



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE
RELATIONS AND WORKFORCE PARTICIPATION

(Roundtable)

Reference: Employment: Increasing participation in paid work

THURSDAY, 17 FEBRUARY 2005

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HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, WORKPLACE RELATIONS AND WORKFORCE

PARTICIPATION

Thursday, 17 February 2005

Members: Mr Barresi (*Chair*), Mr BP O'Connor (*Deputy Chair*), Mr Baker, Mr AS Burke, Ms AL Ellis, Ms Hall, Mr Henry, Mrs May, Mr Randall and Mr Vasta

Members in attendance: Mr Baker, Mr Barresi, Ms AL Ellis, Ms Hall, Mr Henry, Mrs May, Mr BP O'Connor and Mr Vasta

Terms of reference for the inquiry:

To inquire into and report on:

Employment issues in both rural/regional and urban and outer suburban areas, with particular reference to:

- Measures that can be implemented to increase the level of participation in paid work in Australia; and
- How a balance of assistance, incentives and obligations can increase participation, for income support recipients

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Committee met at 11.20 a.m.

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CHAIR—I declare open this public hearing into employment: increasing participation in paid work of the House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation. The inquiry arises from a request to this committee by the Minister for Employment and Workplace Relations in the 40th Parliament which was re-referred and adopted by the committee in this, the 41st Parliament. We have received about 108 submissions to date. The committee is now concluding a program of public hearings. This is the last public hearing prior to us going to report and consideration.

I welcome the representatives from DEWR, DEST and Treasury. Although the committee does not require you to give evidence under oath, I should advise you that these hearings are formal proceedings of the parliament. Consequently they warrant the same respect as proceedings of parliament itself. It is customary to remind witnesses that giving false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. Would an officer from DEWR like to make an opening statement with respect to updating your department's submission or any other introductory remarks you may wish to make? We will start with DEWR, move to DEST and finish off with Treasury.

Mr Carters—There have been significant machinery of government changes since the last hearing and DEWR has taken on significant additional responsibilities in that time frame. In particular, we have taken on a significant program role from the Aboriginal and Torres Strait Islander Service, in particular the CDEP program and the business development program. More recently we took responsibility for a number of programs and payments that were previously with the Department of Family and Community Services. The key ones there are the disability open employment services, the Commonwealth Rehabilitation Service, the personal support program, the Green Corp program, the job placement, employment and training program and the voluntary work initiative. We now have responsibility for payment of the disability support pension, the mature age allowance, Newstart allowance, the parenting payment, sickness allowance, youth allowance for non-students and some small ones like part allowance, widow allowance et cetera.

Basically we have the working age payments, in a nutshell, and we have the expanded programs and services which go with that and which will link to our Job Network. Obviously part of what we are attempting to do is to better integrate that group of services with our employment services, and ditto with the Indigenous services.

I would also like to report that, in the context of work force participation, we are attempting to focus very heavily on the concept of employment rates now. That is essentially about getting as many of the working age into employment as is realistic and sensible, irrespective of whether they are on activity tested income payments or not, but bearing in mind that obviously there is voluntary participation that exists there. In that respect, we have run a number of pilots. The most noted one is the disability support pilot for Job Network members. We can give you some more information on that later on as you ask questions.

Just as a general perspective, I would like to emphasise that Job Network, under its active participation model, is performing extremely well. Basically the calendar year 2004 has been a record year. We have had 939,000 new vacancies lodged, which is an increase of 31 per cent on the previous year. We have had 631,000 job placements, which is an increase of 51 per cent on the previous year. And we have had 169,000 long-term—that is 13 weeks or more—jobs which are for disadvantaged people and people who have been unemployed for more than three months. That also is a record.

Mr BRENDAN O'CONNOR—A record for long term? You said long term was 13 weeks, which does not sound very long to me. Is that a higher amount than normal?

Mr Carters—Absolutely, yes.

Mr BRENDAN O'CONNOR—That is comparing 13 weeks with 13 weeks, is it?

Mr Carters—It is, yes. We have used the 13 weeks. We pay an outcome payment for our Job Network members at 13 weeks. That is why we use that measure. We also do it at 26 weeks and we are getting record numbers there, but they take longer to flow through, obviously.

Mr BRENDAN O'CONNOR—Please continue.

Mr Carters—We have also implemented the government's mature age policy, the \$12.1 million program which was announced in the previous budget. That is working well for mature age people, particularly those who are not on income support. For those who do not have the full access to Job Network services, we have the mature age program, which is really about assisting them to set up self-help groups, giving them all sorts of information in terms of job search techniques, linking them with employers and trying to construct a sensible system to assist those significant number of mature age people not on income support. That is all, thank you.

CHAIR—Who is speaking on behalf of DEST?

Mr Johnson—I might make a brief introductory statement prior to getting into detailed questions. In respect of machinery-of-government changes following the election last year, the department has absorbed responsibility for the administration of Youth Allowance payments and significantly will be absorbing responsibility for the functions of the Australian National Training Authority at the end of this financial year.

As to the other major areas that would be of interest to the committee since our last hearings with you, we can give a progress report on achievements under the National Skills Shortages Strategy, which Minister Nelson launched in April last year, particularly in respect of some of the projects focusing on exploring fast-tracking arrangements for New Apprenticeships training arrangements. We are happy to provide the committee with some information that we are progressing on it with DEWR under the DEWR-DEST New Apprenticeships action plan, an initiative launched by Minister Andrews to focus on strengthening New Apprenticeships outcomes through Job Network activity.

We are able to provide information about a number of the government's election commitments—all the government's election commitments—a significant number of which focus on addressing skill shortages. In particular, the chair would be aware of the launch of the discussion paper on Australian technical colleges, which you attended in Melbourne last month. We have an interest in an ability to provide more detailed information around the development of the technical college arrangements and a number of other measures which focus on strengthening prevocational assistance and New Apprenticeships access assistance flowing from the election. We can also refer the committee to an evaluation which the department undertook of New Apprenticeships arrangements last year, which we expect our minister to release later this week.

Mr Taylor—We thought it might be useful for the committee for us to explain why increasing participation in paid work is important and put it into a longer term context. I will start with some general comments about what has happened up until recently and then my colleague will talk about some of the things that have happened since we last appeared before the committee. I want to take you back to the 1998 Charter of Budget Honesty Act. One of the provisions of that act was the requirement to produce an intergenerational report every five years. The intergenerational report is required to assess the long-term sustainability of current government policies over a 40-year period, and it also is required to take into account the financial implications of demographic change.

In the 2002-03 budget the first IGR was released. It projected, on the basis of current policies and trends, that Australia's expenditure would exceed its revenue by over five per cent of GDP in

40 years time. More recently, in fact less than three months ago, the PC undertook a similar task as part of its draft report on the economic implications of an ageing Australia. That report looked at the impact of ageing across all governments—not just the Commonwealth government—which is what the IGR was about. The commission estimated that ageing will create expenditure pressures of 6.8 per cent of GDP by 2044-45, and around 90 per cent of that pressure or 6.1 per cent—which is higher than the IGR figure of 5.3 per cent—will fall on the Commonwealth government.

In the budget after the IGR, the 2003-04 budget, there was a section entitled ‘Sustaining growth in Australia’s living standards’. It looked at the drivers of economic growth or GDP. It gave a supply-side examination of GDP, which we call the three P’s: population, participation and productivity. We have talked to the committee before about this. To recap, population growth provides a pool of working age people from which the work force is drawn. Participation determines how many hours of work are actually performed economy wide, and the parameters of participation are the participation rate itself, the unemployment rate and the average hours worked. Productivity determines the volume of goods and services produced by an hour’s work.

Following on from that, just short of a year ago the Treasurer released a discussion paper called *Australia’s demographic challenges* which identified four ways the government could address the impact of ageing. These are: do nothing now and raise taxes in the future as budget deficits occur, cut future government expenditure by over five per cent of GDP—and that is an enormous amount; it is over \$40 billion in today’s terms—run deficits and increase debt, or look at ways to increase the size of the economy so that we will have higher incomes and be better able to meet the costs of ageing. The government’s preferred approach is the last one: growing the economy on a higher growth path by implementing policies that increase labour force participation, which gets us back to the committee’s parameters.

Specifically, the discussion paper suggested three ways of improving participation and productivity. Firstly, through capacity. That would involve policies around health, education and skills. Secondly, through incentives—addressing the incentives or disincentives in the income support system, incentives to retire early and also the taxation system. Thirdly, through more flexible work options, which can be encapsulated under the heading ‘Industrial relations reform’. Finally, just before we met the committee last time, last year’s budget put in place a package of major initiatives designed as a major step to address the two P’s: participation and productivity. They included: the More Help for Families package, a very large package; cutting income taxes; boosting retirement savings; providing for carers and aged care; and investments in science and innovation and our land transport infrastructure. I will now hand over to my colleague Robert Gardner.

Mr Gardner—I would like to talk very briefly about a couple of things that have happened since the last budget. My colleagues from DEST have already spoken about some of the things that have happened on the skills and education side, so I will not go into those again. In October 2004 the Productivity Commission released a report on national competition policy. It was a draft report and it highlighted the NCP’s success in boosting income, improving services and reducing infrastructure prices for business and consumers. This is probably more important for the productivity side of the equation than the participation side, but I think they are linked.

In that report the commission identified some areas, including infrastructure, where further reform could reap significant rewards. The commission found strong evidence that microeconomic reforms, including the national competition policy, contributed significantly to higher productivity growth. In 2005 the Council of Australian Governments will review the ongoing arrangements for the national competition policy, and the Productivity Commission inquiry will be used to inform that process.

There is one last thing that I would like to talk about. This department is not represented in front of the committee today, but during the machinery of government changes announced after the last election an important thing for some of the things that the committee are looking at was the creation of the Department of Human Services. That department was created to improve the delivery of services to Australians who have contact with agencies such as Centrelink, the Health Insurance Commission and the Child Support Agency. In his announcement, the Prime Minister also noted that the department has a focus on participation and that some of the immediate priorities of the department will include improving the flow of clients from Centrelink to the Job Network; increasing the speed with which injured employees are referred for assessment, intervention and rehabilitation support; and further developing a client focused participation network across government agencies. I think that is probably a very important step in making sure that government works better for people in getting them into paid work. I will leave it there.

CHAIR—Thank you. Let me start with a question to DEWR on the disability pilot program, the open employment program. Take us through the results of that so far. Is the pilot complete or is it still in operation?

Mr Foster—The pilot was completed in June 2004, but there are still customers who are being serviced as a result of that pilot and we will be tracking their outcomes over time as well. To refresh, the pilot ran from December 2003 to June 2004. It was conducted in order to test strategies for how Job Network members can best service people with disabilities. The results coming out of it to date—and these are results as of 14 January 2005, so they will tend to underestimate the actual outcomes that will be achieved because there will still be people flowing through that initial pilot and achieving 13- and 26-week outcomes—show that almost half the participants in the pilot have found a job with Job Network health.

CHAIR—What is the percentage?

Mr Foster—It is almost half of the participants; 44 percent of the participants have found a job.

CHAIR—I am sorry to interrupt you as you go; I hope you do not mind. Can you go through how the participants were selected? Were these voluntary participants?

Mr Foster—These were voluntary participants.

CHAIR—There was no prescreening taking place?

Mr Carters—There was no prescreening, but obviously there is a screening once they come in. For example, it needs to be checked whether or not they are already in disability open

employment services and validated that they are on income support, such as the disability support pension et cetera.

Mr Foster—By 14 January, of those participants, 152 13-week outcomes had been paid. That is 13-week outcomes in respect of employment or education. Of that 152, 140 were in respect of employment. They are the primary 13-week outcomes to date.

CHAIR—What do you put the outcomes down to? What was it about the pilot program that achieved those successful outcomes? Some of the submissions that have been given to us from the various disability organisations and peak groups raised a number of things that they saw as barriers to those with a disability getting into the work force. Were you removing those barriers or was there some sort of fast track taking place?

Ms HALL—Can you walk us through the program and what it involves, so that we can get some sort of idea of the intense assistance? I assume there is intense assistance provided in the pilot.

Mr Foster—I am not the best person to talk about the full servicing. I will draw your attention to a full report that we can make available on that. Graham will talk you through the service part.

Mr Carters—I will give you an outline of how it worked. Basically, the pilot was conducted with our Job Network disability specialist providers, not our generalist providers. There are 12 of those with 37 outlets across the country. The intention was that they would go out into their local areas and actively let the local communities know that the services were there, that they were keen to help them and that people could volunteer to come into that service. The idea was to do that directly rather than through the usual process whereby people on DSP would decide that they wanted a job and would register at Centrelink. So there was a very significant promotion of their services. When the people came in they were screened—we had to check that they were on DSP, that they were eligible because they were not on disability open employment services and that they had a level of disability that was able to be assisted through the pilot. Again, if somebody was not suitable, for instance if they needed rehabilitation services or something else instead, they would be referred to other services. The assistance that was provided was the same assistance that is available for our intensive support customised assistance clients, which basically means there is a job seeker account available to spend on that individual. That is not limited by an individual; the provider decides how much to spend on each individual.

The answer to your question about what led to what we think are very significant outcomes is that it is a combination of two things. The first thing is being able to provide that assistance—utilising the job seeker account and getting people in there. The other is raised awareness for people on DSP that these services are available and that Job Network is there to assist them, just as other disability employment services are. The people who are coming in are obviously keen to get employment. The process that they go through is about identifying the barriers—looking at people's capacity, not their incapacity; and doing things like increasing their self-esteem and really preparing them for employment.

CHAIR—I take it from that that the focus was on the disability support person themselves as opposed to the employer in a program?

Mr Carters—Yes.

CHAIR—What about the workplace modification subsidies? Were they accessed even more?

Mr Carters—The workplace modification subsidies are always available to Job Network members and they continue to be through this process. Again, it is more an issue of people realising they are available.

Ms HALL—I have one more question about how people found out about the pilot. If they self-selected, they must have been aware of it. Were all people on a disability support pension in a certain area sent a letter advising them of the program?

Mr Carters—No, it was up to the individual provider to decide how they would promote it. Some of them may have sent letters out directly, but they were advertising in the local papers et cetera. They used the local networks—the local community groups et cetera, particularly those with a disability focus—to say, ‘Here we are; come and get assistance if you’re interested.’ It was that sort of local process.

Ms ANNETTE ELLIS—Thank you for that. Would it be possible for each of us in the committee to get a copy of that report?

Mr Carters—Definitely, yes.

Ms ANNETTE ELLIS—If the report does include any of this information just say so, because I will then source it accordingly. The 12 services with 37 outlets—does the report tell us who those 12 services were and where the 37 outlets are and if not can we be told that, please?

Mr Carters—Yes. I am pretty sure it does list them but certainly you can be told that if it does not.

Ms ANNETTE ELLIS—Were any of those outlets or services disability employment services or were they all just Job Network providers? There is a distinct difference.

Mr Carters—Specialist Job Network providers was the service that they were being referred to. However, there is an overlap between disability Job Network providers and providers who run open employment services.

Ms ANNETTE ELLIS—Can that be explained to us in that answer too then, please?

Mr Carters—Yes. The overlap is about 50 per cent.

Ms ANNETTE ELLIS—If we can have that information too, I think that is important.

Mr Carters—Sure.

Ms ANNETTE ELLIS—There are 673,334 people, according to your submission, currently on DSP.

Mr Carters—It is now over 700,000.

Ms ANNETTE ELLIS—Okay, but that is according to your submission.

Mr Carters—Yes, sure.

Ms ANNETTE ELLIS—How many people were in this pilot?

Mr Foster—It was a pilot of about a thousand.

Ms ANNETTE ELLIS—During the life of the pilot—I am not wishing to be discriminatory here, quite the reverse—you said, Mr Carters, that there were some possible applicants who were, in my words, deemed by the pilot to be unsuitable for the pilot because of the level of disability. I think you were implying that a moment ago.

Mr Carters—That is correct, yes.

Ms ANNETTE ELLIS—Can we find out how many of those people actually were in existence within the application to the pilot?

Mr Foster—Yes; that is in the report.

Ms ANNETTE ELLIS—If the report does not get to the level of information that I am seeking, I think it would be important if that could be made available to the committee. So I think you said 44 per cent of participants acquired work or education?

Mr Carters—That is correct, but the vast majority—140 out of 152—were in employment.

Ms ANNETTE ELLIS—Is that casual work, full-time work, complete removal off DSP or a marriage of DSP and employment income?

Mr Foster—It is a combination. Again, that is in the report.

Ms ANNETTE ELLIS—Can you tell us how many dollars were allocated? Was there a special allocation given to the providers involved in the pilot to service the clients participating in the pilot?

Mr Carters—There was a special allocation provided for them to promote the pilot and to do what I have said in terms of notifying the local community et cetera. There was not extra money provided for the servicing as such.

Ms ANNETTE ELLIS—I will put this to you and I would like your comment if you are in a position to make it. The pilot, as you have alluded to and as some publicity around it has definitely said, has given the impression that it is an overwhelmingly successful pilot in terms of placement of people with disability and that it could in fact—there have been media reports to this effect—be used as a bit of a blueprint for the placements of people with disability into the future given the behaviour within the pilot by the providers and the success rate. Given that you have admitted to us here today—in no big, heavy way—that some people were not suitable to

the pilot, to what degree is it a true reflection of the placement of people with disability if the pilot had to vet out people with a certain level of disability, or lack of ability physically, to participate in it? To what degree is it really going to be a weighty document for the genuine placement of 673,000 people or thereabouts?

Mr Foster—Some of those were referred to other more appropriate services. Some of those might have had a different form of assistance to put them on the pathway. We only count outcomes in respect of those who commence. So it is not in terms of the total—that is the usual way to do this.

Ms ANNETTE ELLIS—Is that information in the report, too?

Mr Foster—Yes.

Mr Carters—I want to add a couple of points here. The fact that the pilot was run is in no way suggesting that 705,000 people on DSP should be assisted through Job Network.

Ms ANNETTE ELLIS—No, absolutely not.

Mr Carters—What it is suggesting is that there are significant numbers of people on DSP who could be assisted through Job Network.

Mr BRENDAN O'CONNOR—Can you make a guess as to what proportion that would be?

Mr Carters—I would not like to do that at this stage.

Mr BRENDAN O'CONNOR—Is it 10 per cent or 50 per cent?

Mr Carters—I guess what we are saying is that with the combination of disability open employment services, vocational rehabilitation services—particularly through CRS, which is also in our portfolio now—Job Network specialists and Job Network generalists we have got quite a broad range of different capacity to service particular levels of disability, abilities et cetera. What we are suggesting is the whole broad grouping of those services should be utilised to assist people with disabilities, not any particular service as such.

Ms ANNETTE ELLIS—Mr Chair, with your indulgence, I have two very quick additional questions. Has there been any other or any recent—say, in the past five years, to pick a figure—form of surveying of the people on DSP as to their wish and ability to take up employment training services promotion? Is this the only way that we are gauging it at the moment, or has there been some other way of doing it?

Mr Carters—No, there have been surveys of people on DSPs interested in finding work et cetera and being assisted into work.

Ms ANNETTE ELLIS—How recently were they done?

Mr Carters—The difference with this is it actually is a practical application of that. It is actually, in a way, showing that it can work and that people can be assisted into work if they understand that the services are there and they are there to help them.

Ms ANNETTE ELLIS—Do specialist disability employment services have a cap on how many employment services assistance programs or individuals, or whatever you want to call it, they can do?

Mr Carters—Yes, they do.

Ms ANNETTE ELLIS—What is the cap on that?

Mr Carters—The total number across Australia?

Ms ANNETTE ELLIS—Yes. For committee members who may not understand it—and I am not sure that I am completely across it—I do not believe the Job Network providers who assist people with disability employment have a cap on them. I believe that disability employment specialist services do. For the committee's information and mine, I am trying to get a feeling for the difference between the two.

Mr Carters—I will have to take that on notice because I do not know. It is basically capped in terms of dollars which are provided by the government for disability open unemployment services, and that can provide a certain number of places. Job Network is demand driven, so basically if there are clients there to be assisted then Job Network has the capacity to assist them. But it is also very important to note that people have to be able to be assisted by Job Network for them to be assisted through there—in other words, if they cannot be assisted, they will not be.

Ms ANNETTE ELLIS—Okay. But the specialist disability employment services that you would think would also be ideally placed to assist some of these people are not demand driven, they are dollar driven.

Mr Carters—That is correct.

Ms HALL—Chair, can I ask a couple of questions on the same matter?

CHAIR—Okay, but there are other people who want to ask questions. Make it a very short question.

Ms HALL—My questions relate to the relationship between the Job Network and CRS. What sort of liaison is there between the two? What incentive is there for a Job Network provider to refer a client to CRS if they are not able to or if their program does not work, given that their programs are driven by dollars? What relationship is there with Centrelink in the process between the Job Network provider and CRS?

Mr Carters—I will answer those questions in reverse. If there is a DSP client with Centrelink—or a person with disabilities; they do not need to be on a DSP—then they have an assessment undertaken at Centrelink which will determine whether or not they should be streamed to disability open employment services or to Job Network or to vocational rehab

through CRS. That approach is taken up front. Having said that, for the clients who go to Job Network, it is completely up to the Job Network member: if they think that access to CRS services will assist that individual in moving into employment they are able—

Ms HALL—So there is no incentive to refer to CRS if their program fails?

Mr Carters—I will just what I finish what I am saying because that explains it. Basically there is a job seeker account which is able to be spent on people with disabilities and other clients. If the provider in working with that client sees that vocational rehabilitation would be useful in getting that person into a job, then they are able to use that money to purchase services from CRS, or competitors of CRS, to assist in moving those people into employment. Something we are trying to do now that CRS is within our portfolio is to make those links much closer, to promote those services and to get the linkages between the different services happening more. Certainly it was not happening as much in the past. But there is the opportunity there to do that.

Mr BAKER—You have just answered one of my questions about the relationship between all the providers and DSS. That has such huge implications for the success of the program and for whether it is quantifiable in the public perception, or if it is just going through the job providers instead of having that linkage with DSS.

Mr Carters—What are you calling DSS?

Mr BAKER—Centrelink.

Mr Carters—As I said, there are two pathways. One is the direct streaming from Centrelink. If the indicators there demonstrate that they belong to a particular service, they go straight to that service. The other pathway is through the Job Network, and the fact that they are able to purchase those services is, in itself, a good thing because it gives the job seeker—the person with disabilities—the opportunity to be provided with that service.

Mr BAKER—In your report is there any level of disability that you identify? Do you break it down?

Mr Carters—We identify the types of disabilities that the people who went through the pilot have; we do not break down a particular level of disability that can or cannot be assisted through Job Network, because it is basically on a case-by-case basis. You cannot predetermine that.

CHAIR—On those different categories of disability that went through the pilot, which ones were omitted? Was it that more severe cases were omitted or ones that were more marginal and could have gone through the non-specialist Job Network providers?

Mr Carters—The more severe cases were the ones that were omitted.

CHAIR—Can you give me an idea of what would be severe—is it blindness, deafness?

Mr Carters—It is a case-by-case basis.

Mr BRENDAN O'CONNOR—Did any specialist disability employment services participate in the pilots at all?

Mr Carters—No. However, people who should have more appropriately been referred to those organisations were. The difference is that disability employment services support people with ongoing needs—that is, people who need continuous support in employment.

Mr BRENDAN O'CONNOR—So that is the reason why they were excluded from the pilot, is it?

Mr Carters—Yes, that is one of the reasons.

Mrs MAY—The pilot program has obviously been a success from what you have said to us this morning, particularly with placement in employment for these people. I have often found in the past that we have pilot programs that are a success and then they fall off the radar screen; we do not go any further. I understand that that is often because the funding is not there to continue. I have a couple of questions. Would you see this pilot program as something we can use in the future? Will you be tracking those people who have ended up in employment through the program to see if they stay there long term? What length of employment are they going to be able to sustain into the future? Do you see us with some type of program like this that has been deemed to be very successful? Should we be looking to have this program forever?

Mr Carters—I have a couple of comments: firstly, yes, absolutely the reason for doing the pilot was that we are very interested in introducing that sort of concept long term. The constraint at the moment is that Job Network members are not able to directly access people with disabilities, but from 1 July 2005 that will change and they will be able to. That will be a big step forward. We will have the systems in place to permit that to happen. In other words, we will know through our system that they are a DSP recipient and not in other services. The intention is to focus very much on the longer term outcomes for the pilot group as well, and that is why the final evaluation has not yet been completed, because we want to track through to at least 26-week outcomes and look at whether there is or is not any fall off there. We also want to see what we can do to continue to improve those opportunities and continue to identify what kinds of groups can be assisted through this process.

Mrs MAY—What about working with employers and overcoming some of those barriers that employers have to employing people with disabilities? What sort of assistance can be given to them, such as an education program—often there is a barrier there; these are not specialist employers but mainstream employers—to take on someone with a disability?

Mr Carters—There is certainly workplace modification available for that. Disability employment services have ongoing funding to assist people in employment. As well as that, there is what we call a demand-led strategy which the department is taking. We realise that the last thing we want to do is to have a lot of individuals very keen to get employment but not have the employment available. So we are working very closely with employers and with industry. We are targeting industries that might be more suited to particular client groups and working very closely with them to identify employment opportunities that are available in those industries, what training, assistance and services might be required to move people from income support into those job opportunities. So we are very much looking at the demand side as well and

educating employers through that process. But we are doing it in a targeted way at a local level with particular industries rather than conducting just a broad-brush campaign.

Mrs MAY—Was there any problem in raising the level of interest for volunteers for the pilot program?

Mr Carters—No. As you will see from the report, it went very well.

CHAIR—We do not want to spend the entire time talking about disability, although it is a very important aspect considering there are 700,000 on the disability support pension, but there are a number of other questions that we need to ask and obtain updated information on. You mentioned the job seeker account a couple of times in your submission. Can you give us an idea of the most recent figures on the uptake of the job seeker account? Last time we heard that it was very much an underspent fund and had been for a while. Has that situation changed? Is there greater awareness of the account by the unemployed and a great deal more willingness on the part of Job Network providers to release the purse strings?

Mr Carters—Yes. Certainly we can tell you that from July 2003 to late January 2005 some \$272 million has been reimbursed to Job Network members for job seeker account expenditure. Basically that means that there was originally a relatively slow take-up but certainly that has turned around and there is a significant take-up and usage of the job seeker account. Just for your information, on some of the key elements, we have looked at what the job seeker account is being spent on: 24 per cent is being spent on training, 19 per cent on employer incentives—that could be things like wage subsidies et cetera—12 per cent on clothing and equipment, and 11 per cent on professional services. They are the four big ones.

We have looked at the spending on the job seeker account versus the outcomes that are achieved. In other words, we want to establish whether providers who utilise the job seeker account more are getting better outcomes or whether it does not make any difference. We have found that providers that spend the majority of their job seeker account funds achieve 22 per cent more outcomes than those that did not. There definitely is an advantage in utilising that job seeker account to provide outcomes.

CHAIR—As there are no further questions on the job seeker account, we will move on to another matter. In the evidence given to the committee as we went around Australia, we also heard of the difference between one region and another in terms of low-employment areas and far more dynamic labour market areas. Can you give us an idea of what has happened since we last met with you about the assistance to move job seekers from low-employment areas to more active areas?

Mr Carters—The assistance that is provided, again, is through Job Network members and through the job seeker account. There is the facility to utilise the job seeker account to help in relocating individuals. Again, it is up to the Job Network member and the individual to decide whether or not that is a reasonable way to spend the money, which usually means considering whether there is a job opportunity at the other end. I think \$1.1 million of the job seeker account has been spent on relocation, and that has assisted 892 job seekers.

Mr BRENDAN O'CONNOR—What form of assistance is that?

Mr Carters—It is very variable. That is the advantage of the job seeker account. It could be something like paying a train fare; it could be assisting to relocate the whole family.

Mr BRENDAN O'CONNOR—So they may even move residentially?

Mr Carters—Yes, absolutely. As I said, it could be anything from just a fare through to thousands of dollars.

CHAIR—So you will assist them to move into regional locations like Ms Hall's area or up to Shepparton or the Mallee—

Ms HALL—People would probably want to move from my area! Does it work like the RAS?

Mr Carters—No, it doesn't. There are no rules about moving from areas of low-employment opportunities to high-employment opportunities, et cetera. It is completely negotiated with the Job Network member.

Ms HALL—That is more flexible.

Mr Carters—As I said, the normal approach would be that there would be a job at the other end to move to.

Mr BRENDAN O'CONNOR—What are the most recent figures available for long-term unemployed and other disadvantaged job seekers entering intensive assistance? Do you have those figures?

Mr Foster—For the 12-month-plus people, the latest figures are that 328,000 have entered ISca—Intensive Support customised assistance. That is for people with 12 months or more duration of unemployment, so that is the long-term unemployed.

Mr BRENDAN O'CONNOR—When was that figure determined? Was that recent? Was that this year or last year?

Mr Foster—The date was the beginning of February 2005.

Mr BRENDAN O'CONNOR—Is the rate of increase greater than the overall unemployment rate? At the moment we are fortunate to have a drop in the unemployment rate, but, is this proportion of the unemployed growing when compared with the overall trend of unemployment? In other words, is this area in greater difficulty in preventing the rate from growing, when compared with the overall unemployment figures? Shall I rephrase that?

Mr Carters—Yes, sorry; I am not quite sure—

Mr BRENDAN O'CONNOR—In other words, is it growing when in fact unemployment generally has been declining?

Ms HALL—Maybe I could put it a different way. Could I ask you whether those people who have been unemployed for over 12 months are remaining unemployed longer or whether you are able to find jobs more quickly for those people. Maybe I have not made it any clearer!

Mr Carters—I think I will need to take that on notice. What I think you are asking is: are the long-term unemployed people that are being serviced by Job Network getting jobs in the same proportion as the short-term unemployed? Is that the sort of question you are asking?

Ms HALL—And are they remaining unemployed longer?

Mr BRENDAN O'CONNOR—I know Ms Hall is trying to help here. I am not sure that that helps. I would just say it very simply. Unemployment has been declining—we all agree with that. We can argue about what areas have been declining, but it has and some regions are better than others. In relation to the long-term unemployed, relative to the overall figures, has there been an increase in the long-term unemployed? I can understand that question; I hope you can.

Mr Carters—It is the ratio of long-term unemployed to total unemployed and how that ratio has changed over time.

Mr BRENDAN O'CONNOR—Yes. Is it growing or is it falling?

Mr Carters—I do not have that figure with me but we will give it to you.

Ms HALL—Could you also tack on the length of unemployment for people who are long-term unemployed and do a comparison say over the last 10 years.

Mr Carters—Okay.

CHAIR—Let me ask you a far more simple question, Mr Carters, which others may want to comment on. New participation requirements were introduced in 2003. How effective have those participation requirements been in encouraging people into paid employment, in particular parents with children aged over 13 years and those receiving the Newstart allowance aged over 50? This gets to the heart of some of the changes and recommendations that have been put forward to this committee. Is it too early to tell whether or not the requirements of those participation changes have had any effect?

Mr Foster—In terms of parents with children over 13, it is too early. What we have had to do is to construct a number of longitudinal data sets to compare before and after and conduct a number of surveys. We are expecting the results from those surveys to be analysed by the middle of this year. We are scheduled to report on the full outcomes of all these measures by June next year. In terms of some of the preliminary data for parents with children over 13—this is from early waves of surveys and so on, it is too early to have numbers—all we can say at the moment is that they are showing a positive improvement from the pre introduction of the legislation to the post. But we need the longer time period and other subsequent waves before we can give a clearer picture to the committee. It is not finished yet.

CHAIR—Right. And for those over 50—is the response similar?

Mr Foster—Those over 50 are caught up in the same set of surveys and analysis but what we do know from Job Network data is that there has been an increase in job placement for job seekers over the age of 45. There has been a big increase in that period of the 12 months to January 2005—a 52 per cent increase of the total job placements for this age group. That is indirect evidence of what is happening in this age group. Again, the final analysis of the evaluation is still under way.

CHAIR—We have not even got to DEST and Treasury. Thank you very much. We will come back after the division.

Proceedings suspended from 12.14 p.m. to 12.29 p.m.

Ms ANNETTE ELLIS—I have a question for DEWR. On pages 14 and 15 of your submission you talk about the incentives to move from welfare to work. You also talk about the need for a fair but firm compliance regime with penalties for noncompliance, and then there is a bit of detail that follows in the submission. Going back to the discussion we had earlier about people on disability support pensions specifically, how do you see that compliance working or applying when we talk about the pilot program as a blueprint or a background to this question? In other words, we have got a pilot that has assisted some and has referred others on, so where does the compliance start and finish in terms of the difference in clientele on DSP seeking to get into employment?

Mr Carters—There is no compliance requirement for people on DSP.

Ms ANNETTE ELLIS—Currently.

Mr Carters—Currently. The DSP pilot was developed on the basis that it was voluntary participation and that this is the model that can work with voluntary participation.

Ms ANNETTE ELLIS—Why then do we talk about compliance and achieving a balance? It is part of the submission—from welfare to work—and DSP is included in that discussion generally, I would think. Your submission says:

This needs to be supported by a fair but firm compliance regime with penalties for non-compliance.

Are you saying that it does not apply and will not apply to DSP?

Mr Carters—I cannot comment on that. That is up to the government.

CHAIR—Mr Carters, there are a number of questions that we have for DEWR on updated figures. I understand that Dr Dacre has provided you with some of those questions. Can you give those updated figures on the working credit scheme and the Indigenous employment centres outside this meeting? We will move on to DEST.

Ms HALL—Could you also provide any update on any of the new Indigenous programs that have been introduced—I know there has been a number recently?

Mr Carters—Yes.

CHAIR—Mr Johnson, in your introduction you started telling us about the National Skills Shortages Strategy and the New Apprenticeships program between DEWR and DEST. Can you give us more information please?

Mr Johnson—Late last year—I think it was in October—Minister Andrews launched the New Apprenticeships Action Plan. The intention of that action plan is to strengthen linkages between Job Network members and other service providers of government within regions to focus on improving placement of people through Job Network into new apprenticeship outcomes. At an agency level, we are working closely through a reference group with DEWR colleagues to share information around regional projects and initiatives to strengthen that pathway and that access. That suite of measures explores issues around trying to map skills needs, labour market forecasting on a regional basis and drawing together many of the regional initiatives which are already being pursued through the National Skills Shortages Strategy announced by Dr Nelson earlier last year. I do not have it with me, but I am certainly able to provide to the committee a progress report of that reference group produced only last week which details the range of those regional projects and initiatives.

Mr HENRY—Is that the recruitment of new apprentices through Job Network?

Mr Johnson—Not recruitment. It is actually referencing placement by Job Network members of individuals into new apprenticeships.

Mr HENRY—Okay, so they were still go through the New Apprenticeships centres?

Mr Johnson—That is right.

Mr BRENDAN O’CONNOR—How short are these apprenticeships? They are obviously shorter than the standard. What is that in length of weeks?

Mr Johnson—Sorry, I should make a clarification for the committee—I might have misled you in my introductory comments. The objective of that initiative is to actually improve placement of an individual into any new apprenticeship outcome. There is no restriction or targeting in respect to increasing placement of people through Job Network with the assistance of New Apprenticeship centres into any new apprenticeship outcome. Within the National Skills Shortages Strategy there are a number of specific initiatives which are working closely with industry to try and accelerate training time frames for new apprenticeships.

Mr BRENDAN O’CONNOR—When you say ‘accelerating time frames’ you mean shortening them?

Mr Johnson—Yes, shortening them. I might ask my colleague Suzi Hewlett to provide a bit more information for the committee about one of those particular initiatives.

Ms Hewlett—I will give you a bit of information about a project that we funded the Victorian Automobile Chamber of Commerce to undertake in conjunction with Kangan Batman TAFE in Victoria. The idea of that project is to recruit new entrants to the retail motor industry. They are looking at recruiting between 70 and 90 new entrants from a pool of people that may have some experience in the automotive industry—maybe people that have worked in service stations,

migrants with skills, people returning to work and older workers. They are taking them through an RPL process at the beginning to assess those skills and then through a number of certificates—IIIs and IIIs. The project has received a lot of support from Holden and Toyota. I understand between 20 and 25 people have started in that program already, and they are looking at another 45 starting before June 2005. In terms of length of time, they are looking at shortening, say, a four-year apprenticeship to around an 18-month or two-year period.

Mr BRENDAN O'CONNOR—What would a successful apprentice have at the end of the 18 months or two years in terms of skills?

Ms Hewlett—The example that I have in front of me—but I can certainly find out a little more—is a certificate III in light vehicle, which is a service technician's apprenticeship.

Mr HENRY—Is that with the same competencies that somebody completing a four-year certificate is achieving?

Ms Hewlett—That is correct, yes.

Mr HENRY—And is that work done in the TAFE practical training system or is it out on the shop floor?

Ms Hewlett—It is a combination of the two. The off-the-job training is done at Kangan Batman TAFE and then the on-the-job training is done with Holden and Toyota at present.

Mr BRENDAN O'CONNOR—How is that able to be done: reducing something by half and achieving the same competency?

Ms Hewlett—It is able to be done because they are targeting older workers who, having worked in allied areas, may bring a range of employability skills with them and because they are looking at an RPL process. There is actually a lot more support for these people, too. My understanding is that both Toyota and Holden have nominated people within the industry to support these people and to mentor them. They are getting a lot more intensive support than, possibly, an apprentice would normally get.

Mr HENRY—Was this a pilot program?

Ms Hewlett—This is a pilot program, yes. All of the programs or projects that are funded under the National Skills Shortages Strategy are piloting new ways to do things. Hopefully, they will create models that then can be used in other areas of the industry and perhaps in other industries that are experiencing skill shortages as well.

Mr HENRY—And that would be done with industry consultation?

Ms Hewlett—Yes.

Mr HENRY—I would have a concern about the achievement of competencies in shortened apprenticeship training arrangements. Some apprenticeships have only a few competencies;

others have a considerable number of competencies. There may not necessarily be the ability to accelerate the on-the-job training in some aspects, but there may be in the theoretical content.

Mr VASTA—Mr Johnson, this is probably a good time to ask if you can tell me a bit more about the Australian technical colleges—their advancement and how we are progressing with them at the moment?

Mr Johnson—I will refer that question to my colleague Mary Johnston, who is heading up the branch with that specific responsibility.

Ms Johnston—The Australian technical colleges announced in the election last year, as you know, are now in the process of going through consultations through the discussion paper. I have copies available here if people have not already got that discussion paper on the technical colleges. The expressions of interest, which were sought from people who might be interested in operating a technical college, close this Friday—tomorrow. However, that places no commitment on either party that they will need to go forward; it is purely an information gathering exercise. To date, we have had 42—I think that is what it was when I left the office this morning—expressions of interest from a wide range of groups. Some are individual—registered training organisations, schools, industry—and some have already formed consortia in various locations. We are confident that there is a very strong interest and a strong understanding—which is very important—of the philosophy behind this policy about how we can address skill shortages, specifically in the trades, and how we can change perceptions, both of young people and parents, of the value of undertaking a trade. One of the most important elements of these, I guess, is that they will be local industry driven.

Mr BAKER—For the areas that have not been targeted for the colleges, what strategies do you envisage will be implemented to cover for the actual skills shortages in those areas?

Ms Johnston—Do you mean the strategies that are being undertaken now, such as the fact that the minister is visiting all of the regions to encourage industry involvement and the other training providers and education providers to get together groups to look at what their own needs are and identify those? It may be that they start with one particular industry in an area and move on to encompassing training for, say, three or four industries that have skills shortages. We know there are national skills shortages as identified by our colleagues in DEWR, but we are not the experts on what the skills shortages are in a particular region, and we will be looking to the groups that are forming to identify those.

Mr BAKER—So could you envisage centres of excellence—to use that term—in different areas that could be attached to a technical college in another area working with industry in providing the training with a training provider?

Ms Johnston—The words in here are that each college may specialise in one industry. So, if you like, ‘centres of excellence’ may well be used as a term.

CHAIR—I think Mr Baker’s question is: in those areas where there will not be a college, what strategies are in place to assist in addressing the skills shortages? I guess the follow-up to that was: can a college have a centre of excellence in that other region that has not been earmarked?

Ms Johnston—Yes, we have talked in here about the possibility of a multicampus type arrangement. There are obviously physical limitations to how far afield you can go, but I have been talking to a number of people who have got quite innovative ideas about how they can operate in different areas. Clearly, in somewhere like the Pilbara, as one example, there is not one large centre there. Even in the Northern Territory they are looking at perhaps being a bit broader than Darwin. We will be able to respond to that when we see what ideas are coming out of the expressions of interest.

CHAIR—Ms Hewlett, in your comments about the pilot program with mature age apprentices you talked about the recognition of prior learning. One of the things that has come across my desk is the problem of recognition of prior learning at the other end—at young people, particularly those who are doing school based apprenticeship programs. My understanding is that there seems to be a sense of frustration, perhaps even disappointment, from the parents of young kids who do school based apprenticeship programs whose on-the-job training is not recognised by a subsequent employer and who then have to start the apprenticeship program all over again. Their in-classroom training is recognised, but not their on-the-job training. Do you have any comments about that? Is this simply a ploy by an employer who does not want to pay a third-year apprentice and takes them all the way back to first year? Or is this an award limitation in that the particular award in that industry will not recognise the on-the-job training?

Mr Johnson—Are you referring specifically to instances where an individual, through school, is pursuing a qualification in the same occupation area? Are they actually changing, or are they—

CHAIR—They could be doing two days at a TAFE college while they are at school in year 11 or year 12. The two days at the TAFE college is recognised and there might be another two days working with company X, and they have done this for a period of time. They leave that company at the end of the two years and go somewhere else and say, ‘Here I am. I have done two years of a school based apprenticeship program,’ and the employer says, ‘No, I don’t recognise that; you go back to scratch.’ That becomes a disincentive for young kids to take up that program.

Mr Johnson—We had a broad discussion with the committee around this issue in the middle of last year. Registered training organisations in the states and territories are required to offer recognition of prior learning to individuals and to promote that as a pathway for assessing skills—and this is not just with a view to accelerating training time frames but also as a broader recognition of the efficiencies which you allude to—rather than actually asking individuals to recommence training or undertake training which they have already accessed.

Broadly there are obviously a range of pressures around the employer’s decision as to whether it is more effective to reinvest that individual’s training in an entire qualification or a set of competencies rather than relying on the nature of the training they may have undertaken previously. Certainly, there are some funding restrictions as to how various different states and territories may resource RPL. As the committee is probably well aware, there are quite different arrangements in each state and territory for resourcing RPL for particular qualifications. We can certainly provide the committee with information on that.

CHAIR—You have answered that from the point of view of employer discretion and also funds. There are no industry award barriers to recognising that prior learning?

Mr Johnson—Not that I am aware of. Obviously, in terms of the awarding of a qualification, there would be the expectation that an individual had obtained certain competencies. But that should encompass or include the capacity to recognise prior learning or qualifications. We will take that on notice, though, and clarify that for the committee.

Mr BRENDAN O'CONNOR—All of the colleges will be operational in 2008, but they commence in 2006. Do you have information as to the order in which they are going to come online? For example, will the college in Sunshine commence in 2006 or 2007?

Ms Johnston—No, it will not be done like that. In March we will be calling for proposals to operate colleges. The process will be to identify colleges which can get started earlier. I think that is not clear at this stage; we could not identify the best proposal and say that Sunshine will be able to start. We are not going to target them. We will call for proposals from all 24 regions and work through those to identify which ones would be able to start in 2006 or 2007 or 2008.

Mr BRENDAN O'CONNOR—When will we find out when each college will commence?

Ms Johnston—At this stage I cannot give you a definitive answer on that, but we would be hoping to announce by the middle of this year the ones that will start in 2006.

Mr BRENDAN O'CONNOR—Do you actually have sites for these colleges at the moment?

Ms Johnston—No.

CHAIR—That would depend on the applications that are put in?

Ms Johnston—Yes, it will depend on the nature of proposals. Some people will be proposing colleges which will take a longer time to set up because they are not yet built or recognised as schools. There will be processes they need to go through. They will not have staff.

Mr BRENDAN O'CONNOR—What is the reason—and obviously I mean the departmental reason—why the colleges that will be established will prohibit employees from exercising their right to have a certified agreement pursuant to the Workplace Relations Act?

Ms Johnston—I do not believe that the discussion paper says that it will prohibit certified agreements.

Mr BRENDAN O'CONNOR—I am just looking at it and it says, 'To ensure they can attract and retain high-quality staff'—

Ms Johnston—They may be able to offer AWAs.

Mr BRENDAN O'CONNOR—Let me just read it to you. Where it says, 'We will be able to offer employment', why wouldn't you say, 'We will be able to offer employment to teaching staff under AWAs or certified agreements pursuant to the Workplace Relations Act'? Why have you made a specific reference to only Australian workplace agreements?

Ms Johnston—I think it would be generally understood that the certified agreement was also—

Mr BRENDAN O'CONNOR—Why isn't it expressly referred to? I imagine everyone sitting here across the table is on certified agreements or individual packages. Certainly most public servants I know in Canberra are on certified agreements. I am just wondering why—

Ms Johnston—It is a mixture.

Mr BRENDAN O'CONNOR—Why is it not a mixture here? Why is there no reference to the operations of that here?

Ms Johnston—I did not think it was thought to be necessary to actually spell that out.

Mr BRENDAN O'CONNOR—I will leave it there.

Ms HALL—I want to ask about the Australian technical colleges. I notice that a number of areas have been nominated for those colleges. How were the locations chosen? For example, why would Gosford be chosen as opposed to, say, Wyong?

Ms Johnston—The locations were part of the government's election commitment. However, they are areas where skill shortages have been identified. They are areas where there is youth unemployment, a youth population to support it and, very importantly, an industry base of employment. I would imagine that Gosford and Wyong are relatively close together. The college could draw students from outside a nominated region.

Ms HALL—It is the Central Coast region. I am interested in how the site is chosen within a region.

Ms Johnston—We are not choosing the sites. The proposal will contain a proposal to locate it at—

Ms HALL—Are there criteria?

Ms Johnston—There will be criteria not so much for the sites, I would have thought, but for people able to operate the colleges.

Ms HALL—I would like to go to New Apprenticeships again. Have you any long-term data that evaluates the competency levels of people completing the new apprenticeships and those completing traditional apprenticeships? If you have not got it, I am happy for you to send that to you us.

Mr Johnson—Last year we initiated some further longitudinal research on New Apprenticeships outcomes, and we can provide that to the committee.

Ms HALL—Thank you. My final question goes to skill shortages. What does the department attribute the current skill shortages to? In my area of the Hunter, a study undertaken by one of the peak industry groups identified skill shortages in small, medium and large businesses across

all the traditional trade areas in particular. This probably links to my last question. So what does the department attribute the shortages to, what immediate action can be taken to address the skill shortages and what long-term strategies are you suggesting?

Mr Johnson—The committee may not have more than the rest of the day! If I might start my answer very broadly, I think the committee would acknowledge that skill shortages are a highly complex area. There is clearly a view that the impact of skill shortages run counter-cyclical to the strength of the economy. In a very strong economy with very low levels of unemployment, there is high demand for skilled labour. There is, without question, a multifaceted issue of the expectations of industry and the standards of labour and potential new apprentices or employees that the different industry sectors are seeking. So there are a number of challenges around working with industry to map and identify the skill sets and needs of various industry sectors and to make sure that we support them.

When I refer to some of these issues broadly, obviously a number of specific initiatives and programs are covered under the National Skills Shortages Strategy. It addresses these issues by trying to profile those opportunities from industry to the potential sources of labour—not just younger Australians. A range of projects have been pursued since 1999 to target the development of information resources to people exploring opportunities for employment through new apprenticeship pathways.

Ms HALL—So this is going to make my local employers happy when they cannot find anyone to fill the jobs?

Mr Johnson—I am not suggesting that that itself potentially will. The committee is aware that the government has invested substantial resources in supporting new apprenticeship incentive payments to employers as a way of trying to encourage them to open up and create opportunities for training through new apprenticeships. One of the strong messages coming back from industry is the limited base from which they can target or select prospective new apprentices or employees. Again, in a highly competitive labour market where younger Australians in particular are making more complex training and investment and career development decisions, it is very hard to try and refocus their attention on the significant opportunities available through training, particularly in the traditional trades.

Certainly in 2003-04 the department developed a national campaign promoting, in particular, the opportunities available through training in the traditional trades, and there have been significant positive impacts flowing from the campaign directly in terms of the level of awareness of the opportunities of New Apprenticeships for younger Australians, their influences—parents and families—and employers. More recently, the National Centre for Vocational Education Research reported last year that we had an 18 per cent increase in commencements in the traditional trades between June 2003 and June 2004. Again, there are a number of issues that the question touches on.

Ms HALL—I am happy for you to take it on notice and give us a written report.

Mr Johnson—We could certainly do that.

CHAIR—It will have to be on notice, because we are running out of time. Does anyone have any questions for Treasury, or does Treasury have any comments to make based on what you have heard so far?

Mr Taylor—Not at the moment.

Ms ANNETTE ELLIS—I have a question for DEST further to the college discussion. You said—and I respect that they are not closing until tomorrow—so far you have 42 expressions of interest. Are they evenly distributed geographically, or are there some regions where you have not received any or only a scant response?

Ms Johnston—I do not think they are absolutely evenly distributed. I had a quick look at a state distribution this morning, and I think all of the states are represented, but the expression of interest process is not a binding one.

Ms ANNETTE ELLIS—I understand that.

Ms Johnston—We are confident that there is pretty strong interest. Once we have worked out how many people are interested in each one, we will certainly be looking at whether we need to take action to make sure that every region is covered.

Ms ANNETTE ELLIS—That was the next question: is there any one of those 24 regions where you do not have an expression of interest yet—without divulging the region?

Ms Johnston—I do not know that at this stage.

Ms ANNETTE ELLIS—What is the plan if there is either not an expression or an inadequate expression?

Ms Johnston—The minister is conducting consultations. He has only been to four regions so far. We expect that will be another opportunity to ensure there is strong interest generated in each region.

Ms ANNETTE ELLIS—Beef it up a bit.

Ms Johnston—I am sure that one of the first things that we will be doing is identifying any regions where we do not think there is interest.

Ms ANNETTE ELLIS—Are all the colleges going to be the same size—300 students per college?

Ms Johnston—Up to 300. There certainly have been some suggestions—and this is the feedback we are looking for from this process—to say, ‘We might not be able to support that at this stage, or even in the next, say, three years in a region, but we could perhaps build to it further down the track.’

CHAIR—I thank Treasury members for their patience, though you are probably very good at being patient. We have some questions on notice for you, and we will finish with one final question.

Ms HALL—In the statement you made about the Intergenerational Report, I think you said that the cost of an ageing population in that was five per cent and you have reworked the figures and now it is up to 6.1 per cent.

Mr Taylor—The Productivity Commission did that.

Ms ANNETTE ELLIS—Sorry about that—the Productivity Commission. What do you attribute this increase to in such a short period of time—basically two years?

Mr Taylor—There are a couple of things. The Productivity Commission used a slightly different methodology, and they have also gone out about another three years. The IGR went to 2042. They have gone to 2044-45. It was still trending up at that point. Essentially, they have found the same drivers. Health is the main driver, with aged care and aged care services.

CHAIR—Thank you very much. We could probably have asked more questions of you. No doubt you will read the relevant section relating to your submissions in the report in due course. Mr Vasta has moved that the committee accept as an exhibit the *Job Network disability support pension pilot: interim evaluation report* submitted by DEWR, and it is so ordered. Mr Baker has moved that the committee accept as an exhibit the Australian technical colleges discussion paper submitted by DEST, and it is so ordered.

Resolved (on motion by **Ms Ellis**):

That the committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 1.00 p.m.