



Tasmania

**Tasmanian Government
Submission:**

**Inquiry into Employment:
Increasing Participation in Paid Work**

November 2003

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Section One: Background

1 Introduction

The Tasmanian Government considers increasing participation in paid work to be one of the most important challenges facing Tasmania. The Government, therefore, welcomes this Inquiry, by the House of Representatives Standing Committee on Employment and Workplace Relations (the Standing Committee), into rural/regional and urban/outer suburban employment issues.

It is understood that this Inquiry is being held in the context of the ageing of Australia's population and the subsequent intergenerational issues, which include: the proportion of the working age population who work; the average hours worked; the potential impacts on future economic growth; and the need for a simpler and more responsive income support system.

The issues and solutions surrounding the critical question of this Inquiry (that is, increasing participation in paid work) are complex and multidisciplinary. Indeed, relevant and sustainable solutions require a reconsideration of current work and employment arrangements and the social constructs associated with them, education and training arrangements, cultural institutions and practices, and underlying community attitudes.

Population ageing is changing consumption patterns, wealth generation and disbursement trends, workforce structures, and is likely to result in a slowing of both economic and employment growth¹. In responding to an ageing population, a key challenge for Australian Governments is to promote higher productivity growth and encourage greater participation in the workforce, particularly by older Australians. A highly productive and innovative workforce also requires a commitment by Governments to ensuring high quality education, training, and lifelong learning opportunities for all Australians.

Equally, with a reducing birth rate, and consequent reduction in people moving into the workforce, we need to pursue strategies that maximise workforce participation and social connectedness of young Australians.

Governments can affect participation trends through, for example, industrial relations, education and training policies and a welfare system that provides appropriate support and incentives. It is critically important that Governments, at all levels, work together cooperatively to ensure that their individual efforts produce the optimum outcomes.

However, in developing appropriate strategies for addressing the major long-term macroeconomic issues associated with population ageing and the decline in the proportion of the population of working age, Government should not lose sight of the need for a broad policy response to ensure that those currently without work, or seeking further employment, are able to obtain it and are provided with adequate incentives to remain in the job market.

¹ Department of Treasury, 2002. *Intergenerational Report*. Commonwealth of Australia: Canberra.

Finally, as a general introductory comment, the Tasmanian Government encourages the Standing Committee to consider the importance and benefits of 'voluntary work' when framing recommendations relating to both key terms of reference (that is, 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). Indeed, it should be recognised that there is some degree of trade-off in society between paid work and voluntary work, and that increasing volunteer participation can, in many instances, substitute for paid work (which may be particularly important if an ageing population results in an insufficient supply of paid workers) and/or provide relevant training and skill development for paid work.

This submission provides an overview of some of the social and economic issues facing Tasmania and some of the policy responses that the Tasmanian Government has either implemented or considers to be important solutions to the issues.

2 Tasmanian Context

2.1 Employment Trends

Through most of the 1990s, one of the most obvious areas of the State's economic underperformance was weakness in the labour market, with Tasmania recording a slower rate of employment growth than the national average in each year since 1990-91. There has, however, been a general fundamental improvement in the State's employment performance over the last few years. The official labour market trends for Tasmania show that:

- in October 2003, the number of Tasmanians employed was 207,900, the highest level on record;
- approximately 11,200 jobs have been created in Tasmania since the job recovery began in January 1999. Indeed, since July 2002, full-time job numbers have increased by 7,200;
- in the year to June 2003, 6,300 Tasmanians were classified as long-term unemployed. This represents approximately 30 per cent of unemployed Tasmanians, and is the highest long-term unemployment rate of all jurisdictions;
- the number of unemployed Tasmanians fell by 600 in July 2003 and has fallen by 5,500 since January 1999. The current unemployment rate and number of unemployed is the lowest in 22 years;
- the labour force participation rate for Tasmania in July 2003 was 58.5 per cent; and
- the gap between Tasmania's unemployment rate and the nation's is the smallest since 1992.

While the above figures indicate that Tasmania's job market has improved since January 1999, as a small regional economy, it still lags behind the larger Australian States in some important indicators:

- Tasmania has the lowest participation rate in Australia;
- Tasmania has the highest unemployment rate in Australia; and
- Tasmania has the highest teenage unemployment rate in Australia.

On average, Tasmania's labour force increases by approximately 1,600 people each year. This means that more than 1,600 new jobs need to be created every year to make improvements on the current level of unemployment.

In general, a sustainable increase in Tasmania's participation rate is likely to require sustained jobs growth and higher levels of unemployment, relative to current levels. While this can be influenced by State and Commonwealth Government policies, it should be noted that international economic conditions, over which Australian Governments have little or no control, have significant impacts on open regional economies (such as Tasmania's) and therefore employment fluctuations.

2.2 Population Trends

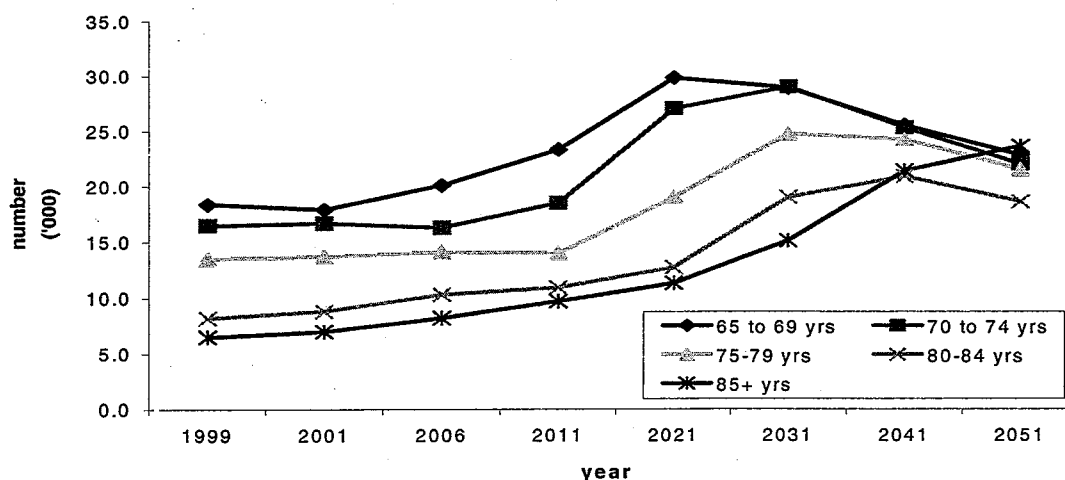
Tasmania's estimated residential population was 476,199, as at 31 March 2003. Due to a number of reasons (such as mortality and fertility rates and net interstate migration patterns) Tasmania's population is ageing at a faster rate than the rest of Australia. Eighteen per cent of Tasmania's population is currently aged 60 years and over.

Over the coming decades, the number of people in Tasmania's older age groups is expected to increase — it is predicted that 25 per cent of Tasmania's population will be aged 60 years and over by 2025. At the same time the number of people in younger age groups is expected to fall. Within the next 10 years Tasmania will overtake South Australia as the nation's 'oldest' State, and its median age is likely to increase to 41.1 years. By 2051 Tasmania's median age will be 53.2 years of age.

The number of people in the over-65 population will increase until about 2020, and then start to decline. However, the number of people in the over 85 population is likely to continue increasing over the next five decades.

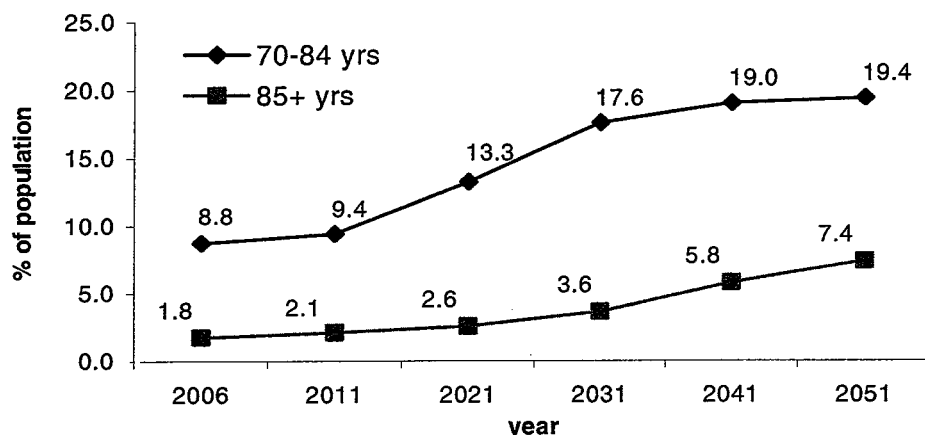
The population over 85 years of age is likely to double by 2021, and double again over the following 30 years. These trends are also reflected in the older age groups as a proportion of the total Tasmanian population.

Figure 1.1: Projected number of persons aged 65 years and over by age group, Tasmania, Series II, 1999-2051



ABS Population projections 1999-2051, Series II.

Figure 1.2: Projected Proportion of Population Aged 70-84 years and 85 years and over, Tasmania, 2006-2051



ABS Population Projections, 1999-2101, Series II

Tasmania's population is dispersed across the State, and much of it is in small, rural centres with 40 per cent of the population living in towns of less than 5,000 people. This is somewhat concerning from an employment-participation perspective, because the ageing of Tasmania's population is occurring at a faster rate in rural, regional and remote areas.

Tasmania's projected population trends, for the next several decades, are likely to impact on the State's culture, productivity, demand for products and services, skill base, and industry structure. Appropriate policies and strategies are required at all levels of Government to prepare for adapting to these changes in society.

(For further information on Tasmania's population growth and projections, and associated links with employment growth, refer to the recently released publication "Tasmania's Population 2003". The paper is available on the Department of Treasury and Finance's website: www.treasury.tas.gov.au.)²

2.3 Economic Activity

As a small, open economy, exports (both overseas and interstate) have a major impact on the State's overall economic performance. While data are no longer officially compiled for the proportion of exports that are destined for interstate markets, it has been estimated that approximately half of Tasmania's output is exported, with around 60 per cent of the total value of these exports sent interstate and the balance to overseas destinations.

The single most important export commodity category for Tasmania is 'Other and confidential items', which makes up about 34 per cent of the value of total State merchandise. This category includes woodchips, pharmaceutical products and shipbuilding. Other significant export categories include non-ferrous metals, metallic ores and seafood (which comprise around 32 per cent, 8 per cent, and 7 per cent respectively of the value of total State merchandise).

² The publication *Tasmania's Population 2003* provides an overview of the potential social and economic challenges associated with an ageing population. It also notes that an ageing population will result in numerous jobs becoming available, which clearly has implications for future participation rates. This is particularly relevant for Tasmania's public service where 25 per cent of employees are aged 50 years or older.

Tasmania's export performance over the past 12 months has been particularly strong despite weakness in major global economies and the rising value of the Australian dollar. In the 12 months to March 2003, the (nominal) value of overseas merchandise exports rose by 7.3 per cent in year average terms to \$2,526 million. Over this period, solid growth was recorded in exports to Hong Kong, Korea, the European Union (including the United Kingdom and Germany) and China.

As a result of Tasmania's reliance on overseas exports, the State's economic outlook is heavily influenced by the growth prospects of its major trading partners as well as the prices of key commodity exports, notably aluminium, zinc, copper, tin, beef and wool.

Economic trends in the mainland States are also of key importance to Tasmania, given the large proportion of exports that go to interstate destinations. A slowdown in the national economy exerts a negative influence on the Tasmanian economy, often with a lag.

2.4 Tasmanian Policy Environment

The Bacon Labor Government came into power in 1998 and has since introduced four key policy initiatives that provide a strategic framework and basis for setting Government policy priorities, and the allocation of resources. These key policy frameworks are *Tasmania Together*, the Industry Development Plan, Partnership Agreements and the Fiscal Strategy.

While the Commonwealth Government has primary responsibility for employment services, the Tasmanian Government's four policy frameworks play a key role in setting the policy environment for the State's contribution to increasing participation in paid employment.

2.4.1 Tasmania Together

Tasmania Together is the overarching social, environmental and economic plan for Tasmania, and has been developed through broad consultation with the Tasmanian community. The broad goals provide the framework for both government and non-government decision-making. Ultimately, *Tasmania Together* is about the Government and the whole community working together to achieve a shared vision of Tasmania by the year 2020. In essence, *Tasmania Together*:

- is a 20-year social, environmental and economic plan based around 24 goals;
- has 212 benchmarks (including targets for 5, 10, 15 and 20 years); and
- provides a 'rationale' for why each benchmark is important to pursue.

Tasmania Together provides the links between major Government policy initiatives. The strategies and goals of the Government's Industry Development Plan, State and Local Government Partnership Agreements, *Learning Together* and other major initiatives, all focus on achieving the vision and goals in *Tasmania Together*.

There are around 25 benchmarks that directly or indirectly relate to increasing participation in paid work. The type of benchmarks that address employment issues are diverse in nature and include broad areas such as: childcare; education and training; and employment practices.

Effective policies and strategies that increase participation in paid work will be an important factor in realising these outcomes.

(More information on the Tasmania Together initiative can be found at: www.tasmaniatogether.tas.gov.au)

2.4.2 Cooperative Arrangements

“Partnerships” and “cooperative arrangements” are key principles that the Government has adopted for working with local communities and organisations to establish shared priorities/objectives and for implementing strategies that align resources and effort to achieve common outcomes.

The Government's objectives for the Partnership Agreements with Local Government were outlined in its Framework for Developing State-Local Government Partnership Agreements, released in December 1998. In summary these objectives are to:

- identify opportunities to work in partnership with local government to progress agreed social, economic and environmental outcomes for local government areas; and
- ensure effective service delivery arrangements including, where appropriate, options to improve coordination and joint service delivery arrangements or address gaps and overlaps in service delivery.

The Government recognises that committed progressive local communities and sound local economies are fundamental to the social and economic development of the State. The process for developing Partnership Agreements takes into account consultative mechanisms at the local level, encourages local input to community and economic development decisions and promotes shared responsibilities for improved targeting of service delivery.

To date, 16 Bilateral Agreements, two Regional Agreements and four State-wide Agreements have been signed with Local Governments. Agreements with the University of Tasmania and Volunteering Tasmania have also been established. As of October 2003, two Bilateral Agreements between State and Local Governments have identified employment related initiatives as an area requiring some form of coordinated effort.

The Partnerships to Jobs initiative announced in the 2003-04 State Budget is also indicative of the type of cooperative approach being undertaken by the State Government (with assistance from Commonwealth Government Agencies, the community and local businesses) to address challenging issues such as employment (more information on this project is provided in Section 2.5.2).

*(More information on Partnership Agreements can be found at:
www.dpac.tas.gov.au/divisions/policy/partnerships/)*

2.4.3 Industry Development Plan

The Industry Development Plan (IDP) is the Government's key strategic planning document on industry development. It is a vehicle for an integrated response to the strategic priorities of government, industry and the community and is directed at maximising job creation, investment attraction, net export growth, higher value products and an enhanced skills base.

Under the IDP, eight Industry Councils have been established, are implementing and/or developing industry sector plans and providing advice directly to Government on strategic development for the State.

The 2003 IDP was released by the Deputy Premier, Hon Paul Lennon MHA, on 4 August 2003, and outlines the following eight strategies to achieve the State's economic goals:

- encouraging exports and developing markets;
- building infrastructure;
- promoting investment opportunities;
- stimulating innovation;
- developing the Tasmanian brand;
- enhancing industry training and skills;
- improving access to capital and finance; and
- strengthening a competitive tax and regulatory environment.

(More information on the Industry Development Plan can be found at: www.development.tas.gov.au/idp2003.html).

2.4.4 Fiscal Strategy

The Fiscal Strategy supports the Government's priority initiatives such as *Tasmania Together*, the Industry Development Plan and Partnership Agreements by delivering quantifiable benefits to the community.

Key elements of the Fiscal Strategy include:

- ongoing General Government Sector Budget surpluses;
- the elimination of General Government Sector Net Debt by June 2008;
- reducing General Government Sector net interest costs to zero by June 2008;
- eliminating the Government's unfunded superannuation liability by June 2018;
- maintaining Tasmania's tax severity below the average of all States and Territories and below that of Victoria; and
- no new taxes or increases in the rate of any existing taxes.

In general, the reduced interest costs associated with debt reduction has enabled the Tasmanian Government to improve services to the community, increase spending on public infrastructure, and create a competitive business environment with the introduction of business tax cuts.

Over the last few years the Tasmanian Government has introduced a range of measures to create an environment that encourages investment and growth in businesses — and hence provide additional employment opportunities. The business tax package, for example, includes land tax reductions, abolition of several types of stamp duty, and reductions in payroll tax. This package, along with the elimination of unnecessary regulation and the provision of business development assistance is creating a competitive business environment. Indeed, an analysis of Tasmania's competitive business environment in 2002, indicates that Tasmania has the second lowest business taxation severity of all States behind Queensland.³

³ Department of Treasury and Finance (2002) *The Competition Index 2002: A State-by-State Comparison*

Furthermore, sound fiscal management has enabled the State Government to deliver the largest and most diverse range of major infrastructure projects in the State's history. Major infrastructure projects not only generate employment and economic activity directly in the construction phase, but also deliver indirect opportunities for new major projects, new or expanded business, and underpin increased competitiveness.

Section Two: Terms of Reference

2.5 Measures that can be Implemented to Increase the Level of Participation in Paid Work in Australia

2.5.1 Changing workforce

The workforce is changing due to a diverse range of factors including technology, globalisation, population ageing, and an increase in the participation of females (particularly mothers). These factors, and other economic reforms, have resulted in significant changes to Australian work arrangements and practices in recent years, such as the increased: casualisation of the workforce; job insecurity; intensification (pace) of work; and hours of work. Indeed, Australia now has the second longest working hours of all developed countries, after South Korea.⁴ Such factors have created a need for a more age and family friendly, diverse and productive workforce.

Cultural attitudes and work practices will need to change if older workers and people seeking to balance family and work, for example, are to be encouraged to remain active in the labour force. Such changes in attitude and work practices are particularly important (in the context of Australia having the second longest working hours of all developed countries) if we are to ensure that our workforce remains healthy, productive and prepared to share the burden as it becomes proportionally smaller with an ageing population.⁵

While Government alone cannot bring about this change — business and unions as well as other players need to be active in debunking the many myths around perceived productivity of older people — Governments at all levels have a role to play in facilitating the necessary changes in attitudes and work practices.

Indeed, as the largest employer in the State the Tasmanian Government is leading by example when it comes to policies, practices and attitudes around family friendly work environments and mature aged workers.

For example, in support of creating a family-friendly and flexible working environment the recent State Service Wages Agreement 2001 (the SSWA) encourages State Service Agencies to implement employment conditions that allow employees the flexibility to arrange their family responsibilities. The provision of paid maternity leave is motivated by a desire to promote careers for women, recognise the health and financial needs of female employees who wish to have children, aid retention and recruitment and to promote workplace diversity. The Tasmanian Government has also sought to encourage women to continue to breastfeed their children, even after their return to work. As part of the SSWA, lactation breaks are incorporated into the State Service's package of flexible work practices. The SSWA also includes provision for State Service Accumulated Leave, the encouragement of part-time employment and the option of parental leave without pay for both male and female employees. These provisions are included to ensure that both parents have access to more flexible work arrangements so as to enable them to fulfil family commitments.

⁴ ACTU Reasonable Hours Campaign – research by Iain Campbell “Cross-National Comparisons: Work-Time Around the World”, posted at <http://actu.labor.net.au/public/papers/crossnationalcomp/i>.

⁵ The issues of Australia's increasing working hours, across a broad spectrum of employment groups, and the proportion of those extended hours that are unpaid should be taken into serious consideration in the quest to increase workforce participation.

At a broader level, the Tasmania *Together* framework contains a number of benchmarks that underpin the Government's commitment to assist businesses (and the community more broadly) develop work environments that are family-friendly and flexible, and in turn promote an increase in participation in paid work. Three relevant benchmarks in Tasmania *Together* are:

- Increasing the proportion of employees with flexible leave options;
- Increasing the proportion of employees in secure employment; and
- Developing Tasmanian enterprises into 'employers of choice'.

Recently, the Tasmanian Government launched the Tasmanian Work and Family Award, which is open to all businesses (small, medium or large, private, public or community sector) and aims to identify and acknowledge workplaces that have family-friendly policies and practices in place.

To encourage the retention and attraction of mature aged workers, the Tasmanian Government has removed the mandatory retirement age in the Tasmanian State Service Act. More broadly, the Tasmanian Government's Seniors Bureau promotes the continuing contribution of older people to the Tasmanian community. The purpose of the Seniors Bureau is to promote positive ageing and to encourage the community to plan for its ageing population. (Further details on Tasmanian Government initiatives that aim to address various issues relating to the ageing population are outlined below).

2.5.2 Ageing Population

The issue of an ageing workforce, set within the context of rapid economic and technological change, has resulted in a variety of impacts on mature age workers. While at one level mature age workers have improved their overall position in the Australian labour market, at the same time economic forces and industry restructuring has seen many older workers retrenched or made redundant. Of those mature age workers who lose their jobs, many experience long periods of unemployment or are forced into early retirement.

A feature of many modern economies, including Australia's, has been a preference in the labour market for recruiting younger workers.⁶ This trend, combined with labour market factors such as the downsizing of workforces, a practice that largely affects mature age workers, has raised questions about wasting the opportunities and skills of older workers. It is occurring at a time when the economy is expanding, work hours are increasing and skills shortages already exist in some industries.⁷ As well as the economic implications of skills shortages and increased numbers of people accessing income support due to forced retirement, the premature loss of older workers from the workforce has enormous social consequences — in particular, long-term unemployment and poverty.

In November 2001, the Tasmanian Department of Premier and Cabinet published a report on *Employment Issues Facing Mature Age Workers and Jobseekers in Tasmania*. The report highlights a number of issues and barriers to participation in paid work that are facing mature age workers:

- changing labour market dynamics have resulted in disruption to traditional work options and employment patterns for many people, but in particular those of mature age;
- mature age workers have been greatly affected by the widespread use of retrenchment processes and severance payments;

⁶ Council on the Ageing, 2000, *Older Australians: A Working Future? Strategic Ageing, Vol 10, 2000*

⁷ Hayward, H. 1999. National Council on the Ageing Congress Program and Abstracts, p. 21

- mature age people who are retrenched, made redundant or who have been unemployed for a long time face considerable difficulty in becoming re-employed;
- the ability of mature age people to find work or become re-employed is further hindered by numerous 'myths' and employer perceptions that surround mature age workers, such as low levels of productivity and inability to adapt to technological change;
- mature age unemployment tends to be long-term, bringing with it considerable financial and psychological difficulties;
- mature age workers make up a section of the community that has remained largely hidden when it comes to discussions about unemployment, in part due to the significant number of people who decide to 'retire' upon becoming unemployed;
- improved living conditions and healthy ageing trends have resulted in people maintaining the ability to work to older ages. Expecting people to retire at age 65 is not necessarily appropriate;
- with labour shortages already evident in some industries, Tasmania may have to rely more strongly on the skills of mature age workers in the near future, making it important to retain older, experienced workers in the workforce;
- people responsible for recruiting workers need to be made aware of the value of mature age workers;
- legislation needs to support the active participation of older people in the paid work force; and
- mature age workers need a range of training and support to enable them to continue participating in the paid workforce.

The Tasmanian Government has established several strategies to assist overcome these barriers for mature aged workers. They include:

- providing project funding to the Braddon Business Centre to run a Mature Age Employment Service; and
- developing, in consultation with the Tasmanian community, a *Tasmanian Plan for Positive Ageing 2000–2005* which provides a vision for the Tasmanian society in which people of all ages are recognised and valued, treated with dignity and respect and encouraged to contribute their wealth of experience and skills.

The *Tasmanian Plan for Positive Ageing 2000-2005* (the Plan) provides a broad policy and planning framework for the Tasmanian Government and the Tasmanian community including local government, businesses and community based organisations, and individuals. Positive ageing is about the development of a fair society where people of all ages are recognised and valued, treated with dignity and respect, and encouraged to contribute their wealth of experience and skills.

The Plan recognises that healthy ageing allows people to realise their potential for physical, social, and mental wellbeing throughout their lives and allows them to participate in society according to their needs, desires and capacities, while providing them with adequate protection, security and care when they require assistance.

The Plan includes a wide range of strategies that the Tasmanian Government has committed to in order to advance the interests of older members of the community. These strategies are built around five areas, each with a key objective:

- *Community Attitudes*. Objective: To develop a more positive community attitude to older people and ageing.
- *Participating in Your Community*. Objective: To increase the participation of older Tasmanians in recreation, paid work and voluntary activities.

- *Living in Your Community*. Objective: To improve local planning and design and access to transport to better meet the needs of older Tasmanians and to enhance their feelings of safety and security both within their homes and within the community.
- *Health, Independence and Community Support*. Objective: To support and promote older peoples' maintenance of a healthy lifestyle and independence in the community.
- *Education and Information in Your Community*. Objective: To improve older Tasmanians' access to and understanding of information, continuing education and technology.

The Plan aims to facilitate links and initiatives across Government Departments within the State and also with Commonwealth agencies to meet the needs of older Tasmanians. It is also linked with Local Government through Local Government Partnerships and with the broader community through the Tasmania *Together* process.

In summary, when considering policies that aim to encourage greater workforce participation of older workers, it is most important to take into account the occupational health and safety risks that are critical to workers in the 40 – over 55 years age group. For example, declines in work capacity tend to increase greatly after 50 years of age. Therefore, numerous factors need to be considered when developing policies and practices to assist older workers to stay in the workforce longer, including: work content (such as avoiding work that involves forceful exertion, awkward postures, and contact stress); physical work environment (such as minimising stressful, noisy or dusty work environment conditions); and organisational environment (such as providing support that enables workers to control the pace and flow of work, promotes appropriate supervisory attitudes, encourages load-sharing, develops 'wellness programs' and provides access to more generous leave provisions).

(The full text of the Plan for Positive Ageing can be found on the Seniors Bureau website: www.dhhs.tas.gov.au/seniors/pdfs/dhhs_tasposageplan2000-5.pdf)

2.5.3 Keeping people healthier longer

Maintaining a person's optimum health increases their opportunities to participate in the workforce later in life. In this context, it is important to address health issues from birth, including nurturing and development of our children. Focusing on early childhood development, supporting parenting, and early intervention are critical to the life experience and health of our future population.

Health promotion and strategies to engage people in healthy lifestyles both minimise the likelihood of chronic disease and its impact should it occur. Currently, jurisdictions are working together on population health issues and strategies to address the national health priority areas including cancers, injury, diabetes, mental health, asthma and musculoskeletal disease/arthritis.

Developing healthy lifestyles is a key priority of the Tasmanian Government under Tasmania *Together*. The community has set goals around factors that affect people's health and on which the community can, if it works together with government, make an impact. Priorities include an increase in the level of exercise and healthy diets, and a reduction in smoking.

While at the State level the Tasmanian Government can set frameworks (such as the State Nutrition Plan and the new smoking legislation) and work directly with local communities to make the lifestyles of Tasmanians healthier, in the short-to-medium term, the capacity to increase investment in prevention, early intervention and better self-management of chronic disease is limited.

States and Territories have recently been pressured into signing an Australian Health Care Agreement. This Agreement not only involves inadequate funding by the Commonwealth

Government (i.e. to address immediate funding pressures from increasing demand and cost of health services), but also places insufficient emphasis on the longer term reform agenda including strategic investment in new approaches to health service delivery.

The health of the Australian population, and in particular older Australians, will have a substantial impact on Australia's ability to adapt to an ageing workforce.

2.5.4 Lifelong learning

A high level of economic performance is a key factor affecting long-term sustainability, and education and training are well acknowledged as essential to the ongoing generation of skills and knowledge which underpin such performance.⁸ Indeed, a Report by the Productivity Commission highlights the link between a society's long-term economic growth and an individual's level of education and training. The three underpinning principles of this connection are that: increased skill levels of an individual positively effect skill levels amongst fellow workers; the more skills an individual acquires the easier it is for the individual to acquire further skills and knowledge; and the positive effect that education and training has on an individual's ability to benefit from new technologies.⁹

Individuals, communities, industry and government all have a role in the provision and funding of skills acquisition and development. Individual awareness of career and learning choices, active partnerships between industry, communities and government, and linkages between education and training sectors all contribute to workforce skills development which in turn supports realisation of economic and employment opportunities.

Up-to-date skills and education are key enablers for increased participation and productivity. In other words, the higher the level of educational achievement the greater the likelihood of participation in full time employment.¹⁰ Strategies that support lifelong learning are fundamental for ensuring that the population is equipped to participate in the labour force. Lifelong learning also: increases the rewards of participation; increases productivity; helps reduce the re-skilling hurdle; and helps improve labour market opportunities for mature age groups at the lower end of the skills range.

2.5.4.1 *Lifelong access to learning*

Access to adequate levels of education and training are fundamental requirements for an individual's development and ability to obtain and maintain employment. In theory, mature age workers and unemployed people have similar access to training and education through providers such as TAFE and universities. However, very few training programs are tailored to the needs of the over 45-age group. It appears that many mature age people are not eligible for government financial assistance and are forced to take out loans to pay for training and study. If such training does not translate into a job upon completion, this creates further hardship for the individual due to the increased debt caused by the loan.

Adopting a lifelong learning policy in practice means that facilities, courses and funding need to be provided for and be attractive to the older age groups in society. As the median age of the population continues to increase, the changing profile in demand for education services is likely to

⁸ 4-5, 1999 Keep & Mayhew *The Assessment: Knowledge, Skills and Competitiveness*, Oxford Review of Economic Policy V15 (1)

⁹ Barnes, P & Kennard, S. 2002 Skills and Australia's Productivity Surge: Staff Research Paper Productivity Commission.

¹⁰ OECD *Education at a Glance 2000* p.270 quoted in Burke p.8.

result in a reduction in the proportion of expenditure on younger age groups. This provides an opportunity to fund programs to support lifelong learning without major increases in overall expenditure.

While lifelong learning is the responsibility of the individual, programs to facilitate and encourage participation need to be supported by all levels of Government and employers.

Several principles that could be considered when implementing a practical and beneficial lifelong learning policy include:

- minimising impediments to effective lifelong learning;
- ensuring that education spending and programs are effective in supporting lifelong learning; and
- working with employers, education and training providers and authorities to build the skills of all people in the workforce and those seeking to re-enter it.

2.5.4.2 Funding for a brighter, employable population

Current and future levels of Commonwealth funding for education and training need to grow at a rate which reflects the need for Australia to maintain high levels of productivity and high levels of workforce engagement by the working age population. The *Intergenerational Report* (page 11) documents the fact that in recent years, demand for a more skilled labour force and the desire for education have increased, driving up the rate of participation in the university sector, and in vocational education and training. Growth in Commonwealth funding for education and training is not, however, viewed by the State as keeping pace with such demand.

Funding for Vocational Education and Training

The Tasmanian Government is currently participating in negotiations between the Commonwealth and States and Territories for a new three-year Australian National Training Authority (ANTA) Agreement which will provide for continuation of the Commonwealth's contribution to the funding of the national vocational education and training system. However, given the importance of a well educated population for adapting to the projected changes in Australian society, it is disappointing that the Commonwealth offer provides for no additional funding for this important sector — apart from specific funding for some client groups in *Australians Working Together* packages (such as, sole parents, people with disabilities, and mature age people).

The Commonwealth has targeted growth in participation in key areas including New Apprenticeships, which provide opportunities for entry to paid employment for trainees and apprentices, without provision of additional funding. This will place pressure on States and Territories to meet such targets through shifting of effort from areas of training where demand still exists to areas of current high priority to the Commonwealth. Additional funding should be provided to pursue new policy directions, as was the case under the previous ANTA Agreement for 2001 to 2003. This would maximise access to training by those wishing to enter the paid workforce and maintain employment through access to skills development opportunities.

Funding for Higher Education

The University of Tasmania is currently significantly under-funded and Tasmanians wishing to participate in higher education are placed at a particular disadvantage when compared to other Australians. While retention to year 12 in Tasmania has increased significantly from 54.2 per cent to 75 per cent between 1996 and 2002 there has been, due to Commonwealth funding cuts, a reduction of 650 undergraduate places available to Tasmanians to take up at the University of

Tasmania. Tasmania has 2.42 per cent of the 15-64 age cohort yet receives only 2.29 per cent of the funded places for higher education in Australia. If the funding for the Australian Maritime College — an institution serving a national and international market — is excluded, then Tasmania's funding is only 2.18 per cent of the funded places for higher education in Australia. This translates into nearly 1000 more funded undergraduate places that should be available through the University of Tasmania to ensure an equitable outcome for Tasmanians.

The Tasmanian Government is strongly of the view that the current higher education reforms proposed by the Commonwealth should be strengthened so as to directly contribute to the level of participation in paid work. Universities, particularly in regional settings, play a strategic role in providing economic advantage to regions. Universities achieve this by not simply generating the ideas and knowledge critical to economic and social development, but by producing graduates who are in high demand, often in areas of key skill shortages. Two key examples of this are in the disciplines of nursing and teaching. Both nursing and teaching are high demand courses at the University of Tasmania, with both disciplines having to turn away significant numbers of suitably qualified candidates every year (in the case of the school of nursing the figure for 2001 was 150 and for the faculty of education nearly 200). The inability to grow enrolments in these disciplines is a result of ongoing funding shortfalls from the Commonwealth.

Supporting the needs of disadvantaged groups is a key factor in improving employment outcomes. It is noteworthy that the University of Tasmania has embarked on specific programs to support specific disadvantaged groups including those in remote locations and Indigenous students. However, the Tasmanian Government argues that the overt focus in the Commonwealth Government's Innovation Statement, *Backing Australia's Future*, on increased levels of student financial contribution towards higher education will act as a disincentive to higher education participation, for disadvantaged groups. This is of particular concern for Tasmania as a relatively high proportion of the State's population is from disadvantaged backgrounds (low income, high unemployment, dependency on income support and poor health status). The Tasmanian Government currently provides various forms of assistance to these groups but additional Commonwealth support, including a much more comprehensive set of equity responses within the Commonwealth's higher education reform package, is required.

Funding for Regional Community Capacity Building

Increasing participation in paid work in a regional economy such as Tasmania is a challenging task and, as indicated in section 2.1, requires the creation of a significant number of new employment opportunities each year. One effective medium-to-long term approach for addressing this, as outlined extensively in the literature¹¹, involves developing a highly skilled workforce that has the capacity to adapt and innovate. Such an approach, ultimately, tends to be successful in attracting investment and capital, and hence employment opportunities.

In this context, cooperative research that universities undertake with industry is one of the most important contributions that higher education can make in small regional communities such as Tasmania. In addition to generating skilled graduates who are job-ready, cooperative research has the effect of creating new business opportunities, improving enterprises competitive advantage and profitability, and facilitating enhanced employment opportunities. Research of this type undertaken in Tasmania includes medical research undertaken by the Menzies Centre for Population Health Research and the work of the Forestry Cooperative Research Centre, the

¹¹ See for example, OECD (1997), *Industrial Competitiveness in the Knowledge-based Economy: The New Role of Governments*; and OECD (1998), *Human Capital Investment: An International Comparison*.

Tasmanian Institute of Agricultural Research, and the Tasmanian Aquaculture and Fisheries Institute.

The Tasmanian Government contributes significant funding to the University of Tasmania, and the pooling of this funding with that of industry and the University has produced economies of scale in areas of research and development that are of particular significance for Tasmania.

In this context, the Commonwealth Government can have a substantial and immediate impact on employment trends and skill development by ensuring that adequate funds are available for research centres and institutes. Furthermore, consideration should be given to explicitly including regional support and linkages as a principle for determining research funding. This is important as such support and linkages have a disproportionately positive influence on the take up of higher education in regional contexts, and in the capacity of universities in regional settings to add value to their local communities.

2.5.4.3 *Developing effective school to work pathways*

Tasmania has developed a vision statement and planning framework for education and training (*Learning Together*) which aims to create a policy environment that facilitates, among other things, an increase in the participation of lifelong learning and paid work in this State.

As part of the process of achieving the goals and objectives of *Learning Together*, a Post-Compulsory Education and Training Strategy is being developed. The purpose of the Strategy is to inform and assist stakeholders respond to the education and training needs of Tasmanians beyond year 10 and enable an integrated approach to education and training across the school, VET, university and the adult and community education sectors. This will help to bring together related planning, funding and regulatory functions, to monitor learner and industry needs and to facilitate learning pathways.

A key driver of this approach has been the need to develop a sound framework for the transition of young Tasmanians from school to viable employment opportunities. To this end, the State Government is actively supporting the national agreements between Ministers, in particular, the Framework for Vocational Education in Schools, which is being implemented in Tasmania as the Vocational Education and Learning (VEL) Framework.

Considerable financial resources have been allocated through the State *Guaranteeing Futures* initiatives to underpin the VEL Framework which is intended to develop all students' capacities to determine, locate and access viable pathways to employment, while being supported by school and community resources. Effective use of Commonwealth funds has been made in various aspects of this work, not least being the delivery of vocational education and training to rural, remote and marginalised communities, where training opportunities for students and young adults have been limited.

In the context of Tasmania's integrated response to the educational and training needs of Tasmanians, the Government calls on the Commonwealth to provide sufficient support, including adequate financial support across all education and training sectors, to maximise the impact of this strategy.

2.5.5 Developing infrastructure

As argued above, the appropriate level of funding and assistance for developing human capital is critical for increasing the participation in paid work. However, investment in major infrastructure

projects is also important in not only providing immediate and ongoing employment opportunities during the construction, operational, and maintenance phases, but also establishing vital infrastructure for businesses, and the economy more broadly, to operate, grow and prosper.

In this context, it is important that the Commonwealth Government provides further funding, now and into the future, for major infrastructure projects that address both national and regional needs.

As outlined in section 2.4.4 the Tasmanian Government has invested significant funds in major infrastructure projects which has not only produced substantial immediate employment opportunities but has also provided an investment in future growth opportunities. A major focus of this infrastructure has been in Tasmania's energy sector. Specifically, the Government's *Integrated Energy Plan* has successfully delivered over \$2.0 billion in investment and diversified Tasmania's energy supply through the delivery of Basslink, the Tasmanian Natural Gas Project (TNGP) and the development of Tasmania's wind resource.

The Basslink project represents a substantial investment by the private sector in Tasmania's energy future. Basslink is a high voltage transmission link that will connect Tasmania's electricity infrastructure to the mainland, thereby facilitating entry to the National Electricity Market. The project has been approved and will commence operation in December 2005. Its operation will enable Tasmania to export renewable energy generated from water and wind resources into the National Electricity Market during periods of peak demand and higher prices.

Substantial investment in Tasmania's wind energy infrastructure commenced with the construction of the Woolnorth wind farm, which will eventually have the potential to generate up to 130 megawatts of clean renewable electricity. Development applications for further Tasmanian windfarms at Heemskirk (160MW) on the West Coast and Musselroe (140MW) in the North East were lodged in the first half of 2003, with approvals anticipated later in the year.

As an example of how infrastructure projects create employment and economic activity beyond the construction phase, Danish wind turbine manufacturer, Vestas, has committed to a \$50 million plant to produce nacelles for windmills. Vestas has also flagged the possibility of a much more substantial investment in Tasmania to manufacture the windmill blades for the Asia Pacific region.

The cornerstone of this Tasmanian Natural Gas Project has been the development of Duke Energy International's \$440 million transmission pipeline, featuring a 736 km sub-sea and underground transmission pipeline, bringing natural gas from Victoria to Tasmania. The first stage of the roll out of gas reticulation to major businesses commenced in late 2003 and just under 40,000 homes are scheduled to be connected by April 2007. With the rollout of natural gas comes the opportunity to use the open trenches to establish an optic fibre network. Tasmania's high-speed, broadband telecommunications network will not only be unique in Australia, but will make the State one of the few regional areas in the world with a comprehensive optic fibre network.

The introduction of three new ferries has brought record tourist numbers, creating increased demand for local goods and services and has also brought unprecedented access to interstate markets for Tasmanian businesses.

2.5.6 Building and enhancing regional economies

Soundly based economic and regional development is fundamental to the wellbeing of Australian communities and, given that approximately 30 per cent of Australians live in non-metropolitan areas, it is an important element of any policy or program that aims to increase participation in paid work.

As part of the Tasmania *Together* framework the Tasmanian Government is committed to fostering and valuing diverse rural and regional communities. The Industry Development Plan is a key initiative for progressing this policy priority which, among other things, provides targeted assistance to projects in a wide range of industries that have significant investment in regional areas. Other initiatives include:

- the development of Local Government Partnership Agreements as an important vehicle for ensuring the mix of services provided meets local demand;
- the development of Business Enterprise Centres, which are community based organisations that foster regional economic development. The Government funds 12 organisations around the State in areas such as the Huon, West Coast, Derwent Valley and Circular Head;
- establishing 64 Online Access Centres to provide people living in rural and regional areas with low cost access to computers and the Internet;
- targeted support for agriculture and fisheries industries, and their associated downstream processing, which will for the foreseeable future largely underpin the economy of the State's rural areas;
- programs such as Tasmanian Women in Agriculture and FarmBi\$ which directly contribute to maintaining vibrant rural communities; and
- investment in eco-tourism to attract additional tourists to regional areas and provide impetus for economic growth. These site and service improvements are already reaping benefits for regional communities, with Cradle Mountain and Hastings Caves, for example, receiving January visitor levels more than 11 per cent higher than the previous year.

Effective regional development can only be progressed through a collaborative effort between all tiers of government. In this sense, it is critical that the Commonwealth Government develop appropriate macroeconomic policy settings as well as promote initiatives that:

- enhance the capacity of regions to compete in the global economy and meet domestic demand;
- strengthen the economic base of regions, particularly through investment in roads, transport, communications and other infrastructure;
- attract investment to stimulate traditional industries in regions and also to develop new and emerging industries;
- increase employment opportunities through proactive programs, providing the necessary skills base in growth industries;
- ensure fair access to government services and programs; and
- protect and improve the environmental quality of regions, ensuring sustainable approaches to regional development.

As a small island State, with the highest proportion of its population living in non-metropolitan areas of all jurisdictions, Tasmania is particularly keen to work with the Commonwealth to ensure that national programs and assistance are tailored to address the unique needs and characteristics of Tasmania. The Tasmanian Government urges the Commonwealth to consider several key principles when developing national initiatives and/or programs:

- focus on practical initiatives tailored for regional needs rather than national generalised strategies;
- provide flexible administration arrangements, in consultation with Local and State governments and other key players; and
- integrate economic development with other policy areas, especially social development and environmental management.

2.5.7 Immigration

Immigration programs can be used as an effective and relatively immediate measure for increasing participation in paid work, and addressing Australia's ageing population. Young skilled immigrants can make a valuable contribution to Australia's society. Indeed an expansive and rebalanced immigration scheme has potential to assist in dealing with population decline (particularly young people) in regional areas and with the smart growth of Australia.

Many businesses, particularly in rural and regional areas, face limited opportunities for growth due to skills shortages. The Tasmanian Government believes that skilled migration provides many benefits to communities including removing the skill shortage barrier to growth.

The Tasmanian Government encourages a review of the existing immigration program to examine:

- increasing the level of the annual net migration;
- whether State specific migration mechanisms could be expanded, with relaxed entry requirements offered to migrants who settle in defined areas/regions of Australia; and
- as a corollary to the above point, the provision of appropriate "on the ground" resettlement support and assistance particularly in the absence of large ethnic communities.

2.6 How a Balance of Assistance, Incentives and Obligations can Increase Participation for Income Support Recipients

Australia's current welfare system works well in some respects. It provides needs-based income support to a wide cross-section of the community and unlike other parts of the world, the level of payments is not tied to previous earnings and nor are the payments time limited. The system ensures that a safety net is in place to protect those in most need. Means testing of income and assets allows support to be focused on low-income families while making the overall welfare system relatively inexpensive in international terms.

However, it is clear that there is a need to reform the income support system. The existence of fifteen different income support payments for work-age people suggests that the current system has become unnecessarily complex and must be simplified. At the same time there is a need to ensure that the taxation and wages systems are adjusted to:

- increase the overall income for individuals and families most in need;
- introduce initiatives that increase the number of jobs available, particularly for people who do not have the capacity to work in highly-skilled positions; and
- ensure that people who work receive adequate remuneration for their efforts.

There is also a need to review the level of family tax benefit provided to families on income support and low incomes, to ensure that children and young people in these families are not at risk of poor emotional, behavioural, social and academic outcomes. This is of particular concern given the large number of single parents who are on income support.

It can be assumed that despite the benefits provided by the increased income derived from participation in the workforce, many single parents find it too difficult to care for their children and work at the same time. This is not surprising given that families with two parents often find it difficult to manage the dual tasks of caring for children and working. It is therefore important that a new income system considers the needs of families, particularly single parents and those on low incomes, so that all children and young people in Australia can have acceptable standards of health and well-being.

The July 2000 Report of the Welfare Reform Review (McClure Report) identified a number of directions for making the income support system more responsive, reducing inequity and encouraging greater labour market participation. The Commonwealth is now moving to implement the second phase of reforms arising from the Review. There are, however, four aspects of the Commonwealth's current approach that are of particular concern:

- an undue emphasis on pushing benefit recipients (especially single parents, those on disabilities and mature age unemployed) into participation. Although it is recognised that increasing benefit recipients participation in paid work is critical for Australia's long-term prosperity and well-being, there are risks that participation requirements that are too rigid may have adverse impacts on some individuals and families;
- the application of breaching arrangements and penalties through the social security system. The Independent Review of Breaches and Penalties in the Social Security System (Pearce Report) released in 2002 found the breaching arrangements to be overly severe and applied too frequently. Although recent relaxation of the breaching regime is welcomed, there remain risks of the system being counterproductive in achieving the best long term outcomes for recipients;
- the inadequate social security payment rates for some groups of people leave them in severe poverty and hardship. Adding to this problem are the high effective marginal tax rates that unemployed people face when working (on low wages and in casual and/or part-time positions) to supplement their social security payments. It is critical that real progress is made on providing incentives and removing poverty traps in the welfare system; and
- the potential for aspects of the Welfare Reform agenda to involve additional State resources for which Commonwealth funding is not provided. While the direction of the reforms generally offer long-term benefits both to individuals and the community, inadequate Commonwealth funding will limit the effectiveness of the new approach and place additional pressures on State services.

An illustration of the latter point is the increased demand for training services to assist those on income support to make the transition into the labour market. This is having an impact on States and Territories which are the main providers of training services, but without additional Commonwealth funding.

From a State Government perspective, it is important that any Inquiry recommendations specifically acknowledge and factor-in the structure of the Australian welfare system which consists of an interrelationship between Commonwealth and State benefits. Whilst the Commonwealth provides payment of benefits, State Governments provide health, education and training, housing and community support to welfare recipients. Since the States have direct responsibility for the provision of these services, changes in welfare payments would have an impact on States' Budgets, whether the changes are for classes of recipients or on an individual basis as a result of a tightening of mutual obligations guidelines. Changes to welfare arrangements also impact on the provision by States of concessions.

The above points are particularly pertinent to Tasmania since the proportion of the State population in receipt of welfare payments is higher than the national average. Changes to the balance of assistance, incentives and obligations should only be made in consultation with all Governments involved in the provision of welfare.

2.6.1 Barriers to paid employment

The Ministerial Council on Education, Employment, Training and Youth Affairs Committee of Officials on Employment provided a paper on employment issues for the July 2003 meeting of MCEETYA. This paper highlighted barriers experienced by target groups in accessing pathways to and opportunities for employment. The paper also noted that the Commonwealth Government has primary responsibility for the provision of employment services; and that the Commonwealth Department of Employment and Workplace Relations has signed or is in the process of signing agreements with State/Territory employment and related departments to achieve greater collaboration and co-operation in the development and delivery of employment related programs.

Groups which may be at risk in relation to their participation in paid work, notwithstanding the available programs, were highlighted in the paper. Matters raised included the following:

- Long-term unemployment is becoming increasingly entrenched. For the last 20 years, at least one in five unemployed people have been unemployed for at least 12 months. Critical factors are the need for contemporary work experience and early intervention together with the high cost of re-engagement once long term unemployment occurs.
- At October 2002, the unemployment rate for young people aged 15-19 years was 15.9 per cent, for people aged between 20 to 24 it was 7.9 per cent. Almost one in five young unemployed people are long term unemployed. Critical factors are deterioration of the youth labour market, fewer opportunities for early school leavers, the importance of school to work transition, the need for entry level training opportunities, disincentives to work such as income assistance rules, and the need for co-ordinated services.
- Approximately 40 per cent of those unemployed people aged 45 years or over are long term unemployed. Australia will increasingly rely on mature age workers to meet skill demands, but uninformed retirement decisions, inappropriate job search, employers' negative attitudes, and industry restructuring are critical factors. Early intervention and specialised assistance is required.
- The unemployment rate for Indigenous Australians is almost three times the rate of the population. The significantly larger proportion of young Indigenous Australians under 25 years of age is 60 per cent compared to about 21 per cent for the total population. Critical factors for this group include low educational attainment, the need for joined up responses and community capacity building, and the need for specific response to locational issues regarding mentoring opportunities.
- Factors that contribute to high unemployment of overseas born persons are: short term of residence in Australia, low proficiency in English, low educational attainment, and age over 45. Critical factors include the need for work experience, and access to relevant services and jobs.
- The labour force participation rate of people with a disability is lower than the general population. Recent work experience is a need as well as support for workplace modifications. Associated barriers include transport, housing and access.

Other critical issues identified included the need for strong regional links between labour market programs and regional development and the need for early intervention and flexibility in relation to retrenched workers, ex-offenders and other groups.

In summary, the employment issues outlined in the MCEETYA paper emphasise the need for the maintenance of adequate levels of Commonwealth funding for all educational and training sectors, to meet the challenges associated with school to work transitions, development of workforce skills for all Australians including groups at risk, and provision of opportunities for lifelong learning.

Unless this occurs, there is a risk of existing inequities becoming further entrenched, and of potential labour force participants being marginalised.

2.6.1.1 Volunteering – breaking down barriers to paid employment

The Tasmanian Government recognises the essential role that volunteering plays in our community (including its empowerment value for individuals and communities, its role in celebrating difference, and as mechanism for workforce training and developing skills and contacts) and has implemented two significant initiatives to address and promote this important community issue.

(1) A Partnership Agreement between the Tasmanian Government and Volunteering Tasmania (Inc) was signed in May 2003. The aim of the Agreement is to develop a stronger relationship between the volunteering sector and the Government and to build the profile and practice of volunteering in Tasmania. The key objectives of the Agreement are to:

- encourage people to participate in volunteering;
- encourage the creation of volunteer opportunities;
- assist volunteers and volunteer organisations to enhance the quality of volunteering; and
- improve the measurement of the benefits that volunteering brings to society.

(2) In 2001, the Government established the Volunteer-for-a-Day (VFD) Program, which aims to encourage State Service employees to become involved in volunteer activities by volunteering their services to community organisations for a day during working hours.

As indicated above, the Tasmanian Government is committed to assisting and promoting volunteering in our community. However, there is some concern that the Commonwealth Government's volunteering-related policies, particularly those involving welfare recipients, not only undermine the Tasmanian Government's approach but also 'volunteering' more broadly.

Currently, welfare recipients are being encouraged, to the point of it being an 'obligation', to 'volunteer' for welfare assistance. This approach is not only detrimental to the development of a volunteering culture, but is also an inappropriate way of trying to balance assistance, incentives and the obligations of welfare recipients.

2.6.2 Collaborative approaches

Whereas the Commonwealth is recognised as having the primary responsibility for the provision of employment services that assist unemployed job seekers, it is recognised that opportunities exist for improved collaboration between the Commonwealth and States and Territories in the provision of labour market programs, including the use of Memorandums of Understanding. (Tasmania has recently signed such a memorandum between the Department of Treasury and Finance and the Commonwealth Department of Employment and Workplace Relations).

The Tasmanian Government also believes that joined-up or whole-of-government approaches including such mechanisms as partnerships and less informal collaboration between all levels of Government, industry, employers and communities and can lead to effective and efficient initiatives.

2.6.2.1 Job Network

The Tasmanian Government has concerns about the ability of the current Job Network arrangements to adequately support job seekers – disadvantaged and long term unemployed people

in particular. Despite recent changes to increase intensive assistance and more effectively case manage clients, there remains more to be done to properly support disadvantaged job seekers.

Several key issues that need to be addressed to improve employment services to disadvantaged and long term unemployed people include.

- *Funding:* With the introduction of the Job Network there has been a substantial reduction in overall expenditure on employment assistance and related services, which has had an adverse impact on outcomes for many unemployed people.
- *Parking:* Many disadvantaged job seekers receive little assistance while on 'Intensive Assistance'. There needs to be better targeting of the needs of job seekers, changes to payment systems to providers and greater options for re-referring job seekers to other programs. While the Active Participation Model aims to reduce the 'parking' problems, it may also be necessary to introduce other steps to further reduce this problem.
- *Government Coordination:* To ensure effectiveness and efficiency in maximising Government funding in the provision of services, especially where education and training interacts with the labour market, the Commonwealth should undertake intensive consultation with State Government Agencies prior to the design of requests for tender.

The Tasmanian Government wishes to see employment services that effectively meet the needs of job seekers, employers and local communities. Indeed, the following section outlines an innovative project, initiated by the Tasmanian Government, that involves engaging key stakeholders (including Commonwealth Government Agencies, service providers and businesses) in planning, funding and delivering employment services.

2.6.2.2 *Tasmania's innovative approach*

Tasmania has recognised the need to be pro-active in helping jobseekers find work. A new, Partnerships to Jobs project, which is currently in the early implementation stages, is underpinned by \$1 million in seed funding from the Tasmanian Government for projects that generate opportunities for long term unemployed job seekers. (Note: at this stage of the project, the first round of employment-generating proposals has just been received from the Tasmanian community). The structure and governance arrangements of this project are based on the principle of 'community collaboration'. Indeed, a number of bodies (with representatives from State Government, Commonwealth Government, service providers, community organisations and advocacy groups, business, and industry associations) have been established to undertake key components of this project including developing selection criteria and assessing employment-generating proposals, and pooling various funding sources to maximise employment opportunities. This approach is integrally linked to the Tasmania *Together* process and in this context the key decision and funding responsibilities are being devolved to Tasmanian community representatives. The \$1 million seed funding from the Tasmanian Government will provide leverage to access other funds and support from the Commonwealth Government, Local Government, the Tasmanian community and the business sector in partnership.

Since the Commonwealth has primary responsibility for labour market programs, a sufficient level of Commonwealth resourcing needs to be maintained to achieve regional outcomes. This includes adequate resourcing to ensure the establishment and maintenance of collaborative activities. Perhaps more importantly, it is critical for Commonwealth programs to have the flexibility to respond to local needs and delivery mechanisms to ensure that community resources provide the biggest 'bang for the buck'.