were available previously were obviously assessed in terms of SMEs in the area.

Mr Robb—Indeed.

Senator ALLISON—Mr Robb, you say in your submission that local government needs to be recognised as a legitimate and effective level of government. To what degree is local government approached in terms of policy in relation to employment? What role do you see, especially in relation to the federal government?

Mr Robb—We would say that in the past local government has not been drawn upon as effectively as it could be to contribute its knowledge, its expertise, its capacity for physical, economic and social planning, which no other body has the capacity to really deal with and look at in that comprehensive way. We would argue fairly strongly that local government needed to be involved as a core constituent of regional economic development bodies, and

we still do have that position; that local government must be involved in creating linkages with industry at a local community level, but economic development and the creation of employment opportunities have also got to be done in a regional context.

So the link from the local to the regional, we believe, must be strongly supported by regional economic development and labour market programs. Local government needs to be pulled into it, because I think there is yet to be, even amongst some local governments, a recognition of the capacity they have to contribute. So many decisions that local governments make about their urban planning, about their roadworks, about land use planning, have economic influences and economic impacts, and unless those are effectively used and there is a higher consciousness locally and regionally about how those opportunities can be used, I do not think we will be maximising the planning resources that are available.

Senator ALLISON—As I understand it in Victoria, the regional structures that were in place prior to the restructuring of local government have largely been lost. Do you have a comment to make about that? Perhaps the committee would benefit from a bit of the history of those regional organisations? How do we reinvigorate them or re-establish them, and what role does the federal government have in doing that?

Mr Robb—As I understand it at the moment, the regional economic development organisations in the final stages of funding support I think are not receiving funding any more from the Commonwealth government, and are reliant upon other sources. I think their future is very variable. The notion of regional economic development cooperation is important, and we recognise that and we would support it, but at the moment the momentum for those structures to work effectively seems to have been lost somewhat nationally. The area consultative councils are receiving continuing attention from the Commonwealth, as we understand it, and at the end of the day if there is to be an investment in one regional structure—be it labour market employment or economic development related—we would argue that it needs to have a very clear vision set for it.

There needs to be a capacity for local governments to be involved and to be making a contribution to it, and for the skills and knowledge of industry, local government and the community sector to be involved in it as well, bearing in mind that a lot of economic development growth at the local community level must have regard to good community development principles—it is fundamental to local economic development. Concerted assistance from the Commonwealth to recognise those interrelationships would be valuable. You might want to add some further comments.

Mrs Graham—The REDO concept was an excellent concept to assist in regional development. The funding actually finished with some of them a lot earlier than last year. There was also the issue that as the funding disappeared, the skill base of the REDOs has disappeared, and many of them have now turned to enterprise development in order to create income. So they have even moved away from the initial charter, and I know that in our region they have not been able to be effective at all.

Senator ALLISON—So you would argue that, because a region such as yours has particular problems and very high levels of unemployment, objectives should be set for that region and resources made available in order to address those?

Mr Robb—We would argue there are strong cases for specific regional efforts and regional mechanisms and resources to be put into place to assist in economic development and job creation, job growth in those areas, yes. We believe it should be targeted to areas of high need.

Senator ALLISON—Thank you.

Senator GEORGE CAMPBELL—There seems to be a trend in a number of these submissions that we have had around the country that there is a general level of support for the view that we ought to be looking for solutions in the regions themselves through regional organisations, rather than trying to impose some artificial solutions from Canberra or elsewhere. Do you have a view in terms of what might be the optimum regional organisation that we should be looking at or we should be promoting? We have heard differing views about the size of the regional organisations. Some people have said they are too big, they cover too wide an area, some of them cover too diverse an area—that we should be looking at smaller, more closely knit groups. Do you have a view about at what level we ought to be endeavouring to deal?

Mr Robb—Just some general comments. We do not have a particular formalised view that we can put on the table now. It depends of course on whether you are talking about a metropolitan or a non-metropolitan context obviously. In our area, Moreland is, if you like, on the cusp between the metropolitan northern region and the western region. For the purpose of some government administrations and departments we are in the west, for the purposes of others we are in the north, and those inconsistencies occur at a state level, and are replicated on some occasions at a Commonwealth level, so there is a lack of a regional focus across levels of government that defines and provides opportunities for program cooperation, integration and planning. We would say that in the metropolitan area that we look at, a region somewhere in the realm of four to perhaps six municipalities, given the reconstructed size of local governments in Victoria, would probably be reasonable.

Mr Salemme—There could be a case to say that it perhaps does not just have to be on geographic grounds as well, that there could be a case of creating regional bodies, if you like, based on the similarities between various municipalities and the various needs of municipalities and the like, rather than just purely focusing on the geographic, which does not always represent the sorts of needs and issues across those boundaries.

Senator GEORGE CAMPBELL—I think in all probability a ‘one suit fits all’ approach is not going to work. It is a question of flexibility and how you approach the thing. In your submission you say that local governments are uniquely placed to develop partnerships at the local level with industry in the community. Are there any specific examples where your council has been involved with industry and the local community, where there are success stories? Can you give us any examples of where you have actually used your role to generate activity or to create jobs?

Mr Robb—TCF is one of them. We can talk about what has happened at the local level. I suppose at the national level the advocacy and the work that was done through a number of municipalities, metropolitan and non-metropolitan, in Melbourne was important. Bawani

might want to talk about some of the individual industries and businesses that she has worked with locally, though.

Mrs Graham—My role with economic development is principally to work with industry and business development, and the kind of work that I do is helping venture capital, equity capital, export markets—assisting businesses to actually apply for and receive grants. I cannot name names, unfortunately, for confidentiality purposes, so I cannot name the businesses. One received a fairly large research and development grant within the municipality. I also ran the business networks program under AusIndustry, and that created a fair bit of product development within the TCF sector, particularly in areas of leather and cotton, and within some of the more boutique industries like millinery, which has almost come down to five manufacturers in the whole of Australia. So, yes, council has been very proactive, and I would say all I have done is made a dent, because of the resources available to me. One single person can only make so much of a change, but it has made a change, and industry in the region has welcomed that.

Senator GEORGE CAMPBELL—The grants that you talk about applying for for small business are funded, essentially, under what programs?

Mrs Graham—Under the business networks program, and research and development grants. Because they are small and medium-sized businesses, they mainly fell within those sectors, in particular the business networks program, because it was targeted at small and medium businesses, and the grants that were not usually in the form of actual funding to the—

Senator GEORGE CAMPBELL—This is federal?

Mrs Graham—Yes, federal grants.

Senator GEORGE CAMPBELL—Under AusIndustry?

Mrs Graham—Yes, and these were not moneys that were actually handed over to the businesses, which is not what they need as much as the expertise that the grants bring, which is what they really want, because what small businesses mainly need, being so short of resources, is the funding that allows them to buy the resources to assist them.

Senator GEORGE CAMPBELL—And have the cuts to the AusIndustry program had a significant impact in your area?

Mrs Graham—We will not know that at this stage, because the cuts are just starting to take place, and also because I can choose to stay with council and provide these industry programs, but I would say yes, they will make an impact.

Mr Robb—Senator, Bawani's position had been substantially funded originally through that program, and council has picked up a greater proportion of the costs associated with that position and program over the last year, and will have to face in its current budget a decision as to whether to bear the full costs for that program in the future.

Senator GEORGE CAMPBELL—The ratepayers?

Mr Robb—Yes.

Mr Salemme—But I think there are examples to suggest that not only has the program provided opportunities for business to network and create those sorts of opportunities, but it has led to new product development, export opportunities, and all those sorts of things. In the absence of having that industry assistance support, I suppose we run the risk, again, of those small to medium-size businesses not having access to those support programs, which is significant because of the percentage of small to medium-sized businesses that are there. I think they were very much reliant on, or to a degree there was a reliance on, that level of support to assist with the opportunities that resulted for them.

Senator GEORGE CAMPBELL—You talked earlier on in your submission about the impact of the Asian crisis on industry in your area, and particularly dumping. Were you talking there in terms of the TCF industry in particular?

Mrs Graham—Yes. The Asian currency crisis has had an impact on the TCF industry, and really any kind of consumer goods. I have been told that even things like processed foods, biscuits, and that sort of thing, are coming in in vast quantities, but definitely the TCF sector: shoes, clothes. There was a time when goods would not be shipped unless there was a letter of credit in place, but now the overseas manufacturers are quite happy to ship without letters of credit, which means that the wholesalers here who import the goods have got a big financial advantage over the manufacturers, who have to continue to service their debts.

Senator GEORGE CAMPBELL—Have you raised this matter directly with the federal government? Have you sought any action in respect to the antidumping laws?

Mr Robb—Not directly at this stage, no.

Mrs Graham—Not directly. There was one situation where antidumping legislation was sought, and this had to do with dumping not from Asia but from Italy, and concerned whitegoods. We have got a large manufacturer of whitegoods in our area and, yes, they did seek antidumping legislation to assist them. I do not know if it was totally effective. Antidumping legislation is not easy to actually implement.

Senator GEORGE CAMPBELL—Are you aware that the Labor Party had a private member's bill before parliament in terms of trying to improve the antidumping process?

Mrs Graham—No.

Senator GEORGE CAMPBELL—We may get some action in the foreseeable future.

CHAIR—Thank you, Senator Campbell. Senator Tierney?

Senator GEORGE CAMPBELL—I have not finished yet.

CHAIR—I am sorry, but we are way past time.

Senator GEORGE CAMPBELL—I have sat patiently all morning.

CHAIR—The patience of my colleague is absolutely to be recorded. Would you like to give us a last question, Senator?

Senator GEORGE CAMPBELL—I wanted to draw your attention to the point on page 19, where you talk about reward capital that is used to create long-term sustainable employment, and you talk about a variety of forms of dividend—tax breaks, rebates, infrastructure support, operational support, subsidised training and research and development, et cetera. Are you saying there that we ought to be looking to linking support that we provide to industry to specific commitment by industry in terms of job creation?

Mrs Graham—Yes, very much so. One of the things that Adrian Robb was talking about was gentrification. What we are finding is that speculative capital—not a lot, \$100,000, \$50,000—is being used to develop residential property in industrial areas, and that is because the present negative gearing and capital gains provisions really favour that kind of speculative development over and above the riskier employment creation ventures. So, yes, I believe that where capital is being used to actually create long-term sustainable employment, they should be involved so that money is then channelled into that direction.

Senator GEORGE CAMPBELL—Perhaps putting it in a slightly different form, are you saying that where moneys are provided in that way, there should be a commitment from the recipients of the grants, donation, tax breaks, what have you, to make commitments in terms of job creation?

Mrs Graham—Yes.

Senator GEORGE CAMPBELL—So in other words, it should be a mutual obligation on the party to provide that commitment.

Mrs Graham—Yes.

Senator TIERNEY—Thank you. Given that this region has lost a lot of employment, particularly in TCF industries because of the tariff policies of the Labor government, I just want to have a look at some of the possible opportunities you have now got, particularly compared to other regions of Australia, with a lot of major capital projects nearby. I am referring particularly to the ring-road, the airport, the docklands, the National Freight Centre, and those sorts of projects. Given that they are nearby, have you got any sense of where locals have actually picked up those job opportunities?

Mr Salemme—We were saying a bit earlier, Senator, that in relation to things such as the ring-road, there are pressures in urban areas that have historically had high concentrations of industrial land use that are now under pressure, because of rising land values, to move in a residential direction. We have had mixed use zones that have been allowed a mix of residential and business and commercial activity, which increasingly are falling into residential activity as well. The opportunities that you talk about in terms of infrastructure

improvement are there to be taken advantage of. We are finding that there are pressures for industry to move out to greenfield sites where land values are less and they can get access to the improved transport infrastructure, but it is not necessarily assisting the local base, where we see one of our big futures; probably our big future is in small business employment.

We have got a very high level of non-motor vehicle ownership. Eighteen per cent of households within Moreland do not have access to a car, as opposed to 12 per cent in the metropolitan area. The public transport infrastructure of the labour market to get to some of these places could be bettered. It is quite good in some parts of Moreland, within Moreland, but to get out into other areas, to the opportunities you are talking about, it is not so good. There are some disadvantages in terms of the skills and the education levels. The non-English speaking background population has traditionally very strong blue-collar work patterns, and we have got some disadvantages in accessing those opportunities you have identified which are really either bordering on our municipality to the west or the east: the City Link; the western ring-road to the north; docklands, of course, outside the city to the south.

Senator TIERNEY—On the briefing we received on this region, it did mention there is a misconception amongst employers that the people in this area are not as competitive, and often new work available in the area might be taken up by job seekers from outside your area. Is that the case for those capital projects, and also with other jobs that come up in your council area?

Mr Robb—If your question is whether employers in those industries make effective use of the local labour markets and whether the local labour market get job opportunities through some of those infrastructure works, it would be very hard for us to get that data. I think if we can talk a little bit about the fate of some of the TCF workers, I will ask Bawani to comment on that. There has been a study done through the University of Melbourne on employment prospects after retrenchment. Their fate does not look good. I will get Bawani to talk about that.

Mrs Graham—Yes, the study done at Melbourne University indicates that even after a number of years these workers remain unemployed. The issue is not that they are aggressive or competitive about taking jobs. The issue is that their skills do not allow them to take the new jobs that are arising either in the region or outside the region, because they are skill specific, and therefore training them is an issue, or programs to train them are an issue.

Also, if, as Mr Robb has said, the income levels are very low and the ownership of motor vehicles is very low, and if someone living in Moreland wishes to work in some of the greenfield sites that are now being developed—some of the new industries—it can take as long as two hours each way on public transport. There are some impediments to these people taking employment either within the region, because of their skill levels, or outside the region because of things like transport.

Senator TIERNEY—The sort of projects I was referring to earlier on, in terms of most of the work force, do not require particularly high skills. I am talking about the construction work, ring-roads and that sort of thing. You are saying there are still structural problems,

leaving and transferring from TCF jobs to those sorts of jobs. I am not talking about somebody that needs four years of tech or uni to actually take up the job.

Mr Robb—I think we can only talk on the evidence that is available to us, which is that we are not seeing those things which are sort of short term, and admittedly fairly intensive, having an impact locally. Certainly the figures do not bear it out. Clearly there are some structural barriers for people moving out of industries, swapping industries, with training and past experience. The nature of our community—there are high numbers of older migrant workers who are facing unemployment prematurely through business restructuring—is obviously not being taken up in those sorts of works, and we would argue that we need a much more diverse range of employment opportunities and a good focus on some of the small business activities to soak that up, because it is where most of our employment is being generated at the moment.

Mr Salemme—The occupational profile survey identifies that we have a particular type of skill base within the city, and the majority of workers are either labourers or machine operators or tradespersons, or whatever, but the situation is that it does appear to be translating into whatever is happening in the city in terms of particular forms of industry development, which in effect we would be able to match with the existing skills. So we need to be looking at that closely and finding out what is happening there.

But there is also a case to say that there is also an increase within the city area within particular industry sectors, and again you are getting into property and business services and the like. So if you look at the occupational profile still being things like labourers, machine operators, tradespersons, or whatever, whilst we have got a slow decline in the manufacturing sector or that particular industry sector, and an increase in some of the other sectors, obviously there is a mismatch of jobs available and skills available within the city.

Senator TIERNEY—In your submission on page 1, at point 5, you refer to establishing structures so the region is able to source and track employment-creating capital. Mrs Graham, you were mentioning earlier on venture capital and trying to attract that sort of capital into the area. I wonder if you could just expand on what infrastructure you are using to actually attract that sort of venture capital in the area, and how successful that has been in generating new jobs.

Mrs Graham—When I first started with council, that was not quite my brief, but that became my brief as I started to work with industry, because many of them needed that equity capital or venture capital—needed to find that venture capital partner in order to inject equity capital within the business. My background is that I am a chartered accountant, and I had spent about 15 years working in the area of business development, corporate development and venture capital, and therefore I had to resort to those contacts and my skills in that area.

How effective was I? I would say, as I have said before, I have only made a small dent. Where businesses have approached me wanting assistance, and where I have been able to successfully match them with equity capital, it has worked. But it has not always worked, not all the time. I have tried to access other programs that are designed to provide this service, that were available, and now I think most of them have been abolished. The new

program that is now available, which is the innovation fund, unfortunately is not up and running. The licence is yet to be granted. I have approached some of them to see if they could continue to assist industry as well. But it is a very important area as far as industry development is concerned—finding that equity capital, finding that venture capital so they can continue to update machinery.

Senator TIERNEY—On point 3 on that same page you talk about assistance, particularly with employment and even on growth, and in particular industry clusters. What sort of industry clusters have you identified—the ones in Moreland that you would like to promote—and how is that progressing?

Mrs Graham—The industry clusters are definitely TCF. There is a growing food processing cluster; it grows at about 10 per cent each year. Mainly they are labour-intensive, consumer products. Clustering is an economic development tool that has been used widely in other countries. It has been promoted in New Zealand in particular. The Wellington film cluster, which we have mentioned, has in fact been very successful, and I think even to the extent of causing a lot of heartache here within our own media industry. However, there is no mechanism to apply these techniques, these economic development techniques, within Australia, because there are no programs. There is knowledge of costing as an economic development tool, but it is with a small number of people. It needs to be widely used. One of the points brought out was that most regions would like us to look at resources available within that region to develop employment, and that is what costing does. It looks at what is in the region, and then strengthens it to develop employment.

Senator TIERNEY—So even though Mr Robb was saying earlier that a lot of industries are attracted to greenfield sites further out because of the lower value of land, I assume these industries are moving into this area still—food processing and ones like that—because of your proximity to the ports and other factors such as that.

Mrs Graham—Because of proximity to the CBD, to the markets, to the suppliers. There is a fairly well established supply chain within Moreland. It is surprising how strong it is. And also proximity to labour. With food processors who have moved in within the last two years, when I have gone out to ask them why, most of them have said, 'Because our labour is within reach.' Industries like this do not pay a lot of money, but they do provide a living wage for people, which means that they have to be close to their labour force.

Senator TIERNEY—And are they putting up new buildings or converting old industrial buildings?

Mrs Graham—They are mainly moving into old TCF buildings.

Senator TIERNEY—That would be another big advantage for them, I suppose.

Mrs Graham—Yes. TCF is a clean industry, so food processing can quite easily move into those buildings.

Senator GEORGE CAMPBELL—I just wanted to raise another matter which we missed on the way through. It was raised in 7.10, and you might have to take it on notice

and provide us with an answer. You talk about the impact of other legislation on employment growth, and you identify a number of different pieces of legislation, the Trade Practices Act, the Workplace Relations Act, the Corporations Law, and national competition policy. You then go on to say that there appears to be anecdotal evidence which suggests that action by employers has resulted in significant job losses. Can you give us some examples of what that anecdotal evidence is? If you are unable to give us it off the top of your head, can you take it on notice and provide it to us in writing.

Mr Robb—I think the latter.

Senator CARR—Could I ask—perhaps on notice again: you have not said anything about the engineering and metals industry in the north of the city, which has an extensive—particularly related to the vehicle industry—network of plants, including auto components, heavy engineering plants, and metal fabrication. What are you doing about that? Are you able to facilitate growth of those sectors?

Mrs Graham—Yes, we do have a large number of machinery and metal fabrication. There is now a big growth in plastics fabrication and electronics. Those industries do not rely very much on the automotive industry any more. They used to, but because of restructuring within the automotive industry within Moreland the number of people dependent on the automotive industry are a couple of hundred. The metal industry at the moment does not make core products, but services other industries within the region. It is not an area that can grow because it does not make core product, but it is part of the supply chain. Nevertheless, it does provide a lot of employment within that region. If we are to try to stimulate that particular industry we will have to look at some core products.

CHAIR—I note that you collectively have made some comments about the percentage of women in the work force—a particularly high percentage of women and a particularly high percentage of non-English speaking background women in the TCF industry. There are nice figures here in terms of how much harder it is—on the evidence, with the figures—for non-English speaking background workers to get alternative work or, if unemployed, to find any work at all. Then of course if you are from a non-English speaking background then it is much tougher being a woman than a man in terms of further employment. Apropos of women in employment, how many child-care centres does your council run, did it run, and/or has it lost?

Mr Robb—We do not run child-care centres directly, but we are a sponsor, if you like, under the old arrangements of nine.

CHAIR—Community based?

Mr Robb—Nine community based child-care centres. I think from memory, Senator, there are something like 17 child-care centres within Moreland at the last count. I think there have been two closures as a result of the changes—that is, the removal of the operational subsidy.

CHAIR—Two community based child-care centres have closed?

Mr Robb—Two community based centres have closed. I could not give you up to date information on the private sector.

CHAIR—Do you know, on average, how many women worked in a child-care centre?

Mr Robb—I am trying to think of my own child-care centre where my children go. I think we are talking about something like 17 to 18 employees in a child-care centre with a capacity of some 45, but I must admit that is off the top of my head.

CHAIR—I have always put a conservative figure of 10, but if your figures are higher than that, it means—

Mr Robb—It is a large centre.

CHAIR—one of the things we forget is that the closure of a child-care centre not only makes it harder for working families to look after their children but also leads directly to job losses of the 10 to 20 women working in the child-care centre itself, who are not easily going to get other employment. I am just interested in that local evidence. Thank you very much. Are the others viable or are they under pressure too?

Mr Robb—There are a number of community based centres that are having to undergo significant restructuring and planning. Council has contributed some \$300,000 in the last year to increase the places in a number of those centres that did have marginal viability, and their viability has been assured in the medium term as a result of that, and hopefully in the longer term. But they are not all out of the woods yet.

CHAIR—On page 12 here you tell us about industrial estates that have been developed to the north and west. I can find Altona on my map, and I can see the arrow that points to Melton, but I cannot find Hume.

Mr Robb—On the map?

CHAIR—Where will I go to look for that?

Mr Robb—For Hume you will go to the north, north-west of the city.

CHAIR—You mean Campbellfield?

Mr Robb—Yes.

CHAIR—Why do you call it Hume?

Mr Robb—It is the City of Hume. It is the former cities of Broadmeadows and Bulla.

CHAIR—Can you tell me how beneficial the council restructuring has been in terms of employment?

Mr Robb—In terms of employment, shuffling the administrative boundaries does not in itself do much for employment.

CHAIR—Did it involve job losses?

Mr Robb—Some losses within local government structures themselves, yes. We would probably argue that there is a greater concentration, if you like, now on a broader range of factors in the sense that local government has been actively encouraged to look at, conversely, strategic issues, and pothole issues, in a way. But we are taking a greater responsibility, I think, at the City of Moreland, for the councillors to look at whole of community planning. Whilst that is not a direct influence, if you like, our interest and concern about matters such as employment and economic development have been heightened, partly as a result of the reform process.

Senator CARR—It has probably lifted the profile of local government in the region as a whole.

Mr Robb—And we would hope and think the capacity of local government to be listened to in its work on behalf of the community.

CHAIR—Did councils employ a Ms Graham in the past?

Mr Robb—Not immediately before. I think Bawani started just after amalgamations at Moreland.

CHAIR—By which I mean an economic development officer who actually went out there and chatted to business and knew which way was up in terms of what was going down with business and management.

Mr Robb—Not immediately beforehand, but historically the City of Brunswick did have an economic development officer, I think back in the late 1980s, mid-1980s.

CHAIR—There is a huge amount in this very thoughtful and constructive submission. There will probably be stuff that we will have to come back to in the course of our final deliberations. I believe you have taken some questions on notice to provide some further information to the committee if you can. We appreciate very much your contribution today. If there is anything else that strikes you that you want to tell us, please feel free to let us know.

Mr Robb—Thank you very much.

[12.09 p.m.]

EINFELD, Mr Steve, Chief Executive Officer, Westgate Community Initiatives Group Inc., 22 Hopkins Street, Footscray, Victoria 3011

CHAIR—Welcome, Mr Steve Einfeld. 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 happened in recent years. So if you would like to make an opening statement, Mr Einfeld, and then we will have questions from the senators.

Mr Einfeld—Certainly. Perhaps a reasonable starting point might be just to say a little about my organisation.

CHAIR—Yes, please.

Mr Einfeld—And then I could move on to perhaps make a number of observations based on your terms of reference. Westgate Community Initiatives Group is a not-for-profit organisation founded in 1986. It assists disadvantaged, unemployed people into employment through job search assistance, job matching, vocational training, job placement, case management and post-placement support. We also run a landscaping and gardening business which provides some work experience for some of our job seekers.

Until 1 May, last Friday, WCIG ran SkillShare, job clubs, contracted case management, job brokerage and the new enterprise initiative scheme, all funded by DEETYA, and that of course has been superseded by the new employment services market arrangements. We also have run and continue to run open employment services for people with physical, sensory and multi and psychiatric disabilities, and that is funded by the Department of Health and Family Services. And we also run the jobs pathway program as part of a consortium, as the lead organisation, as part of a western region consortium of organisations, and that program is of course funded by the Department of Employment, Education, Training and Youth Affairs.

We are a member of a national consortium called Job Futures, which was recently successful in gaining a contract under the new employment services market, and under a subcontract within Job Futures we are providing job matching and intensive employment assistance out of three sites. Westgate Community Initiative Group's charter is to provide services across the western region, and we currently have offices in Footscray, Sunshine, St Albans and Werribee.

I have prepared a kind of a facts sheet here which gives some idea of the average annual commencement numbers that we had under the old programs.

CHAIR—That would be useful, Mr Einfeld. Have you got any copies there?

Mr Einfeld—Yes, I have. I have also included in that facts sheet some material about various key indicators of a statistical nature in the western region, which we have collected for our own internal planning services. I was not aware of what kind of briefing you have had on that kind of material, so I thought it might be useful to you.

CHAIR—Just before you go on, Mr Einfeld, does the committee wish this to be received as evidence? There being no objection, it is so ordered.

Mr Einfeld—At the outset I want to deal with the term ‘job creation’ which is used in the terms of reference. The aim of labour market programs, as I understand it, should be to assist those facing substantial barriers to employment to gain better access to a job. They are a social program to compensate for labour market failure. The fact that nearly a third of unemployed people have been jobless for over a year demonstrates the extent of that labour market failure which is ruining people’s lives and running up a huge social security bill.

Other strategies are urgently required of the Commonwealth government to encourage public and private investment in infrastructure and job-creating industries in this and similar regions. The west is one of the regions Professor Bob Gregory has described as typifying the geographical spread of opportunity in Australia. It routinely registers an unemployment rate three points above the national average, and is routinely placed about third in the state in terms of the highest rates of unemployment. The inner suburbs record poverty levels which rate amongst the country’s highest, and poverty in the neighbourhood of Braybrook in particular is rated by UNESCO as serious by international standards.

The decline of manufacturing jobs in the west and the concentration of serious social disadvantage in the region combine a shrinking demand for people to fill job vacancies with a large supply of people facing serious personal and structural barriers to employment. These include language, discrimination, lack of skills, family breakdown and poor self-esteem. Communities around this region, and indeed across the country, have played an important role in creating services to help particularly disadvantaged unemployed people, and they have a way of addressing not just the fact of unemployment but also underlying barriers. In the case of WCIG, my organisation, the Westgate Baptist Community in the mid-1980s made employment a social justice project and formed an association which was later handed on to a broader membership, and that broader membership now operates the organisation.

The partnership between government and community was vital in the growth of services offered by our organisation; that government backed the community group was not an accident but a strengthening of community infrastructure. In backing the community, government bought professional staff but it also got a volunteer work force of mentors, sponsors, managers, donors of equipment, work experience supervisors and of course links with local government, schools, health centres and other community services. I would ask you to reflect on wasted community infrastructure: of the 23 community based SkillShares in this region only four survived into the new employment services market.

What is more, community based services took on the hard cases and continue to do so. Job seekers were not measured for how much they could earn for the organisation; WCIG persists with lots of difficult to place people. At a recent end-of-SkillShare event, a WCIG staff member said that his proudest possession was a list of his clients over five years

because they reminded him of the courage people show when you believe in them. I am very concerned that the marketisation of job placement will force all service providers, even community based organisations, to put a dollar value on the taking on of 'hard cases'. Some hard cases may never get a chance at all.

I now want to address term of reference (1)(d) concerning vocational training. It has become popular to scoff at the notion of people being cycled through 'feel-good, go-nowhere training courses' and undoubtedly such things have happened with the kinds of training courses that were run under the Working Nation program and subsequent programs. In our view that recycling of people through those kinds of go-nowhere training courses substantially happened because of poor assessment and inappropriate referral by the CES, and we have certainly had the experience of having people pressed on us who we assessed as not being appropriate in those courses. I would ask: have we thrown the baby out with the bath water? I would like to argue today that there is a particular place for a transitional form of vocational training.

The western region has a lower than state average level of skill completion and a lower than state average level of participation in post-secondary education. The link between life chances and education has been clearly demonstrated. In our experience many unemployed people in the west have been failed by the education system. We at WCIG have seen how good vocational training linked to personal development and industry relevance can substantially improve a person's likelihood of getting a job or at least make further training more accessible. SkillShare courses for hotel room attendants, office staff, kitchen hands and commercial cleaners at WCIG have had solid outcome rates. I am therefore concerned that the new job placement system has removed funded training from the regular programs, leaving this to be purchased by case managers on a 'just in time' basis. Imagine making the purchase of training a business decision rather than a developmental one. One of the commercial providers of intensive employment assistance in this region is docking the bonus their staff earned from a successful job placement if training is purchased at all.

With the resources governments are pouring into a quality industry-relevant training system, it seems odd that training has been sidelined so thoroughly in the new labour market programs. I cannot emphasise enough that when you have been rejected for many jobs, the structured success of training, coupled with the building of a trusting relationship with a teacher and the acquisition of new skills, can be a powerful motivator—and we have seen that many times—and an excellent bridge back to education and training if that is required.

I now turn to term of reference (1)(e). WCIG has worked with several groups of especially disadvantaged job seekers. Here I am particularly going to take up the issue of people with disabilities but, this being an area of high concentration of people from non-English speaking backgrounds, we have also run a number of programs particularly directed to them and we employ staff from a number of the local major ethnic communities to assist in bridging our services to those people.

Working in the open employment program funded by the Department of Health and Family Services under the Disability Services Act has given us a special insight into the needs of people with physical, sensory and psychiatric disabilities who must battle discrimination as well as scarcity of jobs. We do commend both the previous government and the

present government for maintaining this important program. We have been able to see many fine examples of people, who had previously been condemned to a lifetime on a disability pension with no prospects of employment, get some very real jobs and be treated for who they are rather than who they are not.

Being under the Disability Services Act, our employment services for people with disabilities are provided within a rights framework which gives job seekers a very strong say in our services. Our staff are able to assist with case management, workplace modification where appropriate, and post-placement support. This model works especially well with our psychiatrically disabled job seekers who tend to have periodic episodes of illness, causing work placements to break down unless there is assistance to both client and employer.

Unfortunately, access to vocational training for people with disabilities is even more remote than for other unemployed people as universities and TAFE institutes tend to be, in general, poorly adapted for disability. Modification of premises and so on for disability tends to be expensive, given the range of possible disabilities and, in a time of limitations on funding and so on, that has not been possible as much as would be desirable in those institutions.

In conclusion, I have conveyed some of WCIG's learnings from our 12-year experience in labour market programs in the west. In the end, however, those labour programs can only place people into job vacancies which arise. I would urge you to consider a greater role for the Commonwealth government in improving regional economies so that the burden of unemployment is not so disproportionately and unfairly distributed.

CHAIR—Mr Einfeld, just before I call Senator Synon, can you turn back one page on your notes. You made some comment about some people docking the bonus. What was that comment?

Mr Einfeld—We understand that one of the successful commercial providers under the new Job Network arrangement provides a bonus scheme to its staff for success in placing people with a job under the new system. We understand this from staff who have recently left their employ. I am not at liberty to disclose the identity of the organisation but I wanted to say this in the context of the point that I was making about attempting to make decisions which should be developmental decisions—

CHAIR—Yes, but you said something happened to the bonus. Why was it docked?

Mr Einfeld—The bonus was docked by 50 per cent if training was purchased. As I understand the incentives and the structure of the new system, the organisation that places people receives so much for each level of success in placing people into employment. That is partly so that some funds might be available to support that placement, for example, by way of purchase of training.

CHAIR—I thought I heard you say that, Mr Einfeld, and I wanted to go back and get it clear for all of our colleagues, because I think it is a very concerning point.

Senator SYNON—Mr Einfeld, are you generally enthusiastic about the new employment market started on 1 May and WCIG's involvement in it?

Mr Einfeld—Can I answer that in two parts. Our organisation has got the word 'initiatives' in it and has generally jumped at opportunities which have been available to further assist people who are unemployed, particularly long-term unemployed. We see that there are some opportunities for those people in the new system. The changes have been extraordinary in the ways in which we have had to change, including ways in which our fundamental values have been very seriously challenged by having to go from being a service provider with a concentration on service quality to being a business, when most of the people who joined the organisation joined because of their sense of social justice and skills in the area of providing services.

Nevertheless, we have taken that as a challenge and we have undertaken training activity and we are examining how we can be more entrepreneurial. As you would appreciate under the old system, we would operate mainly out of advertised vacancies. We have now had to move funds out of some areas into the creation of a marketing department; we now have established a marketing department. Of course that requires salary expenditure and also the development of materials and signage, strategies and so on around that.

I believe that there were some problems and issues, so far as the CES is concerned. I do believe that there will be some improvement by an increase in a range of organisations which are providing job matching. Case management already did exist, so there really was no real change so far as that is concerned, except for the detail or the financial incentives. I like the fact that there is a Job Network so that there is a range of opportunities that unemployed people might have available to them.

I do not know about how this is going to be for employers. Our organisation, I have got to say, was probably more oriented prior to this towards the job seeker than the employer, because we were dealing mainly with advertised vacancies. Now we have got to go and find an original vacancy because you simply do not get paid unless it is a vacancy that you have landed yourself. I wonder about how employers are going to tolerate being marketed so vigorously, and in the end they may choose to go their own way.

In some cases the financial incentives for the providers, because the new arrangement was tendered on a price basis so far as FLEX 1 is concerned, and the funds that we have ended up with are simply not going to be enough to provide all the services to keep employers happy. Unless you keep employers happy, you lose the capacity to have that employer give you another vacancy. So there are some issues there. We find ourselves in that dilemma where we do not want to charge employers, but already benchmarks have been set for levels of charges to employers. There are some problems and issues that are going to be—

Senator SYNON—I am curious about what you say about this distinction that you seem to make between service provider and community business. I understood that WCIG was always set up to be a community business.

Mr Einfeld—Yes.

Senator SYNON—And that in fact in its early days it raised almost 50 per cent of its funding itself through a marketing department.

Mr Einfeld—Yes.

Senator SYNON—And through corporate sponsorship. Has it in recent days become wholly dependent on government funding?

Mr Einfeld—You will know, as you had personal experience in that. I was not there at the time myself. But I would distinguish between corporate sponsorship and being in business and providing employment services with each dollar in the form of revenue having to be earned through that employment services business. I think that is different from running businesses where you are selling services. At one stage we ran an electronic repair business. We also currently run a gardening and landscaping business. That is separate and apart from the business of what we are now doing, which is selling employment services. I think that you can run a distinct and separate business to sell services in which the whole organisation is not taken over by that ethos; nevertheless, there is an intention to run that business well. I would make that distinction.

Senator SYNON—We have heard evidence from the ACC—the north-west ACC—and the chair of that organisation said that their experience with the ACCs was that programs needed to be more employer focused. Given that you have just said before that your focus has primarily been on the unemployed person, do you actually see more possibilities in becoming more employer focused? Do you see it as inconsistent to have a dual focus on both the needs of the employer and of the unemployed so that you can get a good match?

Mr Einfeld—I think it is very important to be talking about these things in relative rather than absolute terms. I would not like our services to have been described in an absolute sense as having been not concerned with employers, because that is definitely not the case. From the very beginning we have worked with job seekers and employers to make sure that the match is right and that the employer is happy and so on, because if the employer can come back to us and offer us another position, that is good for our job seekers.

There has never been a sense that we do not care about what the employers are about, but certainly the new system has a greater emphasis on us going out and recruiting vacancies, and therefore in that marketing sense, and I suppose in terms of a balance of energies within the organisation, we are having to take on both in a different kind of way.

Our concept of marketing is not that we drop leaflets on people, that we cold-call or that we have some kind of strongarm or high-pressure sales approach. Our marketing department's philosophy is, 'How can we be market driven in the service that we provide? How can we get close to the market and bring the service closer to the market so that it meets the market's needs so that when we get a vacancy we can best understand what it is that the employer wants and line up one of our job seekers, or a number of our job seekers, to best meet that need?' It is about meeting needs, rather than a flash, advertising kind of approach.

Senator SYNON—You said that you were subcontracting from Job Futures. Is that correct?

Mr Einfeld—That is right.

Senator SYNON—Are you aware of what their tender prices were and whether the full costs that were tendered for will be handed on to your organisation, or whether that auspice organisation is keeping a cut of the fee?

Mr Einfeld—I probably did not make this understood. Job Futures is a member based organisation.

Senator SYNON—Yes, I understand that.

Mr Einfeld—Job Futures is not a separate structure, although it does have a legal entity.

Senator SYNON—Yes, I understand that, but what I am trying to ascertain is whether it is keeping any of the money for administration or accountability.

Mr Einfeld—I am not at liberty to give you details of that. I would regard that as a private, commercial arrangement. But certainly it is our consortium which we put together. In order to run what it needs to do, we make contributions to it, yes.

Senator SYNON—By implication what you are saying is that the full cost of what was tendered for by Job Futures is not necessarily handed on to WCIG to deliver services?

Mr Einfeld—I think my answer stands. We are purchasing some services from our peak organisation.

Senator SYNON—Finally, on your fact sheet where you talk about the various programs, commencements and outcomes, for contracted case management you have got 350 with an asterisk.

Mr Einfeld—Yes.

Senator SYNON—But it has what I would consider to be an extremely low outcome of 30 per cent compared to your other outcomes. I am just wondering about that as this is the key market that you are going into now, the area where your performance is the lowest.

Mr Einfeld—I would make two points. Firstly, 350 with the asterisk is point in time. The other figures are actual annual averages. Three hundred and fifty is point in time. At any point in time we could top up to an amount of 350, but the flow of people through the service over a year would have been substantially more than that. In terms of the outcome, it is about the regional average.

Senator MACKAY—I think we ought to clarify something here. Job Futures is a group of organisations, correct?

Mr Einfeld—That is right.

Senator MACKAY—I understand you have got FLEX directly, because you are part of the conglomerate of Job Futures. Is that right? It is not a subcontracting situation.

Mr Einfeld—That is the arrangement we have with the peak organisation. I have used the technical term. What the tender involved was that basically we agreed amongst ourselves on territory and we got ACC authorisation for that, so it was covered under the Trade Practices Act.

Senator MACKAY—Unlike a lot of private providers, might I say.

Mr Einfeld—Possibly, yes. When the tender was announced, the sites were given for that, and the allocation of places was given under that. The organisations which had, as it were, booked those sites got the places.

Senator MACKAY—Yes, that is right.

Mr Einfeld—And because the contractor is Job Futures, it has signed the agreement with DEETYA. Our technical arrangement with Job Futures as the contractor is that we are subcontracting with them in accordance with what we put into the tender.

Senator MACKAY—That is right, and Job Futures is not for profit.

Mr Einfeld—That is right. It is a national consortium of not-for-profit organisations. It was a condition of entry into it that you are not for profit.

Senator MACKAY—It seems you have got FLEX 1 and FLEX 3.

Mr Einfeld—Yes.

Senator MACKAY—You were doing FLEX 2. Have you got FLEX 2 as well?

Mr Einfeld—No, we have not. We also did a NEIS; we did not get a NEIS.

Senator MACKAY—You had 70 per cent outcomes in relation to Job Club, FLEX 2.

Mr Einfeld—Yes.

Senator MACKAY—You did not get anything?

Mr Einfeld—No.

Senator MACKAY—And with NEIS you had 85 per cent outcome, and you did not get anything?

Mr Einfeld—Yes, that is correct.

Senator MACKAY—In your feedback interview with the DEETYA person, did they tell you why?

Mr Einfeld—I have got to say that we are disappointed in the amount of information we got back in the feedback session. As far as those kinds of programs were concerned, they were price-tendered and the feedback was that our price was not right. We were above the successful tender in terms of price.

Senator MACKAY—You were too expensive. Was anything indicated about your demonstrably proven record with regard to NEIS and Job Club?

Mr Einfeld—No.

Senator MACKAY—Was it pointed out to them that you had a long and a very successful history?

Mr Einfeld—All of the feedback was given to Job Futures in one go. There were organisations with even better track records than what we had. That was not considered as important in this case, in terms of the feedback that we got. The price was.

Senator MACKAY—I did not quite catch how many local organisations were previously providing job brokerage.

Mr Einfeld—There were 23 in the western half of Melbourne.

Senator MACKAY—And how many were successful?

Mr Einfeld—Four.

Senator CARR—What is going to happen to the other 19 here?

Mr Einfeld—We know of a number that have closed. A number of them are receiving some other small government grants, so they are trimming down to that, but there are certainly others that have closed, and we know of a number in this area that are closing.

Senator MACKAY—What percentage of the budget do you spend on advertising or are you proposing to spend on advertising in terms of the competitive—

Mr Einfeld—Can I take that on notice?

Senator MACKAY—Yes. You are going to compete with Employment National in the advertising stakes.

Mr Einfeld—Yes.

Senator MACKAY—If you could take it on notice, I would be interested in that. This docking of bonuses situation: it seems to me that, if that is occurring, then what is going to

happen is a huge disincentive for the staff employed by whoever this private provider is to actually get out there and get these people trained.

Mr Einfeld—Yes.

Senator MACKAY—That would be axiomatic, I would have thought.

Mr Einfeld—I fear that is a built-in weakness in the system. I would prefer it to be otherwise. I would be much happier with the new system if there were some supplementary funding that people could draw on.

Senator MACKAY—For training.

Mr Einfeld—And there was some encouragement for people who were going to train.

Senator MACKAY—It seems to be very patchworky. Some organisations have got FLEX 3 and are contracting out training; some are doing no training.

Mr Einfeld—Yes.

Senator MACKAY—It just seems to be like a dog's breakfast in relation to business. If this has happened, it is extremely serious and we will take it up.

Mr Einfeld—Yes.

Senator MACKAY—In terms of intensive assistance and the aggregate amount of money, the set amount of money, if you were able to successfully place somebody who was long-term unemployed, I am just wondering how much money you think might end up getting spent on the actual unemployed person.

Mr Einfeld—Of the financial incentives?

Senator MACKAY—Yes. This is the second sentence under 'Training'.

Mr Einfeld—Do you mean by ourselves or generally speaking, as a proportion?

Senator MACKAY—I know it is a broad question, for a different thing, but if you could try.

Mr Einfeld—My old community work lecturer, when I was doing social work, used to say that if you want to create bad services and bad decision-making, you chuck a handful of money into the centre of the ring and see the chaos that flies. I have been in the community services field for 22 years and I have seen a lot of changes, but in the last year, in Victoria and in terms of national programs, I have seen the movement from services—and they had their problems, but services were provided to people—to becoming businesses, and the kinds of incentives that sets up and the destruction of community infrastructure that leads to.

What has happened in this region particularly is that a whole range of services have disappeared, have amalgamated and are now operating under commercial considerations. This means that they have got to fend off, in tendering rounds, people who were not players before, like commercial players. I am told that this is the direction we are heading in: the state of Texas recently tendered out its major health and welfare services and the Lockheed Corporation was the successful tenderer. We are starting to see that kind of thing happening with health and welfare services.

Senator MACKAY—Finally, in terms of the client group that you were servicing previously, there is an issue about access that you would be aware of in relation to the Job Network. Do you think—particularly for those people who are not eligible for a benefit—there are many people in that category who would have been assisted under the old system who will now not be assisted because they will be ineligible because they are actually not on benefit?

Mr Einfeld—Yes. Where there is a partner who is working—often, around here, on a very low income—then they would be excluded. There would be other people, young people particularly, for various family reasons associated with shame and so on, who are not allowed to register and who might have some difficulties in that regard. But because of the sheer number of places and because of the cuts in the funds available for employment services, and therefore the effect on the number of funded places, it is possible that a reduced number of people who would otherwise be eligible are now not eligible. We will not know until the numbers are churned through, but it is possible. I would hope that that would not happen.

Senator TIERNEY—In your submission you mentioned that open employment services are still running for people with disabilities.

Mr Einfeld—Yes.

Senator TIERNEY—Can you describe how that is working out and what sorts of success rates you are getting for people with disabilities?

Mr Einfeld—The way it works is that we are approved for a certain budget to assist a targeted number of people with disabilities into employment. The condition of eligibility is that they must be on a disability pension. They used to be referred by disability panels and now they are referred by Centrelink in the same way that the DEETYA funded programs are. That is run on a traditional grants basis in terms of the funding we get for it. The ratio of unemployed people to staffing is much lower, so people can spend quite some time working with individuals—to counsel them, to encourage them, to properly assess them, and to assist them into employment. There might be a mature-aged person who has never actually worked, so there might be set up a trial work arrangement. There are now a number of employers that we are in contact with who are friendly to that kind of notion. So we might set up a trial work experience exercise—in which they might be paid, by the way.

Senator TIERNEY—How many are you case managing at this point in time?

Mr Einfeld—One hundred and eighteen is our target. To get our grant, we have to meet that target of 118, but I think we are seeing about 200 annually in order to make that 118, because at any point in time you may not be successful in getting people employment.

Senator TIERNEY—Are they all out on business sites or are some of them in sheltered sites?

Mr Einfeld—There is no shelter work. Open employment is distinguished from what they call business services, which are sheltered workshops.

Senator TIERNEY—I was not sure how you worded it. In answer to Senator Synon, just to clarify one matter, you were talking about the contract work you did not get, and the other people, you mentioned, had a lower price and they had better outcomes. So it is fair enough, isn't it, that they would get it on that basis?

Mr Einfeld—Do you mean with our competitors in the employment services thing?

Senator TIERNEY—Yes. You said initially they had lower prices, but then you added later that they had better outcomes. We were talking about contracted case management and then went on to the other things where you had better outcomes. Then you did say, I think, that they had even better outcomes.

Mr Einfeld—What I was talking about was our national organisation—

Senator TIERNEY—That is what I wanted to clarify.

Mr Einfeld—in which we have 30 members around Australia. You would appreciate that in areas of relatively lower unemployment where more job opportunities exist the outcome levels might be higher, whereas in areas of high unemployment like this our outcome rates might be lower. So the way we were judged under the ESRA arrangement was relative to our peers within the region as distinct from other areas like, say, Box Hill in Melbourne, other areas in Sydney or other places—

Senator TIERNEY—But what I just wanted to clarify was: relative to your peers in the region, did they have lower prices and better outcomes?

Mr Einfeld—I do not know what their prices were, Senator. It was a closed tender.

Senator TIERNEY—That is what I was trying to clear up. You were talking about Working Nation earlier; there was more training in that system. This committee did actually conduct an inquiry into that in 1995. Some of the comments that came out of it were interesting. One person said they would have preferred to have stayed in the gutter rather than to be pulled out and dropped back in again because there was no job at the end. The other interesting thing was that when Mr Beazley went to Wollongong and was lauding Working Nation, the audience, which was mainly young people, kept saying to him, 'But there are no jobs.' Surely that was the problem with the low outcomes in Working Nation, wasn't it? There was a lot of training to make people job ready, but in effect there were not any jobs.

Mr Einfeld—Yes. You are always up against that kind of tension. There is no magic or mystery about labour market programs. They are about recognising that there are a number of job seekers who, in an environment of relatively high unemployment, face particular barriers in obtaining the few jobs that are available. If there are not enough jobs, then neither training nor magic is going to get people into jobs. What we are saying is that there is an argument for a transitional form of training of the kind that SkillShare was doing. By ‘transitional’ I mean that it is not a full TAFE course and it is not a ‘just in time’ kind of deal; it is something that leads to better self-confidence, some usable skills that could lead to employment and possibly greater confidence in undertaking training—so that, having completed the transitional training course, a person might be more motivated to go back into an institutional kind of training, which otherwise they would have been completely frightened of before they went in.

Senator TIERNEY—I was wondering if you were aware of a study in the United States which looked at two counties in Los Angeles. One has undertaken a training-type mode like Working Nation; the other undertook a type of work for the dole program. They discovered that the latter actually had better outcomes. The reason was that it put people into work. It had all those factors you were talking about—building up confidence. The outcome at the end was that that group was more likely to either go on to further training or some other job.

Mr Einfeld—I do not think there is an exact parallel here. The training that I am talking about was conducted in the context of the Skillshare program, where we had to meet job outcome standards, levels and rates—and we did. So the people who were going through the training course were encouraged into employment and facilitated into employment. They were not an end in themselves.

Senator CARR—Did you hear the submission put in this morning by Mr Thompson?

Mr Einfeld—I did not, no.

Senator CARR—Mr Thompson has put a submission to us where he argues that, while there were a number of shortcomings associated with the Working Nation programs, they have to be seen in a broader economic development sense, and they also have to be seen in terms of the impact that work experience complemented vocational training and education programs to improve skills, self-esteem, confidence and competitiveness of long-term unemployment; in other words, they had a social and an educational role as well. How do you respond to that proposition?

Mr Einfeld—I am the CEO of the organisation, which is not a small organisation. There are 60 people in the organisation, so I do not often get the opportunity to go and talk with the participants, but I took a particular interest in the people doing the new work opportunities, the LEAP and a number of our skillshare programs. I saw them as they came into the programs, I saw them at their graduations and talked to them and went through these kinds of issues: ‘What has it meant for you?’ The kind of feedback that I had was exactly the kind of stuff that I have presented and the sorts of things that you are saying here; which is to say, the training means more than the information that was presented in those classes. There was very much a sense of belonging.

There is one thing about long-term unemployment: it is a very disconnecting and disorienting kind of thing from day to day and week to week. There is nothing to really measure out or structure your time, and you tend to manage your risk. After a while the risk that you are managing is a very low threshold of risk and you become very frightened about risks—for example, going along for a job interview and that kind of stuff. That is my observation.

CHAIR—We are running way past your bedtime and certainly past my lunchtime. There is too much to ask you, Mr Einfeld, but Senator Allison wanted to particularly raise a very important point with you.

Senator ALLISON—I am interested in the field of disabilities. I know I could ask you questions for the next two hours on that subject. I wonder if it is possible for you to expand on the remarks that you made earlier, perhaps in writing. I know this is a tall order, but if you could possibly do that, that would be excellent. If I could put some other questions to you also.

Mr Einfeld—Sorry, about what particularly?

Senator ALLISON—You said earlier on that you felt people, especially with psych disabilities, were seriously affected—I think you said ‘seriously’, but at least affected—by the new arrangements. I would like you to expand on that, if possible. I have some specific questions that you may be able to answer quickly or you may prefer to take on notice. The first is about referrals from Centrelink for disabled people. As I understand it, there are workability tables, and that is the means by which a person is determined as requiring specialised assistance. We have heard that there are significant concerns from disabled representative organisations such as ACROD that these are in fact inappropriate criteria. If you could comment on that, please, and on whether or not you have concerns, and which way you would like to see them addressed.

Mr Einfeld—I think I prefer to take that on notice. To get a good answer for you, this is something that I would refer to our people who are working directly in the area.

Senator ALLISON—Waiting periods for disabled people: there is a fear that even where disabled people are referred to specialised assistance that once these programs have run their course they will face a further waiting period for FLEX 3 assistance to find them a job, and that that would potentially wipe out any benefit which was gained from the assistance in making them job ready. Is that also a concern for you?

Mr Einfeld—Again I do not have any technical understanding of that area.

Senator ALLISON—Employer subsidies, I understand, will not be available for disabled people until 1 July, two months after the commencement of Job Network.

Mr Einfeld—I have seen a memo from ACROD which indicates that they are available—the government has agreed to them—in May and June.

CHAIR—Mr Einfeld, you possibly do know—you should know—that everything you have said and we have said today is going to be recorded in the *Hansard* and that it will be available to you. You can certainly use it for assistance in preparing some information on notice for us. The other important thing is that I would like to make it clear that we do not want a thesis.

Mr Einfeld—I do not want to write one, I can assure you.

CHAIR—If you can give us some dot points, that would be tremendously useful. Finally, if you can provide for us, now or at a later date, a copy of the notes from which you spoke, that would also be very useful to the committee. You made the point about the docking of 50 per cent of bonus if training should be required in a particular organisation. You also said that you would not name the organisation.

Mr Einfeld—Yes.

CHAIR—I would like to be clear: is this a fact or is this only something somebody has told you about an organisation?

Mr Einfeld—The only way I could establish that it was a fact was to ask the organisation itself, and I have not done that. But I understand that this person is a recent employee of that organisation.

CHAIR—I was very interested when you said you could not tell us some information because it was commercial-in-confidence—for example, the contract arrangement between you and Job Futures (which is the shorthand word you used for it) the amount and so on because that is commercial-in-confidence. Commercial-in-confidence means we may not know which organisation is docking 50 per cent of bonuses. I am terribly concerned about how we evaluate the expenditure of Commonwealth, hard-won, taxpayers' dollars in all of this, if it comes under the heading of commercial-in-confidence. Are we going to need some spies? Are we going to need people who are prepared to break commercial-in-confidence? Or is it that we are going to have to just say, 'We gave them \$10, three people have got jobs, but we gave those people over there 10 jobs and five people have got jobs; therefore, that's better'?

Mr Einfeld—This is a difficult issue in terms of social policy. The objectives of the scheme, as I understand it, are about getting people into jobs—and training, as an objective in its own right, does not actually sit in there. Therefore, within the logic of that system, it may be that the commercial operator has simply followed the logic of the policy itself. There is nothing in that which requires anybody to do any—

CHAIR—No, but that is a very useful point. We may need to take that up with some commercial providers, to ask them if that is their thinking, or whether it is a valid piece of thinking. If you had anything further to say about how you think we might evaluate or what you think should be asked as part of the evaluation—

Mr Einfeld—Of?

CHAIR—Of this whole new arrangement. How do we work out that we are getting value for our dollars? That would be very useful.

Mr Einfeld—I will just say now that we made a submission to the public consultation that Senator Vanstone had in late 1996-97, and that was all about how it should be evaluated. It sets the criteria for evaluation.

CHAIR—To shorthand this, if you could provide that to the committee that would be very useful.

Mr Einfeld—Certainly.

CHAIR—Mr Einfeld, I, like Senator Allison, would like the opportunity to push some of the evidence that you have got and, even more, that you have not given us quite yet. I found it very thoughtful and very fruitful. We thank you very much for having bothered to come. If you could provide those pages and further notes in two or three series—at your leisure; it is not to create a major extra workload for you—to assist us with our further deliberations. Thank you very much.

Proceedings suspended from 1.01 p.m. to 1.49 p.m.

[1.49 p.m.]

ILIBASIC, Ms Carmen Mary, Manager, YES West, Suite 5, 131 Paisley Street, Footscray, Victoria 3011

WELSH, Mr Peter John, Chairperson, Board of Management, YES West, Suite 5, 131 Paisley Street, Footscray, Victoria

MILTHORPE, Ms Jill, Manager, W.O.W. Employment Services Inc., 106 Buckley Street, Footscray, Victoria 3012

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 permission to do so and the committee will give consideration to your request. I 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. 54 dated 29 April, and No. 125, dated 5 May. Are there any alterations or additions you wish to make at this stage? Is it the committee's wish that those submissions be received as evidence? There being no objection, it is so ordered. I invite you to make a brief opening statement. We are going to have to now practise considerable discipline, particularly this side of the table, but I also wonder if you could make your comments shorter so that we can take a little more time in the questions.

Ms Ilibasic—YES West Youth Employment Service, western region, is a community business employment program funded by the Victorian government Department of State Development within its employment branch. Operating for three years, and with offices located at Footscray, Sunshine, Werribee and a newly located office in Melbourne as of this week, YES West is currently the largest funded project within the state. Despite being recognised as the most effective employment service provider in the state funded system, one which has received continuous and increased funding, this project considers it ironical that we were not able to get a guernsey in provision of FLEX services.

The board of management of YES West was initiated in 1995 as a partnership between state government, a community based consortium and business and industry in the western region. The CBE project is funded on the basis of being able to provide a quality service, and providers are all paid the same amount in outcome fees. YES West also provides a free comprehensive service for business and industry. YES West's commitment to the employment of young people in particular means that over a period of three years we have placed in excess of 1,200 people in employment at an average outcome fee of \$818 per placement.

Forty-two per cent of YES West placements have been people who have been long-term unemployed for nine months or more, and their employment sustainability has been 81 per cent at the 13-week mark, which is higher than state average, and a really high level of sustainability at that point considering the client group that we service. The majority of our clients, this year in particular, are aged 15 to 24 years of age. YES West is contracted to help people from multicultural backgrounds as well as people aged from 25 to 39. There is

definite concern about the future funding in relation to CBE programs beyond December 1998.

In my submission I have actually talked about the Dusseldorf Skills Forum findings which are listed in the submission. To save time I will not go over that, but the most important statistic is that in fact with the youth unemployment area, unemployment has been 20 per cent for about 10 years now. The concern is that unemployment has an enormous impact on a family's dynamics. A piece of research that has not been published yet through Victoria University has found a strong correlation between the success of young people getting a job if they have been receiving ongoing support during their period of unemployment. Obviously they are looking for that support from their family, but it is very difficult to maintain—in terms of the high level of emotionality and care that existed in families. The longer the person is out of work the harder it is for the family to maintain that level of support, particularly when other family members may never have experienced unemployment.

The current information states that there are about 45,500 young people who are going to have their youth allowance affected because of the fact that it will be parentally income tested. I wonder about the amount of domestic upheaval and the increase in dysfunctionality between adolescents and their parents when these young people are continually asking their parents for financial support at an age when they are supposed to be moving towards being responsible for themselves and independent.

Currently young people 15 to 24 years of age who have been unemployed for more three months and less than 12 months have the ability to register immediately with YES West in order to be able to access one-to-one support and a full range of employment services. Although we are funded to service people who are at least three months unemployed, our staff believe that having to ask young people aged 15 to 24 years to wait for three months in order to be able to access job search assistance is too long a period of time. And we, personally, cannot take the risks involved.

Within the current FLEX system, young job seekers aged 15 to 24 years are not able to access employment services until they are six months unemployed, and then only through the job search assistance program. Then they wait until they are 12 months unemployed in order to be able to access the FLEX 3 service, one-to-one assistance, and we do not believe that is adequate for the client group. These people are going to find themselves on their own, unassisted, unsupported. Our experience with our clients, over three years, shows that over a very short period of time they become very despondent and they give up. They do not want to keep trying—what is the point? They have done their best and it has not been able to produce any achievement for them.

I wonder about the relationship between the youth unemployment rate and the despondency that they experience and whether that has any effect on Australia having the highest youth suicide rate in the world. What is the perception of young people in the west who are unemployed? Not so long ago the media nationally had a great time hyping up stories which tarred every young unemployed person in the west. Are they too fussy? Are they unrealistic? Do they have unmarketable skills and abilities? Are they lazy? Do they want to sleep in until noon and then watch daytime television?

The beauty of the YES West program is that our clients come to us voluntarily, and I consider this to be the magic of the program. No-one has forced them to walk through our door. Their high level of motivation explains why they consistently present to our service as 28 new registrations every week and come to training sessions at 9 o'clock on a Monday morning. This voluntary nature of our program is an important factor when we market our service to prospective employers to gain their vacancies, and is backed up by the 81 per cent retention rate. Over 2,000 people have registered with YES West, many of them being referred by their friends and relatives; 92 per cent of our clients say that they would refer us further to their friends and relatives.

Our clients are highly motivated to work, have sound related skills and abilities, have tertiary education qualifications often at TAFE or degree level and have the broad range of personal characteristics which employers take a lot of time actually explaining the importance of when they are placing their vacancy with us. However, these people are looking for work in an extremely competitive market and it is not their fault that there are not enough jobs to go around.

I give an example there of a young person who was a high achiever in her tertiary educational qualification, yet six months after her graduation she was still unemployed. She won the David Syme award for best student in her journalism class at RMIT and if, at the six-month point she was still unemployed, I wonder about the rest of her colleagues who also graduated. I also wonder about how government sells the concept of mutual obligation to such people who have done the right thing, have completed VCE, have accumulated a HECS debt, have forgone full-time incomes like entering into tertiary courses for three more years, subsidised their upkeep by part-time work and then find that even after achieving high marks in their course they are still unemployed. Twenty per cent of tertiary graduates are still unemployed six months after graduating, according to the statistics of the National Graduate Careers Council of Australia, and in a region such as this the statistics can be up to 50 per cent.

CHAIR—Could I ask you to perhaps summarise what is left. The points you are making are very important but I would love to give our two other witnesses the opportunity to speak before we ask questions. I note you have got a song here by Pennywise.

Ms Ilibasic—I have. My background has been in secondary and tertiary education for 20-odd years—in the last three years in the employment provision service area, and in the last 12 or so years as a careers coordinator or a counsellor with postgrad qualification in careers education. I value the fact that people who are trying to make decisions about their future at any age have access to good career and vocational counselling programs. The experience is that that is not happening. I am trying to summarise as best I can.

I do not think careers education necessarily should start at year 10 in secondary college. I do not think primary school is too early to start careers education for people who are in the process of continually thinking about what they are going to be doing. Secondary education, in particular, is still rather archaic. Things have not changed very much at all. Are the fences that are there to keep kids in or to keep the rest of the community out?

School industry programs and other ventures that would really prepare students for the world of work are very limited. I met with a dozen people in the Werribee area last night, who were about 15, 16 or 17, and none of them had done year 10 careers ed; none of them had ever been taught how to do a resume, for example.

CHAIR—You have completed your submission?

Ms Ilibasic—Yes.

CHAIR—There are a couple of things I would like to come back to on your submission. If you would not mind, we will hold it there. Perhaps I could ask Mr Welsh to make his opening statement.

Mr Welsh—I will not be making a statement.

CHAIR—Mr Welsh, you are so welcome on this committee!

Ms Milthorpe—I will be very brief. You have received our fairly lengthy submission from W.O.W. Employment Services. We too are a state funded program. We have been in the industry since the state first funded in March 1994, and we were in case management from the first round of tenders in 1995. We deal with a singularly hard group of clients. We have up to 70 per cent non-English speaking background clientele on some sites. We have 35 per cent disabilities of some description in our case load. We have 30 per cent of people who have been out of work for four years or more, and we have placed something like 3,000 people since we commenced work. We think we have done very well.

I have six well-established, good quality offices around the western suburbs. We no longer have any case management and we no longer have any federal funding of any description. And we have just had to let our staff go; it was as simple as that. Highly qualified, experienced staff have just gone and all the employers that we had good contacts with, who were willing to give jobs to older workers, have been lost. The federal government no longer has access to jobs attracted by W.O.W. and we think it is heartbreaking.

The other thing I really must mention is that in fact 53 per cent of long-term unemployed are older workers. Australia has a rapidly ageing work force and there is no policy in place that I can see that actively addresses the issues of what is going to happen to people. We are still equating 65 with retirement age in spite of the Prime Minister's plea for people to stay at work to 70 or 75. People are still seeing retirement age as 65. We are having people come to us at 47 and being told by the Centrelink staff that they really should go on the pension because they are not going to get a job at their age. I look along the row there and see how many of you think that 47 should be the retiring age, because we do not believe that. They are being placed on what is called reduced reporting, which means they only have to file a form every three months, and they are being told they are literally unemployable. We think this is a gross waste of Australia's resources.

CHAIR—Ms Milthorpe, Mr Welsh and Ms Ilibasic, I thank you very much. For those two of you who have made comments with controlled passion, I have to say that quite a little bit of that is coming out in this committee. We had a wonderful mother witness at

Bairnsdale who just stepped up to the microphone and also let us know what it is like to be the parent of children who do everything—get the training, go back to school—and still cannot get employment. I actually welcome a little bit of passion, don't worry, even if it is a very distressing one. Thank you very much.

Senator CARR—Ms Milthorpe, I just register my apologies. Senator Campbell and I will have to leave for a short while. The men are going back to work down at Patrick, just across the road here at half past 2, and we have been asked to go down there and welcome them back through the gates. I do trust you will accept our apologies in our having to adjourn for a short while. The rest of the committee presumably will continue. I note in your submission that 53 per cent of the long-term unemployed people in the region are 40 years of age or over. So of the 25,000 people unemployed in the western suburbs of Melbourne, your submission is that 53 per cent of those persons are over the age of 40?

Ms Milthorpe—That is long-term unemployed, not of all the unemployed in the western suburbs. We believe that, in fact, there is something like 50 per cent of all unemployed who are over 40, but 53 per cent of long-term unemployed are over 40.

Senator CARR—You say that you would like to see the federal government, on behalf of mature age workers, establish a program to change employer perception and generally bring the problems of the mature unemployed before the general population. Would you like to expand on what sort of program you would like to see?

Ms Milthorpe—I suppose it is really a question of fashion—with great apologies to my youth colleague at the other end of the table. Youth unemployment has been in the forefront of people's minds for many years, for quite a long time. Whether we are getting anywhere or whether we are going backwards is another thing altogether. In fact, the mature unemployed are largely hidden from public view. People do not think about the parents of the kids as being unemployed. In fact, we have families in the west where the kids have never seen a working role model; neither mother nor father has been able to work in their lifetime. We are creating generations of people who will never know what it is to work. We cannot afford to do that.

Senator CARR—What action do you think the Commonwealth should take to change that situation?

Ms Milthorpe—What I would be looking for is if we could see even a quarter of the money that has gone into promoting Employment National go into a television campaign to advise employers of the benefits of employing experienced, stable, life-skilled people in their work forces, and balancing their work forces; not hiring just young people but hiring a balanced work force where you have got older people to mentor young people, and young people can then see what a good role model the older workers can be in terms of getting to work on time and all that sort of thing. We could do that if we were to put just a little bit of money into changing employer perceptions, using employer services like VECCI and the various chambers of manufactures and chambers of commerce as forums for changing perceptions about age in the work force.

Senator CARR—Do you think more money should be spent on adult and community education? We pay a lot of money for education of young people. Do you think we should be spending more money for people who are over the age of 40?

Ms Milthorpe—There is a major problem here, Senator Carr. We have now got five years experience in this field. We know that if somebody needs to retrain to get a new skill at age 40, 45 or 50 because their skills are obsolete, they are almost certainly not going to get work in that new field as a new trainee because they will have no experience in the trade to compete with the people who have got 20 years or five years or even three years of experience in the trade.

We find that people are much more likely to get work if they continue in a different area of the trade they are already in. Telstra electricians, electrical electricians, can then go back to TAFE and do a course that will give them a trade paper to go to work in the housing or domestic market, or something like that. But they will not get jobs if they train as, say, a welfare counsellor or something like that, because they do not have the experience to match the years in the work force.

Senator TIERNEY—I have a question on older workers. When we last held this inquiry, which was about three years ago, on regional employment, some witnesses from DOME—you probably know of that group—

Ms Milthorpe—I do. There is only about five of us and we know them all.

Senator TIERNEY—were saying at that time that they had real problems with attitudes of businesses employing older persons. Even though in New South Wales ageist legislation had been passed, it was not very effective, and people were getting around it. They would not put age things on the job advertisements, but they just would not employ them. In that three years, has there been any progress on employer attitudes to older workers?

Ms Milthorpe—Senator Tierney, that touches on the most important reason for having specialist organisations. The employers that we bring on side are already in favour or have been converted to hiring older workers, and that means our clients, in fact, no longer face an age barrier when they go for a job; they are out from behind that particular eight ball. It is when they are knocking on the factory door that is hiring and they are competing with 25- and 30-year-olds. That is when they find it hard. If they are applying for a job that we have got from an employer who wants a mature worker, then they are competing with their peers, and it depends on their skills and their real ability to do the job as to whether they get it. It does not have anything to do with their age. That would be a very good reason for continuing specialist organisations, which in fact have been cut out almost entirely in the federal tender process.

Senator TIERNEY—If we are dealing with half the unemployed as being in this group, surely it needs something far more extensive? If half the unemployed you are trying to employ are facing this sort of age discrimination, it comes back to changing the attitudes of employers, really.

Ms Milthorpe—Yes.

Senator TIERNEY—Are there any international examples of how they might have changed the attitudes of employers overseas so they will employ older people?

Ms Milthorpe—Yes. In the UK there was the UK Employers Forum on Age. There were a whole range of employers involved, including Cadbury-Schweppes and Tesco's, and they remain involved, so it is a continuing process. They were modelling a number of behaviours for employers. They staffed an entire supermarket with people over the age of 40, which increased its profit over a period of three months by 15 per cent, and those sorts of things. I have been in touch with VECI, by the way, trying to get them to sponsor an Australian employers' forum on age to precisely change these attitudes.

That is why I was saying that a television campaign or a media campaign of some description is needed to draw attention to the benefits of having a balanced work force as opposed to just a young work force or another work force. You are looking at balancing; this is the important thing. We do not want to say, 'Don't hire young people.' We do not want to say, 'Don't hire old people.' We say, 'Hire both.'

Senator TIERNEY—Yes, I understand. Have you got details of that British program?

Ms Milthorpe—No, but I can get them for you.

Senator TIERNEY—Could you get that for the committee. We would be very interested to see that.

CHAIR—Yes. Can I add, too, that if you could give us any information about why there was a 15 per cent profit with older people.

Ms Milthorpe—I can tell you why. It was because they were not taking sick days, they were coming to work on time, there was no pilfering. They were also on trial, they were proving something to employers—let's face it—and that is one of the reasons they got a 15 per cent profit increase in a very short time. But whether that would continue over a long period is a moot point.

Senator TIERNEY—So with your experience in this area, and given all those positive benefits of employing older people—and you gave the example of the supermarket—what are you picking up as to why employers are not picking that up? These are people with experience, people with maturity and better judgment. Why are they not going for that group? What is it in the background of their prejudices, I suppose, that they should have these ageist attitudes?

Ms Milthorpe—Well, they certainly do not look at themselves as a model.

Senator MACKAY—That is a good point.

Ms Milthorpe—It is a point: all of the employers we talk to are over 40 and they never see it. They say, 'Oh, no, we want people with fresh, new ideas,' and they do not see that it is them who are holding the continual preconception. Really that is why we need to have the employers leading employers, rather than the government telling them what to do.

Senator TIERNEY—Yes, good idea.

Ms Milthorpe—They see workers compensation as an issue. They think people cannot learn over a certain age, and this is not true. They are all folk myths and we need to disprove them.

Senator TIERNEY—Thank you.

Senator MACKAY—I have a couple of questions on YES. In relation to your submissions, both written and verbally, I notice that you did not get anything with regard to the recent tendering round. I notice that you had a very high placement rate—42 per cent long-term unemployed.

Ms Ilibasic—Yes.

Senator MACKAY—Is that case managed?

Ms Ilibasic—No. In fact the YES West program is not able to assist people who have been 12 months or more long-term unemployed. We have been able to help people who are eligible for case management in the past but who were not able to access it at the 12-month period. So as long as they were not case managed, we were able to keep working with them.

Senator MACKAY—So you did not previously have any funding? It is not like you lost funding?

Ms Ilibasic—No.

Senator MACKAY—You were attempting to access funding in a government area. What reason were you given by DEETYA in the feedback interview?

Mr Welsh—I think essentially we missed out on price. We were marginally above the going rate at the FLEX 1 level, and therefore debarred from taking on board any FLEX 3.

Senator MACKAY—So when they said you were marginally over the going rate for FLEX 1, did they tell you what the going rate was?

Mr Welsh—No.

Senator MACKAY—They just told you that you were marginally over it?

Mr Welsh—No, they did not. We subsequently deciphered that we were marginally over it, and at the interview, or at the debrief, we were told that we had failed on the basis of the price from the tender of FLEX 1.

Senator MACKAY—Do they indicate—because one of the selection criteria was experience and demonstrable ability in relation to the delivery of services.

Mr Welsh—In all other categories, apart from price competitiveness.

Senator MACKAY—So clearly price competitiveness, which is the pattern that is emerging, was the primary factor.

Mr Welsh—We would assume so.

Ms Milthorpe—Could I just comment on this: we actually won FLEX 1 and 2 tenders, and our prices were substantially over the going rate in the western suburbs because we were dealing with a specialist group of clients—so are YES West. Talking to our colleagues in the industry, there is absolutely no rhyme or reason for the decisions that were given. We had people with \$1 million behind them who were told they were financially unviable. We had \$250,000 and we were fine financially. In our tender we got FLEX 1 and 2 and refused it, but we had been doing FLEX 3, and they knocked us back.

Senator MACKAY—You were offered FLEX 1 and 2, even though you were substantially over the going rate, whatever that is. It varies from area to area, from what I can determine.

Ms Milthorpe—We were offered it at \$230, and I know another of my colleagues got it at \$190—in the same suburb.

Senator MACKAY—Did you go to the feedback interview?

Ms Milthorpe—Yes, I did.

Senator MACKAY—What happened there?

Ms Milthorpe—I should preface this by saying that I was on the ESRA committee for all of the time, and I was a member of the best practice subcommittee for all of the time that it was established, and we were at best practice in every area. We were told we had missed out on the basis of quality of services.

Senator MACKAY—In terms of FLEX 3, you were told that you missed out because your quality was not high enough, even though you were substantially above the ESRA national benchmark.

Ms Milthorpe—No. One of the things I have to say is we were not making the numbers of placements that generalists were making.

Senator MACKAY—Because you were working with more difficult—

Ms Milthorpe—Because we were dealing with a substantially more difficult group of clients.

Senator MACKAY—In your submission you do indicate that ESRA was quite glowing in its praise of you, however.

Ms Milthorpe—Yes. As one of the witnesses said this morning, that is the kiss of death.

Senator MACKAY—Yes. ESRA—which is no more—that is right. I just come back to YES again, just briefly. Can I just explore this non-access of employment services for young people until they are six months unemployed. It is not three months? It is six months, is it?

Ms Ilibasic—Six months; that is true. It is accessible at the six-month period.

Senator MACKAY—When can they access FLEX 1?

Ms Ilibasic—FLEX 1 is walk in, register, have a look at the national vacancy database. There is no personal one-to-one at all, and those kids are on their own.

Senator MACKAY—That is in relation to FLEX 2. Can I just come back to W.O.W. again. I am finding both submissions very good, and I appreciate the amount of work you have put in, given what is going on at the moment; it must be very difficult. You have indicated on page 1 that someone who was 57 was actually forced onto a pension against her will after being told by CES Centrelink staff that she would not get a job at her age, that they would not register her as unemployed. Are you aware that CES managers were circulated with a document in preparation for the re-employment services market to ‘exit’ people in preparation for the new regime?

Ms Milthorpe—Yes.

Senator MACKAY—This is one of them, is it?

Ms Milthorpe—I am very much aware of that, and when we were making approaches to successful providers about being a specialist provider for older people for them, they said they did not expect to get many older people through as FLEX 3 clients anyway. Yes, it is very much a factor; they have been moved out of the system.

Senator MACKAY—Are you aware of any other cases where that happened?

Ms Milthorpe—That is what I was talking about with this three months. That is a way of sidelining them. They stay in as unemployed. They are still part of the unemployed statistics.

Senator MACKAY—But they have to be pro-active and go back and say, ‘Yes, we wish to have that.’

Ms Milthorpe—Yes, that is right. They are no longer active job seekers.

Senator MACKAY—They were told not to actively seek but to step back. Yes, I have seen the correspondence in relation to it. Thank you for that. We have covered the ESRA aspect, which I also want to talk about. In the last paragraph, middle of the page, page 3 of the submission, you say:

There is only one relatively small private provider at Melton to service the whole of the western area between Sunshine and Ballarat.

Ms Milthorpe—Actually, I have to correct that. I believe that Employment National has now opened an office in Melton. It did not have an office there when I wrote that, and it has now been opened for business.

Senator MACKAY—So that was a change from the original results in the treatment of tenders.

Ms Milthorpe—Yes.

Senator MACKAY—Who is the small private provider?

Ms Milthorpe—I believe it might be part of Job Seekers. It is Djerriwahr, which I believe is part of the SkillShare. On that point, what they seem to have done, to a very large extent, is to have converted trainers into case managers, and people who were case managers have been offered training. That is what I meant about there being no rhyme or reason. They have not used the expertise of the providers themselves.

Senator MACKAY—As Senator Crowley was saying earlier, it is very difficult for us to find out, even through the estimates process, because we are just told everything is commercial-in-confidence. That is very convenient, isn't it?

Ms Milthorpe—And everything I know is because we had a meeting of case managers immediately after the tenders were announced, and although we were threatened that we were not to discuss them in any terms, of course we did.

Senator MACKAY—That is right.

Ms Milthorpe—What we got, and what we did not get.

Senator SYNON—It is great to hear from some genuinely committed community based organisations, and I think you both know the very high degree of admiration and respect which I hold for the work of both of your organisations. It is on that I really did want to ask a question, and could you perhaps answer it in turn. What is the key factor that you attribute to your success in your work with older people and younger people respectively?

Ms Ilibasic—If I had to put it in a nutshell I would say the fact that our clients come to us voluntarily, that we are working with people who actually want to work. That is so easy to market to prospective employers, because when we talk to employers they say, 'I don't really want to have anything to do with your organisation because we've gone to the CES in the past, they've sent somebody out. We've kept them on deck, we've paid them, we've trained them up, and then two weeks later they've felt as if they've completed their obligation and they're out of here.'

Our people come to us. They really do want to work. They trust us because they have heard about us basically over the grapevine, they trust the grapevine, and we can give them

what they need. We can give them the one-to-one assistance immediately. They do not have to wait. So the day they come through the door they see an employment officer. They sit down and they have a resume made up. They have ongoing appointments. They have access to seminars. They have briefing and debriefing sessions before interviews. They can see their employment officer as many times as they like, as often as they like.

The anecdotal information that was coming to us through the old case management system was, 'Yes, I need help.' 'But you're 12 months unemployed. Do you have a case manager?' 'Yes, I do have a case manager, but my case manager has told me not to come along. Don't call us, we'll call you.' In actual fact that is how this program actually varies; it means that we are actually committed to our clients and they are committed to us.

Senator SYNON—So has the new system suited the culture of your organisation there?

Ms Ilibasic—The culture of our organisation is about best match. It is about being able to give people—either our job seekers or our business and industry clients—what they need, albeit with a huge range of frustrations in both client categories.

Mr Welsh—In my summary terms, if I had to characterise the reasons for our success, I would have to say firstly that it is community based. What you have got are people who are involved in all aspects of the business or the service who are familiar with the regional requirements, the culture of the place, so it is community based. You have got people who, for the most part, are born and bred in the community seeking to address some of the problems of the community, and I think that is where you get the commitment from.

The second aspect is that it is a personalised service. We do not treat people as unemployed; we treat them as whoever they are, and we assess their particular problems, whether it be an unemployed person or whether it be somebody coming to us with a vacancy that they want filled. The third aspect is that we regard ourselves as a very professional organisation. We employ only professionally trained people at the coalface. Also, a characteristic of our business, if you like, is that we do treat it as a business. We treat it as an employment service; we are not social welfare agents. When people come to us from both sides of the scale we seek to analyse what their needs are and, as Carmen said, work the best fit.

Ms Milthorpe—All I can do is concur with everything the previous two speakers have done. We treat people as human beings; we do not treat them as numbers in a queue—which has been the public service model—and we treat the other part of it as a business. We try to provide the best possible service we can to our employers. We try to get them referrals as fast as possible. We have to be better than the commercial companies in order to survive in terms of getting jobs for people. We have to have a fast turnaround time; we have to make sure that their criteria are met.

I have to take exception to something that Senator Crowley said earlier today. Our people do choose and word of mouth is very important; clients come to you because they know you are a good organisation. Neither of these two organisations have ever had to work very hard to get clients, believe you me, on both sides.

Ms Ilibasic—The other thing about business and industry is that once you actually can prove to them that you are going to provide them with a high quality recruitment service, they are actually amazed that we can do that for them free of charge, and we will continue to operate in that way.

Senator SYNON—Mr Welsh, others may not know here that you are a prominent businessman in your own right, and in fact were a board member of the Footscray Football Club when you first took on the job of chairing YES West. Could I ask you a question in that capacity, and that is: how can we facilitate or get business to do a better job, as in more committed to giving unemployed people a go?

Mr Welsh—You have got to be able to establish the forum to get that message across. My popular approach to that is to address business breakfasts and forums of a range of different natures. What we need to do, as a group, is to ask people who they are behind, what this issue means to them as members of the community, and what they, as individuals, are prepared to do about it. Often that is my catch-cry in these sorts of discussions, where I tend to look people in the eye and say, ‘What does it mean to you?’ Is it another symposium, is it another breakfast meeting, and then you go away and the problem is somebody else’s? The answer to it on a community level is that it is not. It is our problem and we have got to work together to overcome that.

I have to say that generally speaking, couched in those terms, the response is always positive and it is reflected when we go to them as an organisation then to say, ‘Well, how about it?’ They do recognise that as a corporate citizen, as a member of the community, a corporate member, they do have some responsibility to that local community. If you approach it on a professional basis it is a fertile ground then; they have a sense of commitment if you approach it in that way.

Senator SYNON—I wish there were more business people like you. In conclusion can I just say that I hope that the future of CBEP program is bright and that as two organisations doing fabulous work here in the west you can continue to function and operate and perhaps be successful in the next round.

Ms Milthorpe—We will be there for the next round, believe us.

Senator ALLISON—Yes. I am a bit unclear, Ms Milthorpe, but perhaps you can help. Why is it you refused the FLEX 1 and 2, and how can your organisation keep going if it does not have FLEX 3 or 1 or 2?

Ms Milthorpe—We have state funding, as we have had since 1994. What we had to do is reduce our staff numbers. We worked out that if we accepted the job brokerage contract we were offered, which was for some 1,500 places over the period of the contract, we would be something like \$50,000 to \$60,000 in the red at the end of the contract because we could not just refer anybody to the jobs that were on the national vacancy database. If we wanted our employers to come back we had to make sure the clients fitted the criteria. If you are going to do that you have to give them a CV, you have to at least interview them and know what sort of clients you are dealing with. We said we could not do it for the money and therefore we would refuse the contract. We would have been quite happy to subsidise it out

of our FLEX 3 income, if we got FLEX 3; but, no, we were not prepared to do it if was not a package deal.

Senator ALLISON—I understand. Since we missed out on those who were coming to talk about migrant issues and unemployment, could I ask you, since you have a high number of non-English-speaking clients—

Ms Milthorpe—Both of us do.

Senator ALLISON—Can you tell me what proportion of those people are recently arrived migrants to this country in, say, the last two years?

Ms Milthorpe—It varies from site to site. In our St Albans site we dealt with enormous numbers of former Yugoslavian refugees in the last three years. Here in Footscray we would deal with about 20 per cent Vietnamese, but in fact there are specifically Vietnamese programs funded by the state to help the Vietnamese community, and the same for Polish—and there is one other.

Ms Ilibasic—Croatian and African.

Ms Milthorpe—Croatian and African, that is right. Africans, in fact, are presenting as a markedly disadvantaged group. They are extremely hard to place. We have on our books the former attorney-general of the government in exile in Ethiopia, and he is unplaceable in Australia because his law credentials just do not translate. They really are incredibly difficult. I do not know about you.

Senator ALLISON—Is it more than language we are talking about here?

Ms Milthorpe—When it comes to the employer perceptions of both Indian and African applicants, we are unable to say that it is a racist decision that they make because it is never the reason given for not taking that client. But just judging from the number of times that highly qualified, highly capable people of those two races do not get jobs, we think there has to be a substantial part of that in it.

Ms Ilibasic—The other part of that is that those clients who do present to our Footscray office after a certain period of time come to us and say, 'We want to run two resumes. We want to run our professional resume and we want to run the "I want a job, I'll do anything" resume and we will leave all of that professionalism out because when we appear at a manufacturing organisation and want to work there, they look at that level of qualification and they don't take us on anyway.'

Senator ALLISON—They are over-qualified in some areas, but their qualifications are not seriously taken on board in the jobs that they are suited for?

Ms Milthorpe—Although India has one of the best university structures in the Third World, if a university graduate comes to Australia and tries to get a job in a field that they may have worked in for 20 years in India, they are going to be very hard-pressed to do it. Doctors are a particular case in point, if I may say so.

Senator ALLISON—Is there a problem with those migrants who do not qualify for social security entitlements? What are their opportunities in terms of jobsearch assistance?

Ms Milthorpe—None. They have no access at all. In fact the jobs on the national vacancy database now are owned by the providers who put them on the national vacancy database. If that person does not have a jobseeker ID, and does not qualify for job brokerage, they have no access to any of the jobs on the national vacancy database. The level of frustration and rage amongst clients who can see all these jobs to which they have no access is just escalating at a rate of knots.

Senator ALLISON—That was my next question to you—the impact of that, and you say it is rage?

Ms Milthorpe—Yes. The thing is Centrelink is grossly understaffed and under-equipped. For instance, at Werribee there are two touch screens to get access to the vacancies, and there were queues out and down the street the other day to those two screens. They are grossly under-equipped. People are waiting hours to see whether there is a job, and then there are 50 people behind them and they can only spend five minutes on it because they are feeling as though they are keeping everybody else waiting. It is just not working. As somebody else said this morning, it is chaos and total turmoil.

Senator ALLISON—How do these people get their ID number?

Ms Milthorpe—They go to Centrelink and wait for another three hours.

Senator MACKAY—You have got to be on benefits to get a user ID number?

Ms Milthorpe—That is right, they have to be on benefits, and there are so many people who are not eligible for any service of any description any more. There are women whose husbands may be on enough casual work to not qualify for any sort of service, and the women themselves have no right to work in their own right any more, and they have no right even to register as unemployed, to register for work. It really is worrying.

Senator ALLISON—Is it the case, too, that these people are not entitled to any form of English or literacy programs?

Ms Milthorpe—I would have to check that.

Ms Ilibasic—Me too. I am not aware of that.

Ms Milthorpe—We could find that out and provide you with that information, if you would like.

Senator ALLISON—That would be good, yes, thank you very much. Mr Welsh, or Ms Ilibasic, could you perhaps comment about the high school drop-out rate in this region. What is your assessment of the percentage of young people who are unemployed who are very early school leavers?

Ms Ilibasic—I do not have a number. I know it varies. I have had a look at the stats within the last year, and I know that it varies from school to school, and I know that a large number of people are leaving during years 10 and 11, let us say. I think that is because the system has finally caught up with them. My experience is that if you are in a staffroom in a school and you are a member of staff, within your class you can identify which student has the skills and which student has not, but the system does not actually do anything particular for that particular student. It lets them continue on and eventually the realities are faced, in that students do not have literacy levels that are going to be able to adequately see them through to the end of year 12.

Senator MACKAY—What then are the implications for the common youth allowance legislation, which means that all young people will be, in effect, forced into full-time education until they are 18 and there will be no such thing as unemployment benefits?

Ms Ilibasic—The concept of force is really the issue, is it not? If these people have had really bad experiences in their secondary schooling and/or primary schooling, they are not going to want to go into education.

Senator ALLISON—You deal with these people on a daily basis. What would their reaction be to being sent back to school? We now know that is not going to happen, but these are the people who will leave in the future as well.

Ms Ilibasic—You know the concept of taking a horse to water but not being able to make it drink. In order for anyone to really access the system and to be able to benefit from it fully, people have to be highly motivated to do it. Otherwise you are going to have people sitting in classrooms replicating their secondary experience, unless they really want to be there.

Senator ALLISON—These people will be off your books but what you are saying is that they will just waste their time in school.

Ms Ilibasic—Unless they are highly motivated, and unless they choose to be there and unless they choose to be in the course that they are actually in or whatever.

CHAIR—I do not want to quite wind up before I have the chance to ask Ms Milthorpe what it was that I said which had you agitated. You were actually suggesting I said something that quite astounded me, so for the record—and my good name—can you tell me what you thought I said?

Ms Milthorpe—It did not worry me at all. You simply commented about the unemployed being powerless to evaluate the services that are offered. In fact, they do evaluate very carefully which services they choose to go to.

CHAIR—Do they?

Ms Milthorpe—They know which skillshare is providing good services and they know which case managers are providing good service.

CHAIR—I think it is very important that we hear that, so I am pleased now to know what your comment was related to. I do not feel as though I have been misrepresented.

Ms Milthorpe—No.

CHAIR—But indeed we have expanded it. I would like to put on the record the fact that first of all, Mr Welsh, lots of people have given us succinct summaries of what is good about their organisation. I think you have to take the gold star: community-based, local knowledge, personalised, names not numbers, professional staff, and outcomes—absolutely spot on. I note Senator Synon and Senator Tierney were also able to say—particularly Senator Synon—how very good you are. This leaves me aghast as to why it is, if you are so good—if you are everything that people say they want—you got nothing? I think that is well worth meditating about.

My question is in particular about your page 3. What I really particularly want to talk about is the decrease in services, and I note that you talk about the loss of outside of school hours child care, the loss of child care because of increasing costs, and the women who are now being pushed, or certainly leaving the work force and no longer looking for work, but also the legal aid and hospital services, relocation of schools, Medicare offices going and so on, to the point where you actually go on to say:

The unemployed in Diggers Rest, Sunbury and the small towns and outer suburbs of Melbourne along the Ballarat Road, will now have to travel to Sunshine or Melton to gain access to the Centrelink national vacancy data base screens and, if they are entitled to any FLEX services they will have the choice of travelling to Sunshine or Ballarat, or taking the one and only service now available in Melton.

This means that if they do not have easy access to transport they are even further behind the eight ball.

Ms Milthorpe—It is a reasonable assumption to make, too, that the longer you have been unemployed the less likely you are to own a car, or to be able to drive it. The people in the outlying areas are really seriously disadvantaged now. Your next witness will be able to tell you a lot more about what is wrong in Footscray.

CHAIR—Senator Tierney was asking questions that I thought were particularly useful. All questions are useful, but these were about what we might be doing in terms of focusing on employers. A lot of the effort focuses on the unemployed, and services and so on. I note at the end of your submission you talk about the number of people who are currently in work being over-employed, or at least worked to exhaustion with overtime and everything else, while down the road there are people who cannot get a job.

You have made a number of points here in the back of your submission about what we can do to encourage employers to start thinking of taking on more staff—in other words, having a sense of responsibility or obligation themselves, but where they can still make a profit while employing a few more people. Can you talk a bit about that, Mr Welsh, just very briefly? What do you reckon we need to do to change employers' minds about that?

Mr Welsh—In relation to your aspect of it, I like to think that I am reasonably practical. The way I see it operating is a bit like the same manner that your computer defragments.

When you defrag your computer it simply takes up all that waste space. This is anecdotal. I have no research findings to back it up, but it seems to me that there are a number of people, perhaps two-income families, where the second person in the family is locked into a position which is a full-time position and it is an all or none position. They either work or they don't.

One income is perhaps not sufficient for their goals, but two is perhaps more than enough. It seems to me there is a concept there that needs to be explored perhaps on a social level—the value of work level rather than an economic analysis of it—that says, 'If I had the flexibility to work three days, job share or whatever it might be, then I would be happy.' On a systems approach what that means is there are more jobs available. It simply, for me, realises the potential for employment within the existing system, if you understand what I am talking about there.

CHAIR—Why do you suppose people are doing more and more overtime?

Mr Welsh—Why are they doing more overtime? I think they have locked into it.

CHAIR—Presumably the employer is determining why people are doing overtime. Some people can say, 'Well, I don't want to,' but there is such an increase in overtime one has to worry about—whether or not it is, 'We'll reduce the work force but if everyone does overtime you'll get more money.' No?

Ms Milthorpe—The problem is that many of the people who are doing many hours of overtime do not get paid for it. In fact, they are paying extra for baby-sitting or whatever in order to do unpaid overtime.

Ms Ilibasic—In fact, when you talk to them and say, 'You started work at 8 o'clock in the morning and you're still there at 6.30; tell me about that,' they basically say something like, 'If I leave before that time, or if I don't get in at 8 o'clock, I feel like I'm a traitor.'

Mr Welsh—'And they let me know.'

Ms Ilibasic—Yes.

CHAIR—I think that is a pretty awful note to finish on but we are a bit over time. Maybe what we might look for is this. It is a very good line in wondering about what we can do in not just rearranging the unemployed persons of whatever age, but also looking at what might have to happen at the other end. Any number of people have said the only way you get jobs is with increased public and private investment to create jobs. I am glad you think we can do it by changing our attitudes, too, Ms Milthorpe, but it is a bit of both, I think. Thank you very much.

[2.52 p.m.]

COWARD, Councillor Sara Isabel, Mayor, City of Maribyrnong, Corner Napier and Hyde Streets, Footscray, Victoria 3011

RYAN, Mr Vincent Matthew, Economic Development Officer, Maribyrnong City Council, Corner Napier and Hyde Streets, Footscray, Victoria 3011

CHAIR—The committee prefers all evidence to be given in public, but should you at any time request to give your evidence, part of the 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. 118 dated 5 May 1998. Are there any alterations or additions you would like to make to that submission?

Councillor Coward—Yes, Senator, there are. I just draw your attention to a further attachment in the revised documentation. We have an attachment 3. That is an addition to the two attachments you currently have. Also we have some additional papers that we would like to table.

CHAIR—Can I just take the additional material to be attached to the submission. It is the will of the committee that that material, as amended, be received as a submission. There being no objection, it is so ordered. You are suggesting that this would be supplementary to the submission but not part of it?

Councillor Coward—Indeed. It is information that will be of interest, that we believe the senators may like to read.

CHAIR—Thank you very much. Would you like to make a brief opening statement. We are trying desperately to keep within time, so if you can be brief—

Councillor Coward—We will happily abide that process. Can I say, honourable senators, that as mayor I would like to welcome you to the City of Maribyrnong.

CHAIR—Thank you very much.

Councillor Coward—I am very happy to provide an overview of what we have actually presented in written form to you and just highlight what we think to be some of the key issues as a basis for beginning. A little bit about our city, if I could begin with that. The City of Maribyrnong has one of the highest levels of socioeconomic disadvantage and unemployment in metropolitan Australia. This is clearly linked to company and corporate downsizing, and closures in both the commercial and public sectors, together with the low socioeconomic status of many of our residents.

We see the solutions clearly as education, training, security of income and accommodation, and greater public and private investment in the area. The focus of our submission has really been to look at local government capacity to better influence at least two of those

issues, and that is public and private investment, and our role in training through what are labour market programs. We see the critical role of local government as encouraging employment through a number of mechanisms, they being the provision of leadership—and part of that is clarifying the vision for the municipality and establishing clear policies and strategies to achieve that vision—and the provision of physical and social infrastructure, so that existing industries are well serviced and new ones are attracted to our community.

We would give support for education and training within the municipality and encourage continuing enhancement of the skills and the labour force; we would provide support for national and state labour market programs aimed at encouraging effective transition from unemployment to employment while providing valuable infrastructural services; we would provide support for promotion and marketing; there would be provision of efficient and responsive development approval processes, so local government process is supporting business to ensure that economic development is encouraged and that poor land use and planning outcomes are discouraged. We see our role as encouraging local business development and support for regional approaches. It is through those areas that local government can best play its role in supporting employment growth within the community.

What we have done in our submission has basically enlarge on those areas, which I can speak to, but perhaps it would be better if we engaged in answering questions.

CHAIR—If what you desperately most want put on the record is not picked up in answer to questions, by all means give us the nod at the end. Did you want to add anything at this stage, Mr Ryan?

Mr Ryan—No. It is probably best to leave the time for questions, Senator.

Senator MACKAY—First of all congratulations on a great submission. I read it about 11 o'clock last night and thought it was terrific. It posed some very interesting points in terms of what we are looking at. The points that are covered on page 3 employ the submission about the delivery of, first of all, evaluation of the effectiveness of labour market programs and also the optimum delivery of labour market programs. I think that is something that probably everybody should be thinking about—we certainly are.

I am just curious: you talk about a greater role for local government in partnership with state and Commonwealth government, and presumably also in partnership with the key stakeholders of a particular area. How would you actually see that coalface delivery working, say, compared to the current system—a critique, if you like?

Councillor Coward—The delivery of current programs?

Senator MACKAY—Evaluation of what is required in a determination of resourcing and delivery—three aspects.

Councillor Coward—It would seem to me that one of the key ingredients missing is the linkages between groups who are delivering industry and the tiers of government. It seems to me that local government does have a role in terms of having links to all of the stakeholders in that process. It is able to draw together the process in a more fluid and unified way. In

terms of having an absolute understanding of what is going on throughout the community and having a knowledge of that, I think it is unparalleled in terms of what local government has got in terms of its understanding and knowledge, and the ways it can facilitate an evaluation or understanding of the processes.

We often have a vision of our city which we can see being fulfilled in a variety of ways, both within our organisation and with other organisations. We have a framework that we can see being operated and we have a strong sense of what would be needed in terms of evaluation. So while individual organisations can perhaps or potentially evaluate their services, they often do not evaluate them in the context of the local community or the broader region, and local government does have that possibility or that ability to move in and do those things.

Mr Ryan—Senator, it is probably the complexity of the program that is not evaluated. In terms of the role of local government, it is usually in the provision of infrastructure services and delivering some of these programs, and it is often simply the job outcome rather than the community benefit which goes into a whole range of things. The obvious example is the Footscray riverside project which we have used, which has had a direct role in generating potentially \$50 million worth of development along the riverfront. So evaluation needs to be done at a range of levels. One of the reasons that we tabled this paper from Gavin Mountjoy, who council has recently employed, was that he indeed was a staff member of the Westgate Community Initiatives Group—which I believe did a submission this morning—and manager of their earth backyard program.

Council has sponsored a number of programs with that group, one of which is profiled there, and Gavin in his education paper, which he did a couple of years ago, points out the useful fact of the different levels of benefit in terms of education and the dignity that the individual gets through that process. So just merely the benefit of contributing to the community good by building a footpath along the Maribyrnong is of value in itself, which has numerous spin-offs.

Senator MACKAY—What is coming through more clearly now is that stakeholders—whether they be local government or whether they be the ACCs, the skillshares or whatever—are saying, ‘Look, there’s a social benefit, and that is not highlighted sufficiently, and it’s all about outcome, it’s all about providing this amount of funding, but only if it’s predicated on absolutely achieving a job.’ But other people are saying, ‘It’s got a huge impact in terms of social wellbeing of a community.’ It is very interesting.

Councillor Coward—Yes, Senator, I would concur with that, and I think it is about dividends really, and some of the dividends are factored in and counted as part of the process. But there are the spin-offs, certainly socially, just in terms of a community feeling, just in terms of the fact that we get a new structure. The riverside project yet again has meant that a number of organisations have clearly benefited by the process. In addition to the individuals who are involved, a community has benefited just visually, and just in terms of an improved amenity, which has then had the spin-off in terms of the whole community feeling very good about what has been achieved down by the Maribyrnong River. There is nowhere where that is written down or accounted for, and it was certainly not part of anybody’s objectives when the whole process was conceived.

Senator MACKAY—Thank you. That is very interesting. The flow-on effects of the massive cuts to FAGs seems to have really impacted heavily on you. How is that manifesting itself?

Councillor Coward—Basically in the fact that there is just less opportunity. Local government has learnt to juggle and maximise any opportunities that falls its way so that we do not look at any opportunity in isolation of itself in terms of its project ability. We are always building and layering so that there is a range of outcomes, so we add our outcomes to the outcomes that we have been given, and there is just less opportunity for that to happen.

Senator MACKAY—Have you noticed any diminution of service provision consequential to that?

Councillor Coward—Yes, and no. I guess because we have actually had to then increase our resources, which means that the resources that we would be putting somewhere else, we are no longer doing.

Senator MACKAY—Are you filling a gap?

Councillor Coward—Filling gaps, yes.

Senator MACKAY—How are you funding that?

Councillor Coward—Basically it is from our funding.

Senator MACKAY—Are you increasing rates or whatever?

Mr Ryan—Rates indeed have been cut by 22 per cent over several years.

Councillor Coward—So it is from within our existing budget that we are just managing and prioritising.

Mr Ryan—And through the tendering processes. Money has been saved during the tendering process, to give better quality of services, and maybe at times there have been difficulties with that.

Senator MACKAY—Were there any consequential job losses through the tendering process?

Mr Ryan—Yes, about 28 per cent of council staff has been cut.

Senator ALLISON—I would like to put some questions to you that we put to Moreland when they came earlier this morning. They suggested that local government was not consulted with adequately, in terms of policy development, in relation to economic development—or just about anything else, I guess. Is that your view as well? What would you like to contribute to federal and state policies in terms of your perspective?

Councillor Coward—I would have to concur with Moreland's view. I do not think we are adequately consulted in terms of policy development, and I think the value adding that local government can bring to state and federal policy development is the local regional variations and the local community variations. Because we are on the ground and we actually have the closest contact with the broader community, we are able to see—in terms of some of the consequences—what some of the effects of policy will be. We are the third tier of government, so we do have a role to play and it is often the enacting role or the enabling role in the community as it begins to reconfigure itself in the face of policy change. We have a role there to play. I am sorry, what was the other component, Senator? I missed the second part of the comment you were seeking.

Senator ALLISON—No, that was it. You have covered it. It was just what you would like to feed into the process.

Mr Ryan—Also, Senator, the unemployment problem is so massive that no tier of government can fool itself that it has a solution on its own. Again if I can hark back to the Footscray riverside project, what we actually did in that project was that we matched funding from various sources: a couple of hundred thousand dollars from the state government's powerline relocation committee grants, a federal funding program to encourage local government reform and better urban design, state funding in other areas, private sponsorship, capital works funding from council, DEETYA funding for the program. You actually needed that partnership for the program to be effective and to have an impact on a larger scale.

All we are saying is that local government needs to be consulted early on in the process, in the development of the program, so you end up getting a better quality program. Do not just come to us with the solution, because with the actual project and the program the success of both are integral. You cannot have a program without a good project to do it on.

Senator ALLISON—Do you employ an economic development officer at all in council?

Mr Ryan—That is me.

Senator ALLISON—What is the council's budget for economic development? Is it just your salary?

Mr Ryan—It probably does not give a lot of insight into it, to look at it in that sense because the points that we outlined in terms of increased capital expenditure on infrastructure and roads and footpaths and rate reductions, are probably more significant investments.

Senator ALLISON—Let me put the question another way. You may not be able to answer this question, but are you able to afford to put as much effort and money into economic development as, say, the previous councils that are now amalgamated into the City of Maribyrnong? I am trying to get at whether or not local government in Victoria is more or less able to get itself involved in economic development—

Councillor Coward—It is an interesting issue. Local government needs to get itself very involved in economic development in its city. It needs to do that to survive and to grow and to prosper. If you looked at the visions of most councils in Victoria that would be a key

component of their future. However, at the same time, it is the balancing of what resources we can put at the disposal of that area, so it is a difficult one. We see more and more the importance, but less and less can we actually put funds into developing a team that would actually focus on that area. We have sought to find ways of working with business and industry to support them in other ways that will assist that development.

Senator ALLISON—I would have thought rate caps and the demise of regional local government organisations would have been a factor.

Councillor Coward—Yes, they have impacted on our processes.

Mr Ryan—We have been lucky here in relation to the regional economic development organisations. Indeed we have also tabled this document, which is a profile of the western region put together by VUT, and many of the questions that you asked of some of the other speakers are answered in that document. Because we saw that need so greatly, we were one of the first regions to take advantage of the previous federal Labor government's commitment to regional economic development and we established the Western Melbourne Regional Economic Development Organisation, which is an ongoing priority for council. But that area of business development and promotion and encouraging investment attraction is a difficult and challenging one. The way Maribyrnong has gone is that we can more easily influence that in the areas where we have greater powers in planning and infrastructure provision, maybe building up to promotion at a later stage in those other issues.

Councillor Coward—And also the way the west has chosen to go is regionally, in the sense that individually councils do not have the resources to promote. What we have done is try and work regionally in economic development issues, with clear, fairly unified outcomes, and we have pooled our resources to achieve those outcomes.

Senator SYNON—Given that you have said in your submission in the past that Maribyrnong council has been involved in a number of employment programs, I would suspect principally LEAP and new work opportunities—

Mr Ryan—New work opportunities, yes.

Senator SYNON—I am wondering if the council has a current allocation of financial resources to employment.

Mr Ryan—Most of those have been funded through capital works requirements, some which came in addition through the sale of the City of Footscray electricity supply. They tend to be done on a case-by-case basis. That is probably getting back to the original point the senator made about the partnership aspects. If you knew a little bit earlier and had that opportunity to build up to it, and if you had some input into the policy elements of the development of the program, then you could probably get a better project together.

LEAP and new work opportunities were a very difficult thing in that council was approached at a time when there was a lot of change in local government, and to actually get the projects up and running takes a lead time. There needs to be development of projects and ideas and programs.

Senator SYNON—Yes. I understand that. I do not think council was involved in the policy development of either new work or LEAP.

Mr Ryan—No.

Senator SYNON—But there is nothing stopping the council from making an allocation to assist the problem of unemployment within the municipality in the true spirit of partnership and tripartite—

Councillor Coward—And indeed it does. It does allocate resources to those processes, and how it chooses to do it is through the partnerships with the various stakeholders in our community.

Senator SYNON—How is that happening now? How is the City of Maribyrnong involved in responding to the unemployment problem in the municipality?

Mr Ryan—There has been a bit of a gap in recent times. Work for the dole came up in the last 12 months or 18 months or so. We are yet to still develop a position on that program, and are wondering at the best way to go at this present moment in time. When the other program is finished—it has been difficult in that vacuum to then develop a clearly delineated role for local government, in the terms of the direct provision of training and work experience for long-term unemployed people. We have not developed a solution to that, other than that there is an ongoing corporate commitment to responding to those needs.

Senator SYNON—Do you have any council personnel involved in the various employment responses in the community, for instance, on the committee of YES West or WOW or any of those groups?

Mr Ryan—Yes. I was on the committee of management of the Westpac Community Initiatives Group for about 2½ years, both in this job and in a previous job.

Senator SYNON—Not initiated by council, though?

Mr Ryan—Council also has a representative on Western Region Group Training through a community representative, and that has been an ongoing commitment over a number of years. There has been a range of personnel from council on various projects, under both Footscray and Maribyrnong, over a long period of time.

Councillor Coward—Certainly councillors are very actively involved—being the community representatives—through a number of the community groups, and on a number of the boards of the employment program. It would be true to say that our emphasis has been in terms that where we can support programs, we do, and we value add to those programs because local government does not have the funds to initiate employment programs. But where it has had the opportunity, it has done so quite creatively, and has used its resources.

The other thing we have chosen to focus on is to assist economic development in the west, particularly in Maribyrnong where we can, and we have seen that the ability to target our resources in terms of meeting community needs is best served that way. Certainly in

terms of our youth programs and the range of social outcomes that unemployment does bring in our community, we are pretty focused on trying to work through and achieve some support and outcomes through those processes.

Senator SYNON—It seems like the major contribution that Maribyrnong council has made—and in its previous manifestation as Footscray council—is an employment project where there is an infrastructure developmental spin-off for the council. I would like to conclude my comments by saying I am sure you were in the room and heard the evidence of two excellent local groups within your municipality, YES West and WOW, who presumably are struggling at the moment, and if the council in the true spirit of partnership had any surplus resources or, indeed, energy from council officers, I am sure those groups would love to hear from you.

Councillor Coward—Senator, would you suggest that we should resource them, seeing they have lost their funding?

Senator SYNON—No, I am not suggesting that, but I am suggesting that unemployment is indeed a problem that needs to be responded to by all sectors of the community, and as the most significant local player, the council, it would be good for you to get behind those groups in a substantial way, if you could see yourselves able to do so.

Councillor Coward—Thank you.

CHAIR—I should say that it is a terrible pity that, having acknowledged how good these groups are, they have not been successful in the recent federal government tendering, and it seems a shame that we should be now looking to local government to pick up what was clearly a lost opportunity by the federal government, which has buckets of money to give.

I am just interested in your comments about how much infrastructure work you have put in. You make the point, too, that you are spending far more—double, I think it is—than the Melbourne metropolitan municipal average. This presumably is because it had to be done, and at some stage somebody had to face up to that, but you also seem to suggest that with a better long-term view and planning the need for setting aside for ongoing investment in infrastructure is something that your council might be able to plan to do better in the future?

Councillor Coward—In many ways we are faced with an initial need to spend that amount of money on infrastructure and there is nothing we can do about it other than to accept it because it is required. But at the same time it is not something that we could envisage we would have to do indefinitely. Part of the strategy in the future is to be aware of the need for better planning, and to plan ahead far enough so that we do not reach this crisis point in the future.

Mr Ryan—An excellent program recently by the state government is the pride of place program, which is a bit like the old better cities program, but done more on a state level, and in some ways a bit more insightfully, too. What that has done is provide council with the incentive and the support to do the planning to look at our infrastructure and urban design. It is basically focusing on Footscray. It is trying to improve the urban design of Footscray to attract investment and growth to the area.

CHAIR—I think, by the way, that in the future you should also point out that tarting up the Maribyrnong is not just a local benefit, and that just about everybody in Melbourne says, ‘You should see our Maribyrnong.’

Mr Ryan—Indeed.

CHAIR—I suppose you could say, ‘Good, every time anyone says that and they don’t live in council, you’ll all pay a dollar, a toll for speaking well of what our city has done for the whole of Melbourne.’ But it is true, the spin-off is much wider than your own boundaries.

Mr Ryan—Indeed.

CHAIR—Apart from there being a multiplier effect benefit for yourself. I note that you say—with no shame at all, I am pleased to read—that there can be employment programs associated with infrastructure, and one does not have to go back to the Great Ocean Road during the Depression. Of course, I like to cite the Boulevard, which was also, I believe, a Depression thing. But there is a kind of sense in which that infrastructure investment and the job creation that goes with it are seen as, for some reason, not a sexy way to be investing. Have you had to counter that view in making the case for jobs associated with infrastructure?

Mr Ryan—There are a number of issues with union as part of that process, to get that contribution to infrastructure programs, and we simply argued that it was beyond our normal investment in infrastructure, it was in addition to that. Those arguments were generally accepted, and often strongly supported. It was seen also—and the argument was accepted—that it was additional stimulus to the economy and more jobs for people in that sector.

CHAIR—Right. I note that you also say that better cities is now out of favour and that there is a mass of natural heritage trust programs which is a very large body of money. As you argue, it would be an excellent vehicle, and you could make a case in fact that what you are proposing or could be proposing in this area would fit under that fund. Have you made application under that fund?

Mr Ryan—The answer is yes, but it would be a bit unfair to the fund to put it so simply because of the criteria of the fund, which is largely focused on rural areas. The application was perhaps not done as thoroughly as it could have been. So, yes, we put in an application but largely we did not meet the criteria.

CHAIR—Flood mitigation, including land. One only has to drive along Dynon Road to see that it may not be rural, but at least it is land. Certainly there is, as I understand it, considerable work being done—and that has been done, and is still to be done, with future developments proposed for that area.

Mr Ryan—Yes. Indeed, there are some 8,000 houses that possibly will be constructed in the City of Maribyrnong in the next 15 years or so.

CHAIR—Yes. The Heavenly Queen Temple—is that a religious temple?

Mr Ryan—Yes, it is a Buddhist temple.

CHAIR—Buddhist. I thought so. In three words—the Footscray Women’s Circus? This is, ‘Jobs created along the Dynon and Footscray Roads from undergrounding of power’—putting underground, I would say, the power lines—which used unemployed people, or people who got jobs to do that work, and ‘fitting out a building to create a permanent home for the internationally renowned Footscray Women’s Circus’. I can’t let this go!

Councillor Coward—The Women’s Circus—you have not heard of it, Senator?

CHAIR—As you gather, I have not, no. I am about to find out about it, though.

Councillor Coward—It is an absolutely wonderful circus that originated to assist women who had had trauma in their lives or who were doubting of their ability to function in the community. It was a way of achieving marvellous and wonderful feats and feeling great about themselves.

CHAIR—And they now have a permanent home?

Councillor Coward—They now have a permanent home by our community arts centre, and they are world renowned and they are absolutely wonderful.

Mr Ryan—They are recently returned from Beijing and the National Women’s Conference there. That is where they performed.

Councillor Coward—They are absolutely fantastic.

CHAIR—Can I thank you very much indeed. I would also like to place on record that—

Senator TIERNEY—I was going to ask a question.

CHAIR—No, Senator, I am sorry. You go first next time.

Senator TIERNEY—Wait a minute, I have not had a chance to ask a question.

CHAIR—Senator, we would like to, but because of the time—

Senator TIERNEY—Yes, I am sure you would like to, but I would like to—

CHAIR—We would like to thank you very much, Madam Mayor, for your contribution.

Senator TIERNEY—Could I ask you—

CHAIR—Senator, please excuse me! I have wanted to close this section. I am terribly sorry, Senator.

Senator TIERNEY—I have a question I want to ask.

CHAIR—All right, Senator, you ask, and then you do not ask questions in the next one.

Senator TIERNEY—I will ask questions when I want to, Madam Chair. In the corporate plan in 1997-99 you describe your key goals, and you have five key goals. The first two are to stimulate and encourage new jobs and promote Maribyrnong as an investment location for employment-intensive industries. They are the first two of your five corporate goals. What sort of budget do you put towards that each year, or in that two-year plan?

Councillor Coward—Goodness, I cannot answer that in terms of actual budget numbers.

Mr Ryan—Again, probably the answer is similar to the Senator's earlier question in that the focus of the municipality has very much been to try to solve some of the real fundamental problems of the area, including roads and footpaths breaking up, and trying to provide the right environment to attract the right businesses—that has been our major focus—and to put those into the strategically important areas.

Senator TIERNEY—In relation to the answers you gave earlier, particularly relating to encouraging retailing on the river and that sort of thing, have you got any other examples of things that have come into your area as a result of your programs?

Mr Ryan—Council is recently to the point of finalising a development beyond the banks of the Maribyrnong, which will be a \$40 million residential and small retail development. Is that the sort of thing that you are looking for, Senator?

Senator TIERNEY—Yes.

Mr Ryan—Further down the riverbank there is another industrial development there that was largely encouraged by the improvement of the infrastructure in that area, which is an industrial office and warehouse location of some \$9 million. That story is probably told a hundred times around the municipality.

CHAIR—Senator, can we conclude this session?

Senator TIERNEY—No.

CHAIR—Senator, we have actually gone over time. You asked two questions—

Senator TIERNEY—The record will show today the only person that you pull up is me when I ask a question, and you have done it three times. I have been pulled up three times. It means anyone else can ask questions—

CHAIR—We are out of time now. I would like to thank you very much for your contribution.

Senator TIERNEY—The next question is in relation to the—

CHAIR—If the Senator has further questions can you please take them on notice?

Senator TIERNEY—No, I—

CHAIR—Senator, I am sorry, we have to finish.

Senator TIERNEY—No, look, will you stop badgering.

CHAIR—I will not, Senator.

Senator TIERNEY—I have not had an opportunity to ask, and I have a right to ask questions.

CHAIR—Senator, you are making it very difficult. We are out of time.

Senator TIERNEY—You are making it very difficult.

CHAIR—We are out of time.

Senator TIERNEY—Why are you giving me three minutes and everyone else about 10 minutes?

CHAIR—I will not answer that. I would like to thank you, Madam Mayor, and say that we have—

Senator TIERNEY—I have one more question.

CHAIR—We have appreciated—

Senator TIERNEY—I have one more question and it relates to the investments that are going in the capital works program that are near your city, mainly state projects like the ring road and the airport and these sorts of things. The problem is that jobs might be taken by people from outside, but is that providing stimulus to employment in your municipal area?

Mr Ryan—In some areas. It is probably mainly in the transport areas which are sometimes not employment-intensive areas, and they are replacing sites that used to employ more people. So you might have a former manufacturing site that used to employ, say, 900 to 1,500 people 20 years ago, and that might now be a transport site employing 20 or 30 people. So it is of benefit certainly, for the overall community, but not as clear-cut for us.

CHAIR—Thank you very much indeed. I would like to thank you once again. We have been assisted by not only members of local council but also mayors taking the bother to actually attend and participate as witnesses. The committee is very appreciative of that—to both of you, and particularly to you, Madam Mayor.

[3.29 p.m.]

PULLEN, the Hon. Barry Thomas, MP, 115 Brunswick Street, Fitzroy, Victoria 3065

Mr Pullen—I am the member of parliament for Melbourne province, but I am appearing as the member of parliament for that area, not in the capacity of representing the Labor Party or any other way.

CHAIR—Thank you. 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 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. 112 dated 4 May 1998. Any alterations or additions?

Mr Pullen—No. I have prepared some overheads to help amplify the submission today, and I can provide the committee with a set of those overheads afterwards.

CHAIR—Thank you. Is it the wish of the committee to receive the submission and the overheads? There being no objection, it is so ordered.

Overhead transparencies were then shown—

CHAIR—We are now very squashed for time, Mr Pullen. Anything you can do to put the information up there fast or faster, the better. Thank you very much indeed. You open the batting and we will ask some questions.

Mr Pullen—Thank you. I appreciate at this time of the day the committee might be getting a bit jaded. What I propose to do in the time available is to really say something about the region, and some of the key factors that affect the area, and some actions that I think can assist. For the benefit of those members who are from interstate, the area that I represent is basically inner and northern Melbourne. It contains the old cities of Collingwood, Fitzroy, most of Melbourne and stretches into Brunswick and Coburg. I have been a member representing that area now for some 15 years, and I have lived in Fitzroy for something like 33 years and my family has basically always been based in Brunswick and Coburg..

So although I have attempted to put some statistical material to you, I just want to indicate that a number of the things that I am going to say are also backed up by family connections and friends and my experience in the area. Just some facts about the region: in a sense it is suffering similar to many other regions in terms of employment—lack of employment and unemployment—but it is significantly greater than other regions. The point I want to make is that, apart from the actual quantum of unemployment, it is the nature of the employment itself which I would like the committee to consider. What is happening in this region is that something like 28 per cent of the work force is now being employed on a part-time or casual basis, and this is having I think significant effects on the whole of the stability of families and individuals.

Many of you would be aware that people who have had secure employment in the past, even if it has not been extremely well paid—it might be work for a council or work for an industry—have been able, on the basis of that, to secure credit foncier loans; they have been able to plan to marry, have a family, and in a sense lead a relatively secure and purposeful life. What I see is, more and more, people who lack that security, who are working in casual occupations, who are on call to work in restaurants and many other areas, who are no longer in the position that they can go to a bank, to offer that sort of security that I think has been a lot of the driving force and the ability for people—for Australians—to get secure homes, to get into home ownership, and to establish themselves even in a modest way in the local community.

I guess the point I want to stress—and I am very appreciative that you are studying this question because I do not think anyone else is at the moment—is that this instability is reaching into many areas of our society, and secure employment is actually a very key aspect of it. I think the consequences stretch far beyond the figures of 12 per cent or nine per cent that we usually relate to when an ABS statistic comes out. I think it is influencing the take-up of housing, influencing the prosperity of local economies, and it is affecting the stability of people.

Senator GEORGE CAMPBELL—Mr Pullen, in relation to the 28 per cent, do you have a breakdown on gender and age groups?

Mr Pullen—It is possible. Perhaps we could jump and have the slide of the trend. I have made an effort to get some sort of grasp of what is happening. You do not have a lot of resources from an electoral office, but I have the good fortune that in my electorate there are people of professional ability who are prepared sometimes to volunteer, and Mr Philip Chetham has helped me by coming into the office and doing some work in this area. This shows that from 1978 we are talking about a fairly long-term trend in respect to casualisation and part-time employment that you can draw from the ABS statistics. That is from Victoria.

You can see we have moved from the situation where probably one in eight people to now over one in four are in some form of casual or part-time employment. In respect to this region, the position in this region is greater. Over the period from 1986 to 1996, in all instances Melbourne Province has come out at a high level. The 28 per cent figure is for Melbourne Province. It is not possible to get such a trend for an electorate, because ABS does not do that. For small area statistics, you have to do when there is a census.

Senator GEORGE CAMPBELL—Mr Pullen, I would appreciate it if you could go back and look at the statistical data you used for this to see whether or not there is a break-up on the basis of gender and age groups.

Mr Pullen—I could try. I think some of that could be provided on the basis of Victoria, but it would not be easily obtainable at a local level because of the way statistics are collected. But I will take your question on notice, and if there is any information available I will be pleased to provide it to you.

Senator GEORGE CAMPBELL—Thank you.

CHAIR—If there is something certainly we would appreciate that, and it may be that it is such useful data we will see if we can get it ourselves through the ABS or somewhere.

Senator GEORGE CAMPBELL—I suspect that probably the greater number are women.

CHAIR—Yes. If you could move it along, Mr Pullen, thank you.

Mr Pullen—Yes. Perhaps we can just go back to that other slide. I just wanted to comment on a couple of things. The other point is that in this area something like 50 per cent of the residents are renting, and none of those are in public housing. We are seeing a situation which I think few of us would have faced because of our stage in life and the circumstances when we got jobs or were employed. A number of young people now are facing the prospect of bringing up their families in rental accommodation. I think that is really going back to a period in Australia when people would have talked about a depression and families who brought up children in rooms without the benefit of the kind of setting that we have taken to be typical now in terms of a good family setting, where somebody would establish a home, would have security of tenure, and would have some outdoor space in a community.

I think we have to be realistic and know that for many young people at the moment if they are forming a secure relationship, they are probably looking at having to spend a lot of

time in one or two rooms. If you look at statistics and the rent that young people in particular have to pay now, you are talking about enormous figures in this region for a person to get very modest accommodation. I believe that is going to have quite an insidious effect on the quality of life and the ability of people in our society to reach a reasonable standard of living and I think that employment is at the core of it, and it flows into many of these other statistics.

In taking the chairperson's guideline to push on, I will go immediately to what I think are some of the key factors. It is not possible with some of these, certainly with my resources, to tie it down in the time available in a way that would record robust research reports, but I just raise these factors. There is really a big loss of manufacturing based employment in this area and this has meant that a lot of people who were skilled in that area now are being cast out of employment and are finding it increasingly difficult to get employment.

Also in this region there is a very particular group of very low skilled people. In this region there are a number of people who live in rooming houses that have very low levels of income and used to supplement their income by getting work at the railways or working in council areas. That kind of low skilled employment has just about disappeared, and people who have low skills of that kind, particularly if it is compounded with any problems of alcoholism or any other form of disability, have virtually got no hope now of getting that kind of employment, even of a casual nature.

It means that then flows through and the consequences of the cost of that on social services, both those provided by governments and those provided by private not for profit organisations, are simply growing. In my office in Brunswick Street I see continually the growth in people that are either begging or in a situation of distress. That fits in unfortunately with that almost complete decline of work for people with low skills.

There has been growth in some areas of employment. There are two areas of employment where there is growth; there is growth in casual type employment related to services, restaurants, human services of that kind. But as I said before, that is really adding to the picture of a casualisation rather than stabilising employment. The other area of employment is growth in office based employment. It is quite difficult to get figures on that but I think that is actually a very solid trend which is not picked up very easily by ABS statistics.

This is a piece of work which has actually been done in Princeton in the United States, so I cannot argue that it is directly transferable. But I believe if this work was done in the same way here we would see a very similar pattern in terms of the percentage of total employment and the growth in office employment, decline in factory employment and some decline proportionately in farm employment.

If we can have the next one: this goes hand in hand with a change in the rewards for employment, and there is an enormous increase in the amount of earnings of people in offices and a change in the nature of the work in offices. You find with computerisation there is less and less employment in offices of people with low skills and even middle skills. The kind of work in offices now is almost requiring a degree. If you look at the type of offices we have, you have the creation of people who are in changed management positions;

they are dealing with a whole lot of quite heavy kind of electoral work and relying on support from computers and equipment; there is no longer the situation where you see huge number of desks with people working there doing similar, if not routine, office work.

I think it is even more significant that to have a growth in the office work it is a growth of an entirely different kind. I would direct the committee to impact reports 11 and 12, which were published in 1997. There is clearly a change in the rewards of people at the top 20 per cent and the bottom 20 per cent of Australian society. The inequality that is growing in Australia is not as extreme as occurred in the United States but it is growing nevertheless.

I see very clearly in my electorate that there are a number of people, quite wealthy people on high incomes—and that is increasing—and at the same time you have got an increase of people on extremely low incomes or no income at all. Coupled with this and exacerbating it is the reduction in government programs. I have seen the removal of programs that were employing people and support for people in difficult circumstances, and some of that has been mentioned by local government as well. That is not assisting people at all.

The other point that I just want to finish this section on is what I believe are the unattended consequences of the privatisation, the marketisation and the imposition of compulsive competitive tendering. This has given an added impact to the casualisation of work, because if you have people competing on a contract basis, even the routine type of work that was available to people with low skills at a local government level is now being removed from them. They cannot even go to a bank or anyone and offer security of employment because it is a continually changing situation.

I think a committee of this kind is actually quite well placed since you are studying things on the ground. To try and connect the implementation of policies that are leading to privatisation, marketisation and compulsive competitive tendering and how it hit the ground is a connection which is not normally made because not many people study the situation in totality.

CHAIR—Mr Pullen, can you wind up because we will not have any time to ask any questions at all.

Mr Pullen—I am in your hands but you have asked people to present to you and I think that—

CHAIR—We have got your very good written submission here. Are there other slides you would like us to see?

Mr Pullen—I would like to go then to the slide which deals with the recommendations I wish to make. With education and training it is clear that with the competitive situation and with work moving in the directions that I have described, the people that do not have quality education are being more and more significantly disadvantaged. The only way I can see that the people in my electorate that are being disadvantaged or displaced have any opportunity to compete for the kind of jobs that are now appearing is for them either to be retrained or to have a greater level of education. It just seems to me so wrong and so stupid that in this

situation we have withdrawals of general support for the investment in education at a national level and we have schools being closed and withdrawn at a state level. Education should be seen as the absolutely basic investment in our society at the moment. It is one of the major factors in the long run that could affect this growing inequality and address it.

The second point I picked up from the previous submission as well and agree with, hearing local government make its point, is that I think some of this can be responded to at a local level and there ought to be support for local initiatives. I think the support should come in two ways: firstly, the provision of support for the infrastructure and the ability to encourage regions to work together, and the creation of the environment where federal government, state government and local government can work together. I think the federal government is in a position to provide some of the infrastructure report to allow that to happen and to encourage it. Better cities was an example in the regional programs that related to it.

The third dot point I make in this is in relation to direct projects. That was also, I notice, mentioned by local government. Direct job creation has not been fashionable but in terms of regions that are being hard-pressed it is actually a very important transitional strategy, and I just make this point, given the restrictions I have on time. I have had quite a lot of direct experience as a minister with Victoria First in the development and implementation of direct employment. I think that there is a need for a much better professional approach to how such programs are administered. I think the criteria need to be very clear. I would suggest these are the things that ought to be considered. One is that the projects themselves have to stand in their own right. I think work creation projects get a bad name if people think that the project has to be dreamed up simply to provide a job. I asked my department to only use projects which were genuine projects which would have been brought forward and received budget support at some future date, so it was the bringing forward of genuine, properly thought-out projects, not thinking up projects simply because some money was to be available for job creation. I think you have to start with the rigour of actually defining projects.

Secondly, the way the projects are carried out should be, as far as possible, sensible and just like normal projects. None of you would attempt to build a house with one supervisor and 15 apprentices. It would be just a formula for disaster. Yet that is the sort of thing that unemployed people are expected to be part of as a structure to get actual work done. It is nonsense. If you are doing a job using people who have formerly been unemployed and are going to train on that job, you have to have ratios that are realistic in respect to the skilled people who are supervising, and the roles that unemployed people are to play. They are probably in a lesser position to respond to lack of direction, and I think that looking at projects that have been successful is a good message in terms of how to run projects of this kind successfully.

Thirdly, I think that there should be accreditation and results for the people involved which are very clear and marketable after the exercise that they have been involved in. Fourthly, it does not make sense to ignore appropriate technology in carrying out projects. If a project were normally done by a contractor with a certain amount of equipment and capital investment and a certain number of people using their labour, it does not make sense to go back to the Stone Age and use pick and shovel or other methods, because you happen to

have unemployed people available on the payroll to do that project. Again the discipline should be there to use the equipment and the methodology that would be appropriate for that project if it was done in an efficient way. Otherwise what happens is that you have odious comparisons between the way unemployed people are working on a project, and how it would be done if it was done in the so-called normal way using the technology that is appropriate.

If the committee were to consider the requests of local government, which I support, in terms of direct projects on the ground, I think it would be very beneficial if the committee established some criteria of what would be best practice applied to projects of that kind, and to give guidance to anybody who ever was to take up that initiative.

CHAIR—Thank you, Mr Pullen. Have you concluded now?

Mr Pullen—The job security I will just mention briefly. I think if the committee, as I said before, could give some weight to the unintended consequences of some of the broad changes occurring, that would be very helpful to the debate about those issues. Lastly, the whole of this unemployment is causing an enormous strain and cost in relation to the provision of social support services and the infrastructure that goes with that, and that is I think stretching the welfare sector beyond its ability to provide those services. Thank you.

CHAIR—Thank you, Mr Pullen. I gather Senator Tierney has had to leave us, which is a shame; we promised to call him first.

Senator CARR—Mr Pullen, your experience on the RMIT council and as a former minister for education gives you I think a unique opportunity. Could you give us your view of the effect of the amalgamation or the convergence of TAFE and university education? We see a growing trend in this state to bring together universities and TAFE colleges. Some have said this is absolutely to the detriment of TAFE training. What is your experience?

Mr Pullen—I am mindful of the chairperson's advice about time, because you have opened up an enormous area. I think the key question between TAFE and university is to have transferable qualifications and experience, and to have a connection between them. Sometimes that can occur if they are amalgamated or on the one site. Sometimes it is best facilitated by the people in each area getting recognition, and getting some common recognition, of the qualifications that are produced at a TAFE college to enter into a university course, so someone can make that bridging, and there are very good examples of where some TAFE colleges and some universities have agreed on practices which allow that to happen for individuals.

I think there is no simple answer to your question, Senator, to be honest. I think the connections between are the secret to getting a person a good education, where they may begin at a TAFE level, but eventually have a degree, and I think for many people who cannot get into university at the time when they have finished their secondary schooling it is important that people have those pathways. I think the whole question of pathways is actually the way to examine that question.

Senator CARR—The problem we have got, as I understand it, is that at RMIT there is considerable complaint about capital investment in the TAFE division of the university. There is a sense in which the TAFE division seems to have been downgraded in that process of amalgamation. What used to be the workingman's college devoted to TAFE has now become a university, and we never hear of the TAFE component of the RMIT. This has particular relevance, given the forced amalgamation between the Western College of TAFE here in this region and VUT. What is your experience in regard to that?

Mr Pullen—I think the answer to that lies more in the stress that universities in general are placed under in having to get more income either from overseas students or a fee paying situation, and not having the security to plan their intake on the basis of funds that will be made available for education. In that situation, a more competitive climate is created, and in some cases TAFE may be the losers. But if I am trying to answer your question honestly, I do not think I would put that down to a structural problem in amalgamation. I would put it more in terms of the climate that is created, and a forced competition for resources which are inadequate to meet the job.

Senator ALLISON—I do not disagree with anything you have said, Mr Pullen, but I do want to ask you about what you say in terms of the unintended consequences of privatisation, marketisation and CCT. It seems to me that the consequences of unemployment were quite deliberate, that that is the whole point of marketisation and privatisation. We get efficiencies by sacking people. It is a comment as much as anything, unless you want to respond to that.

Mr Pullen—I suppose I am defining it that way, which is actually the way of a lot of the analysis of the imposition of similar things in Thatcher's England. I do not see the people who are seeking to introduce efficiencies into the Australian economy to have a more competitive approach for Australia on the world stage as being evil or ill intended in endeavouring to bring about changes, and so I think many of the effects that hit the ground are unintended but nevertheless very real, and I think the destabilisation that I see occurring as a result of trying to have pseudo market processes within lots of public service delivery, where some people are meant to be the rowers and others directors, whatever the term is, and as that is being projected as if that is the only way that can be organised, I think that is having quite insidious consequences in terms of people being able to deliver services over a long period of time, and also in terms of security of employment.

It has happened with local government in that local government has been required to compulsorily tender out lots of things that they probably would not have actually done. As an engineer I know that contracts and things for some areas are perfectly reasonable, competitive and acceptable, but I find that the tendering out of things like libraries has the effect that one librarian no longer can sit down and talk to another librarian about how to computerise catalogues and do things which are sensible, because they do not know whether next year that other librarian might be tendering for his or her job. I think that is a very insidious and unintended result.

Senator ALLISON—Perhaps expected if not intended, yes.

Senator SYNON—In your submission, Mr Pullen, on page 3 where you talk about the region you say that government funding on all levels for a job program has been at best ad hoc or bandaid. Could you just expand on that briefly?

Mr Pullen—What I meant is that although many programs are well intended, I do not think they have been sufficiently related to the structural changes occurring where work is available and not related enough to where it could really make a difference. I am not criticising the actual way that people train people or provide the supporting situation. What I am saying is that they are not necessarily connecting with where the jobs are actually coming from and where jobs can appear. That is the criticism I am making there—the lack of the structural connection.

Senator SYNON—I believe that you joined the state parliament in 1982 when unemployment was about 5.6 per cent. By July 1992, when I understand you were education and training minister, it had reached 12 per cent in Victoria. Would you attribute the rapid rise in Victoria's unemployment during the Cain-Kirner years to be a direct result of the tariffs and industry restructuring policies of the then ALP government in Canberra?

Mr Pullen—I am glad it is not a loaded question.

Senator SYNON—I would have asked it in three parts but I think I have got it into one.

CHAIR—Feel free, Mr Pullen, to mention Malcolm Fraser, especially in 1982.

Mr Pullen—I think it has been a situation that whenever there has been a downturn in the Australian economy, those states that are in the more exposed sector, such as states with secondary industries, have been the most vulnerable. I think Victoria has followed that pattern in most of the situations that I have studied.

Certainly the increased openness of the Australian economy made all areas of industry more difficult and I think that we tried for a while, probably without pleasing our federal colleagues, to countervail that in terms of putting some extra money into the economy in order to keep up employment. That was quite successful against the trend for a number of years. It was not merely the dominant philosophy in Australia, along with other countries, in terms of a deregulation and freeing up of the Australian economy to make it more competitive on the world scene.

What I am saying, if I can answer your question and come back, is that that view now is running into some problems in terms of the unintended consequences which are affecting Australian society. I think actually the time has come for people to look at some of those problems that are being created, learn some lessons from what happened in Thatcher's Britain, and pull back a bit from believing that a total market dominated approach to running a country is going to produce the social outcomes that we want.

That is why I hope this committee takes up the challenge a bit, which would I think be critical of both some aspects of previous Labor administrations as well as current coalition administration. Parliamentary committees have a capacity and a responsibility to do some things that people from their party position and their roles in parliament often are unable to

do without expressing disloyalty to the people that have put them there. I think there is a real role for parliamentary committees and I hope that you accept the challenge in this respect.

Senator SYNON—I agree with you on that, Mr Pullen.

CHAIR—Thank you very much indeed, Mr Pullen. A good question gets a very good reply. It is a very important challenge. I would like to think we were going to be apolitical, but there is evidence that from time to time a strand of others get through. Can I also acknowledge the presence of Stephen Watson, who I believe is a member of your staff who has come along to assist with the slide show this afternoon. Thank you very much.

Mr Pullen—If I could just add, Stephen did assist in the gathering of the statistical material.

CHAIR—Thank you very much indeed, Mr Pullen.

[4.05 p.m.]

JERKOVIC, Mrs Lidia, Assistant National Secretary, Textile, Clothing and Footwear Union of Australia, 132-138 Leicester Street, Carlton, Victoria 3053

WOOLGAR, Mr Tony, National Secretary, Textile, Clothing and Footwear Union of Australia, 28 Anglo Road, Campsie, New South Wales 2194

CHAIR—The committee prefers all evidence to be given in public but should you wish to give any of your evidence and answers to particular questions in camera, you can ask to do so and the committee will give consideration to that request. I do 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. Given the time, I was wondering if you would like to make a very brief statement and then we will ask questions.

Mr Woolgar—We have got no slides to show you. It was very short notice at which we received the opportunity to do this, but maybe at some time in the future we are able to present to the Senate some further submissions in relation to this inquiry?

CHAIR—Yes, we would be very pleased to receive them, even though, if time has passed, my view always is that we welcome whatever contribution people can provide to us. So certainly, Mr Woolgar, that would be great.

Mr Woolgar—What we would like to focus around, Senators, is the textile, clothing and footwear industry and in particular the labour adjustment program, which was introduced by the previous Labor government as part of the TCF plan. It was better known at the time as the Button plan. It was developed as part of the agreement on TCF industry restructuring. As I say, that was referred to and very well known as the Button plan which set in place the elimination of quotas and the lowering of tariffs.

I note the question of Senator Synon, who is not here at the moment, to the previous speaker, but the then Labor government agreed to the introduction of a labour adjustment program because it recognised that, as a result of lowering the tariffs, many thousands of TCF workers would be displaced and lose their jobs due to closures of companies affected by the plan. Therefore, the labour adjustment program was put in place to try and cushion the harsh effects that this was going to have on a number of our members and other people employed in these sectors.

The government of the day accepted and recognised that the make-up of people employed in these sectors of industries was such as to merit this special assistance and, amongst the programs that were available, there was the inclusion of English language and vocational training which was available for people up to a period of 18 months. Mrs Jerkovic will probably elaborate further on some of the other details in relation to the plan, and that involves payment of money that was made available to these displaced workers to assist them in overcoming the difficulties they experienced, and to enable them to undertake some of the training.

To help you understand why these workers needed—and, in our opinion, still need—special assistance in finding alternate jobs, I would like to describe to you who the workers in these sectors of industry are, although I am quite sure that possibly some of you are quite well aware of the make-up of people employed in these sectors of industry. They do employ an extremely large proportion of workers who tend to have lower skills, be less educated, earn less money, be older than the average work force, be mainly female employees and, in the main, come from non-English speaking backgrounds.

The TCF industries employ a higher proportion of male and female migrants than all other manufacturing industries, and in general the work force is considered to be semiskilled or unskilled, with 85 per cent of employees having no formal qualifications. Most of the skills that exist in these industries have been developed on the job over many years, and statistics show that people that are employed in these sectors of industry do tend or have tended to join the work force many years ago, and continue to remain in that sector of the industry. They might move from employer to employer, but they have tended over the years to remain within the industry.

Wages for workers in these sectors of industries by comparison to other manufacturing workers are, in general, between \$5,000 and \$6,000 per annum lower—lower than their counterparts in other sectors of industry. Generally these workers, as I said, on average are older than others, particularly in the area of textiles. Approximately 20 per cent of TCF employment is located in the non-metropolitan regions, where in most cases the textile and/or clothing company is the only employer in the region. So it goes without saying that should an employer in a regional area make a decision to close their factory down, those people are displaced and have very little opportunity of being able to get another job in the same region because of the low skill base, and little opportunity to be able to undertake further training, unless of course there is some special arrangement available to them such as the previous labour adjustment package.

For all these reasons, it was agreed that these workers, when they were retrenched from their jobs, would become the most disadvantaged workers on the job market, that these workers were the most likely workers to become long-term unemployed, and that a large number of them would never find another job, or would become the new most exploited workers in the TCF industries, and that is outworkers, who are extremely vulnerable to exploitation by unscrupulous employers who are prepared to use these retrenched workers in the unregulated area of the work force, referred to as outworkers.

The TCF labour adjustment package did at least give these retrenched workers what we believe to be the only chance they had to lift in particular their language skills to a level where they could take on vocational training, and acquire alternate skills which placed them in a better position to apply for jobs in other industries when of course they were available or would become available. The labour adjustment program was the only program that was able to offer outworkers the option to stop working as an outworker and to stop being exploited, to learn the English language, to acquire alternate vocational skills and to have overseas trade certification recognised through vocational assessment and/or to learn alternate vocational skills to move into other industries in the job market.

It was also recognised that when textile, clothing, and footwear workers become unemployable, it is not only them as individuals who suffer; rather, for every TCF worker that is out of work, the pain is shared with their families and the communities in which they live—and I am sure I do not have to go through all of the details about the flow-on effects that it has, particularly in regional areas and small communities when somebody loses their job. It has an adverse effect on everybody, including the local butcher and the baker and other small businesses within the area.

We believe that the termination of that labour adjustment package by the current government was a short-sighted move. We believe that it was politically motivated, and that commonsense at times of high unemployment dictate governments have to offer special cases for people that are retrenched, and are recognised to be the most in danger of becoming the long-term unemployed, and eventually unemployable. The support of special programs such as the labour adjustment program in our view would assist them, enabling them to continue to live a decent financially viable life for not just them but their families, and, as I say, other people within their communities.

I guess what we are here today for is to try and convince you that the labour adjustment program that was in place under the previous Labor government should continue—and we had assurances prior to the last election that that program would continue; it was going to continue until the year 2000 at least when the current plan that is in place for the TCF sector expires—and that this current government is continuing with that textile, clothing, and footwear plan for the year 2000, and in fact has made a recent decision to freeze tariffs from 2000 to 2005. Those jobs are still going to be lost between now and the year 2000, and it is our view that if the government does not reintroduce a labour adjustment program specifically for people in this sector of industries, then it will be to the detriment of them and, in particular, to the detriment of those people that are going to be displaced between now and then.

Mrs Jerkovic—I think that, putting it into the context of this inquiry, that is looking at employment and unemployment in regional areas, what we are trying to get across is that TCF has a high number of people who have become displaced and will continue to be displaced. If there is not a special program to help them become re-employed, it has an effect not only on these workers but also on the community, the region. As Tony has pointed out, if a mill in a regional area is closed down and there is not an ability for these people to acquire alternative skills so that they become re-employed within that region, it simply means that there is that flow-on effect, and this has a terrible effect on the whole community, which creates other unemployment, and the region dies.

So it is not about feeling sorry for TCF workers; it is about a commonsense approach in a time of high unemployment. In looking at the effects of employment and unemployment in regional areas, it is a matter of looking at the whole thing. You have to have, sometimes, specific programs for specific problems within the region.

From that point of view this is why we are saying to you that in looking at this inquiry you do look favourably at that kind of program and recommend to government that this is not just another labour adjustment program. It would specifically target a group of people for their special need, but in turn it would have a positive effect around those that they work

with in regional development. For that reason we hope that you would look favourably at supporting our recommendation, that you would recommend to government that this is a program that is worth while and should be introduced.

CHAIR—It is a very interesting comment and thank you to both of you. We have actually been hearing about the kind of flow-on effect of a positive investment. If you clean up the Maribyrnong River, the benefits are not just to the people who walk that strip of the river; it is in fact a benefit to the whole region in terms of people smiling as they cross the bridge and thinking, ‘Well, now, look at that,’ and that encourages investment and so on. In fact it has a benefit much wider than just the local community. I think the point you are making is very interesting, that in reverse, if there is a retreat of investment, you are sending a very strong message to other people that this is a section of the community that is down on its uppers, and it is only going to go down further.

What you are saying is that labour adjustment programs or other kinds of concrete investment in the local arena can actually keep the optimism, the morale, a bit high and not allow a flow-on effect to happen. I think that is terribly important.

Senator CARR—I got the message very clearly in terms of the need for labour market adjustment programs. The whole campaign about the maintenance of that industry tariff regime centred on the principle of citizenship, or the link between employment and citizenship, which is essentially, as I understand it, the point you are making: that you cannot have active citizenship unless you have got the capacity to participate in the economy and society as a whole. Is that the point?

Mr Woolgar—Yes.

Mrs Jerkovic—Yes.

Senator CARR—Could I make this other point. In reading your submissions before the Industry Commission and the Industry Commission’s responses I was struck by the way in which the industry spoke of a need for appropriate training, TAFE training in particular. In your view what could be done to actually facilitate a proactive response in terms of effective TAFE training? Do you think it could be improved, and how could it be improved?

Mr Woolgar—I certainly think it could be improved. The TAFE training over the years, unfortunately in the past—the training they are required to do—is to have as many designers as we can possibly get. We have probably got more designers per capita than any other country in the world because that is the only thing that TAFEs in the past have concentrated on. It is interesting you should ask, because the meeting we have come from this morning has been a meeting of the Industry Training Advisory Board. We believe that is the way to go to develop training for the industry because we believe for too long now TAFE colleges have not adequately provided for our sectors of industry.

Mrs Jerkovic—I could enlarge on that if I might. The thing that has been very clear to industry—and it is not just TAFE’s fault; I will put up-front that industry had to carry some of that fault, if you like, in the past—is that TAFE has not had a proper partnership, particularly with industry. TAFE have gone from the point of view that they have got a

number of dollars they have got to expend to get another number of dollars next year. They look for the glamour courses, hence designing—and the other ones were these short little courses on how to learn to sew, which simply fed the outwork sector. Women learned the basics of sewing and then set themselves up as outworkers because that was the only work they could get in a shrinking industry. I think the best way now to look at how TAFE can better respond to industry is to develop those real partnerships.

Senator CARR—You are talking about the workers in industry, not just the employers, I presume.

Mrs Jerkovic—No, I am talking about the industry. When I talk industry I am talking about the two that we feel are equal partners in industry, the employers and the employees, because they both have a stake in it. So from that point of view I am saying that TAFE needs to change its focus and see itself almost as an extension of industry. Therefore it has to at all times, in developing courses and curriculum or whatever, consult with industry. When I say ‘consult’ it means consult at the time of development, during development and signing off, not that you develop, then send it out to industry and want us to rubber stamp it. It has not happened in the past and it certainly is not going to happen in the future.

Senator CARR—What are the employers’ responsibilities in terms of the training of apprentices in your industry? Do you think they have let the team down a bit there?

Mrs Jerkovic—The easy answer is yes because there have not been a lot of apprenticeships in the TCF industry, but that would be skimming the surface and not looking at the reasons behind it—firstly, because it is an industry under attack for many years. Employers have not had the confidence to invest in their enterprises and therefore make an investment in putting on apprentices. They could not see the clear future—that they would be there. So that is one. Secondly, I think it is because TCF historically and culturally has not really had a formal training focus. That does not mean that they have not trained—they have actually done training on a non-government basis—but that is the informal type where we call it, ‘Sit next to Nellie and show her how to do it.’

This is what we meant in our thing that we said that the skills of the industry developed over many years on the shop floor. These people are very skilled. All of you are wearing garments which you expect not only to be fashionable but to be durable and they have to be serviceable to you and to move with you so that they are not restricting. All that does not come just from putting two pieces of material together. There is real skill and knowledge of the industry.

Senator CARR—So it is the national recognition of the training, is it?

Mrs Jerkovic—Yes, it is the national recognition that has not been there up to date because we have not had the formal structure.

Senator MACKAY—Just one brief question: how is the code of conduct going?

Mrs Jerkovic—Very good.

Mr Woolgar—Good. We have got a meeting, by the way, next Monday, the first meeting of the committee that was set up under that code. So we have got a number of employers and retailers signed up to it now. We just need to get some money out of the government to make sure it all works.

Senator MACKAY—Can you give us a list of where you are with that, like who has signed up and who has not?

Mr Woolgar—Yes. Should we send it to Senator Collins?

Senator MACKAY—And the committee as well as Senator Collins.

Mrs Jerkovic—It may be updated. You have to understand that whilst we are faxing it to you it is probably changing.

Senator MACKAY—I understand.

Mrs Jerkovic—They are coming in on a daily basis now.

CHAIR—Thank you very much indeed. The committee stands adjourned.

Committee adjourned at 4.27 p.m.