

Background

This policy paper has been prepared in conjunction with Anglicare's research into the Tasmanian labour market: *Blue Collared: The Shrinking World in Tasmania* (Madden, 2003). It outlines detailed program options for a fixed-term State Government funded program to provide employment opportunities for long-term unemployed people. The programs are costed and are designed to assist 2100 long-term unemployed Tasmanians over the next six years.

Introduction

The Tasmanian economy is experiencing a period of growth which is in sharp contrast to the pattern over the preceding 20 years. This growth comes at a time when the State's finances are in a strong position, with General Government net debt almost eradicated and the superannuation liability managed effectively. The economic growth has also pushed State Government revenue well above the budget estimates providing the State Government with significant flexibility to address areas of community need.

While the growth in the economy has had a positive effect on the State's employment figures, the legacy of 20 years of poor economic performance will require significant effort to overcome. Prolonged unemployment has severe impacts on individuals, families and communities, creating heavy demand on services delivering health care, community support, education and justice.

Joblessness is an issue of deep concern to the Tasmanian community. Opinion polls consistently record that unemployment is rated as the issue of greatest concern to the people of this state. The importance of this issue is also clearly reflected in the *Tasmania Together* document with three indicators focusing specifically on unemployment and underemployment. These call for a reduction in the proportion of long-term unemployed to the level of the national average, an increase in the participation rate towards the national average and a reduction in under-employment to 15 per cent by 2005.

While labour market programs have traditionally been the responsibility of Federal Government, State Labor Governments have been developing their own schemes to complement Federal initiatives (see Appendix A). Those states with high rates of long-term unemployment have been particularly active in implementing such initiatives.

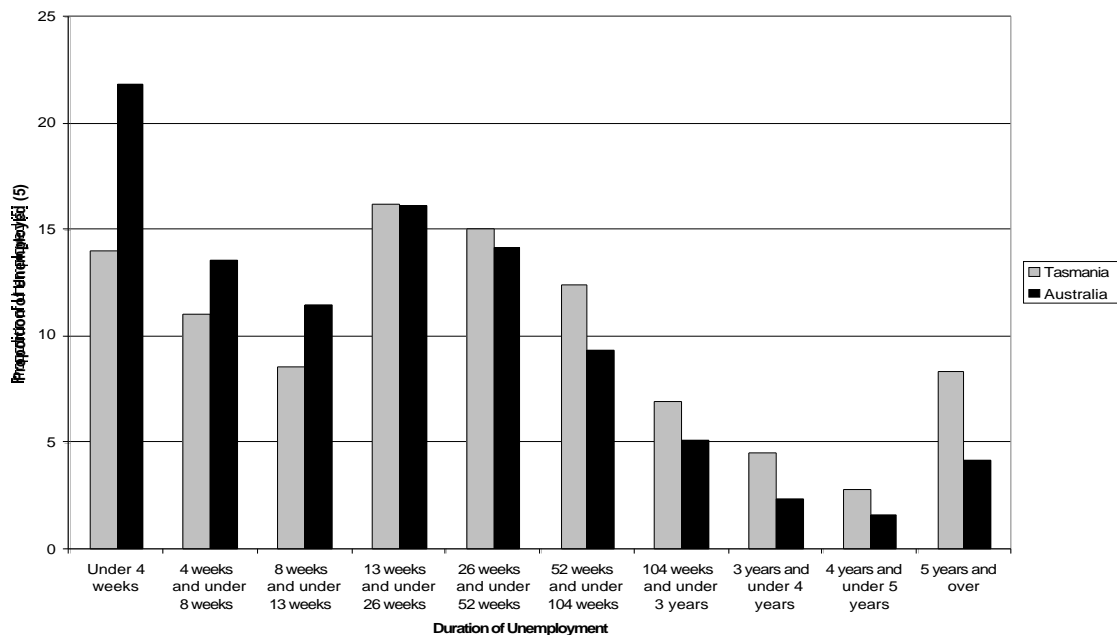
Recent initiatives for mature-age jobseekers on the North West Coast and disadvantaged young people have demonstrated the State Government's willingness to directly assist groups with multiple barriers to employment to re-enter the workforce. This type of direct labour market intervention is an important step towards ensuring that the benefits of a growing

economy and labour market are shared among all Tasmanians, particularly those who have been hardest hit by past under-performance. With strategic planning and rigorous evaluation, further programs could be implemented to assist long-term unemployed people back into the workforce. Such programs represent an investment in human capital to complement the significant investment in the State's physical infrastructure.

Long Term Unemployment in Tasmania

The pattern of unemployment in Tasmanian is strongly skewed towards long-term and very long-term unemployment compared with the national average (see Figure 1).

Figure 1. Duration of unemployment for Tasmania and Australia 2002



Source: ABS (2002a)

It is of particular concern that almost 10 per cent of Tasmania's unemployed have not had any paid work in the past 5 years. In this context it is clear that State Government efforts to assist the unemployed should be focussed on the long term-and very long-term unemployed. Intervention to assist these groups is expensive and evaluations of the current Job Network model indicate that the Federal program creates incentives for Job Network providers which are not in the interests of the most disadvantaged groups. Analysis of Job Network evaluations indicate significant concerns about 'creaming' where providers target assistance at clients who are already most likely to find jobs while providing little assistance to clients who have more barriers to employment (Dockery & Webster, 2001 and Eardley, 2002). While a

new Job Network model will be implemented in July there continues to be a need for additional State Government programs designed to meet the needs of a regional labour market.

State Government programs to assist the long-term unemployed should be evidence-based in design and rigorously evaluated. Dockery & Webster (2001) provide a useful overview Australian labour market program evaluations. They also suggest criteria for developing new programs based on international models to assist the long-term unemployed and very long-term unemployed including:

- Guaranteed employment for 1-3 years;
- Wide variety of placements;
- Participant choice in the type of placement;
- Community and government agency provision of placements;
- Placements along side the normal workforce; and
- Normal conditions of employment including wages and superannuation.

While these recommendations assume a national model providing placements for all long-term unemployed people, the broad principles are applicable in the Tasmanian context.

Anglicare therefore recommends three programs outlined below.

1. Community Jobs Program

The Community Jobs Program is based on initiatives which have been running successfully in Queensland and Victoria. The program proposed for Tasmania would adopt some elements of the interstate models as well as drawing on components of the traineeship program which has been run between Housing Tasmania and Mission Australia. It is proposed that the CJP would be piloted for two years with 200 participants per year. Additional funding for a four year program providing opportunities for 400 participants per year would be contingent on the successful achievement of outcome criteria. A positively evaluated CJP would provide traineeship opportunities for 2000 long-term unemployed Tasmanians over a six year period.

Outline of the Proposed Programs: CJP & CJP+

The CJP would provide 12 month traineeships for long-term unemployed people who have been receiving Youth Allowance or New Start Allowance for 12 months or more. A portion of the traineeships (perhaps 10 – 20 per cent) would be targeted at people who have been unemployed for more than 2 years or who face multiple barriers to employment (CJP+). The traineeships would be provided in community sector, local government and public sector organisations. Participants would be paid National Training Wage rates and complete traineeships in a range of disciplines including community services administration, tourism, Information Technology, Information Services (Museum and Library), hospitality and horticulture. Participants would also complete a two week pre-entry work readiness program

and would be eligible for ongoing support from their Job Network provider. CJP+ participants would be provided with additional support through funding to provide access to social work, counselling and family support services.

The program could be administered through the Department of Treasury but under the Treasurer's Employment Portfolio. Agencies seeking to be involved in the program would submit project proposals which would be assessed by a committee including representatives of State Government, local government, the community sector and Unions Tasmania. The assessment committee would meet twice annually in March and September. The Victorian model provides a useful set of criteria for assessing which projects should be funded:

- Participant Development
 - provide adequate supervision and employer support;
 - provide strategies to assist participants into further employment during and after the project;
 - have links with local employers and local employment opportunities;
 - provide opportunities to gain skills in industries expected to experience employment growth;
 - provide experience and appropriate learning and work re-entry skills to meet the employability needs of the jobseekers and the local market; and
 - be delivered at no cost to participants.
- Community Development
 - new or additional community infrastructure (including social and administrative infrastructure);
 - demonstrated community support;
 - demonstrable benefit to the community (economic, social, environmental, cultural); and
 - not displace existing workers in any sector from employment and/or are not to be used to replace retrenched workers.
- Administrative
 - well managed and financially viable

Agencies could apply for one or more participants with most projects likely to take on several participants. Successful agencies would recruit their own trainees from the eligible target group.

Some examples of projects funded under the Victorian program include training in the refurbishment of second-hand computers for provision to disadvantaged households; training as guides and customer service officers for the Flagstaff Hill Maritime Museum; training in

horticulture and construction in the redevelopment of a house as a respite centre and training for women from culturally and linguistically diverse communities in child care and aged care.

A possible Tasmanian CJP project

The Migrant Resource Centre forms a partnership with the Glenorchy City Council (which runs child care centres and a family day care scheme) to provide traineeship opportunities to unemployed members of refugee initiated communities in child care. Completion of this training would allow participants to move into child care centres. This program would provide some participants with the skills and confidence to establish themselves as family day carers and potentially provide the key incentive required to keep the participant's family in Tasmania.

Funding

Federal Government

Agencies participating in the CJP would qualify for the Federal Government incentive payment of \$1,375 on commencement of an AQF Level 2 Traineeship. An additional incentive of \$825 on commencement and \$825 on completion would be available for trainees who are disadvantaged mature aged workers (ie. over 45).

Trainees under the CJP would also qualify for support from a Job Network provider. Agencies would be able to negotiate for support for the CJP participant (such as regular phone contact, work visits, workplace modifications and possibly even some additional wage subsidy). Participants who have not yet expended their Training Account and Training Credits will also be able to use these funds towards the cost of the pre-vocational training.

State Government

The State Government would provide funding to agencies participating in CJP to cover the cost of work readiness training, wages, on-costs, training and supervision (see program budget)

Business and Community

Projects with significant capital expenditure costs would be expected to seek additional funding through business donations and charitable grant schemes such as the Tasmanian Community Fund.

Another possible CJP project

Anglicare and the Department of Health and Human Services form a partnership to provide additional home maintenance and gardening to HACC clients in North-West Tasmania. CJP and CJP+ participants complete a traineeship in horticulture and are well placed to gain employment in the formal HACC program as the level of demand for HACC services increases with the growth in the number of older Tasmanians.

2. Public Service Traineeship Equity Quota

The State Government can play an important role in assisting long-term unemployed people back into the workforce by participating in the Community Jobs Program and guaranteeing to provide placements for one quarter of the CJP participants. Even after the conclusion of the CJP the State Government should commit to ensuring that a quota (around 10%) of new traineeship positions in the state service are targeted to people who are long-term unemployed. Within this broad definition efforts could be made to ensure participation by a range of equity groups such as youth, mature age and people from non-English speaking backgrounds. State Government departments would not be eligible for the existing State Government payment for trainee commencement in the public sector but would continue to be eligible for the Federal Government incentive payment and the State Government payment for providing continuing employment after the completion of the 12 month traineeship.

3. Building on Experience Apprenticeship Scheme

Data shows that labourers and related workers are the occupational group with the highest levels of unemployment (ABS, 2002b). This group are particularly over-represented in the Tasmanian figures compared to the national average (ABS, 2002b). Anglicare research indicates that there is a group of long-term unemployed men with significant experience as labourers on building sites. Several research participants indicated that they would like to complete a formal apprenticeship in a traditional trade but felt that their age and lack of formal education would preclude this.

Anglicare proposes bringing together a range of stakeholders including representatives of the Unions, building industry peak bodies, the Tasmanian Building and Construction Industry Training Board (TBCITB), TAFE Tasmania, Job Network providers, the State Government, Centrelink and community agencies. This roundtable would be charged with determining appropriate incentives to employers and potential apprentices for a small program which would provide opportunities for 100 long-term unemployed adults aged over 30 years to complete apprenticeships in the building and construction industry. Preliminary discussions with representatives of TBCITB and TCCI indicate that key elements of such a program would include significant industry involvement. Potential apprentices would:

- be selected by a panel including industry representatives;
- complete a TAFE pre-vocational course with units selected in consultation with industry representatives;
- gain work experience during the pre-vocational course with several potential employers.

Funding

Federal Government

New Apprenticeship Incentives would be available to employers for participants employed after completing pre-vocational training. As with the CJP participants would also qualify for support from a Job Network provider. Employers would be able to arrange for support for the apprentice including regular phone contact, work visits, workplace modifications and possibly even additional wage subsidy. Participants who have not yet expended their Training Account and Training Credits will also be able to use these funds towards the cost of the pre-vocational training.

State Government

The State Government would cover the costs of convening the stakeholder round-table and provide funds towards the pre-vocational training and additional incentives to employers (above the level of the Small Business Employment Initiative). Incentives may also be paid to apprentices in their first year if the interaction between Newstart and apprenticeship wages were considered to be a significant disincentive.

Business

Employers (including Group Training organizations) will continue to have the standard responsibilities regarding the apprentice.

Budget (State Government Contribution)

Community Jobs Plan (CJP)

(maximum costs per participant per annum)

Wages (at Level A National Training Wage)	\$21,300
Oncosts	\$ 4,200
Training (assumes Training account of \$500)	\$ 2,000
Agency Supervision Costs	\$ 4,000
Total	\$31,500

Community Jobs Plan Plus (CJP+)

Costs as above	\$31,500
Case Management	\$ 2,000
Brokerage funds (counselling, family support etc)	\$ 2,500
Total	\$36,000

Public Service Traineeship Equity Quota

Included in costs of CJP as above

Building on Experience Apprenticeship Scheme

Difficult to estimate prior to stakeholder round-table (possibly in the order of \$10,000 per employed apprentice over a 4 year period)

Table 1. Forward Estimates (assuming CJP meets outcome criteria)

	2003/04 (000)	2004/05 (000)	2005/06 (000)	2006/07 (000)	2007/08 (000)	2008/09 (000)
CJP*	5,670	5,760	11,700	11,880	12,060	12,240
CJP+ *	720	730	1,480	1,500	1,520	1,540
Building on Experience	400	300	100	200		
Advertising & Promotion	100	20	50	20	20	20
Evaluation	100	100	50	50	50	100
Delartmental Administration	100	50	50	50	50	50
Total	7,090	6,960	13,430	13,700	13,700	13,950

*Includes adjustments for safety net wage increases

References

Australian Bureau of Statistics (2002a) *Labour Force, Selected Summary Tables, Australia, Monthly*. Cat No 6291.0.40.001 ABS, www.abs.gov.au (datacubes)

Australian Bureau of Statistics (2002a) *Labour Force, Selected Summary Tables, Australia, Quarterly*. Cat No 6291.0.40.001 ABS, www.abs.gov.au (datacubes)

Dockery, A. M & Webster, E (2001) *Long Term Unemployment and Work Deprived Individuals: Issues and Policies*, Centre for Economic Policy Research Discussion Paper, ANU, Canberra.

Eardley, T (2002) *Unemployment: A Radical Experiment*, Australian Policy Online <http://www.apo.org.au/webboard/items/00115.shtml>

Appendix A

Table showing Major State Labour Market and Employment Training Programs^{^*}

Queensland					
Program Name	Description	Target Group	Key Organisations	Cost	Number assisted
Community Jobs Plan	Provides employment and training for 3 - 6 months in public and community projects.	Long term unemployed (LTU) Groups at risk of LTU	Community Local Govt State Govt	\$20.9m 2002/03	1,800 2002/03
Community Employment Assistance Program	Provides assistance such as literacy, numeracy, vocational training, living skills, job search skills and job placement assistance to target group members not eligible for Intensive Assistance (IA) or Job Search Training (JST).	LTU Groups at risk of LTU (not receiving Job Network services)	Community Local Govt Job Network providers	\$4.4m 2002/03	2,700 2002/03
Experience Pays	Wage subsidy for groups employing mature aged jobseekers unemployed 6 months+	People over 45 years unemployed 6 months+ not on IA	All sectors (inc private sector)	\$5.4m 2001-04	1,350 2001-04
Back to Work	Provides job search training and introduction to IT for mature age jobseekers unemployed 3 months+	People over 45 years unemployed 3 months+ not on IA	RTO (not for profit)	\$1.5m 2001-04	1000 2001-04
Get Set for Work	Employment and training assistance (a) and wage subsidy support (b) for unemployed early school leavers 15-24 in communities with high youth unemployment	Unemployed early school leavers 15-24	Community & local govt (a) All sectors (b)	\$5m 2001/02	900 2001/02
Public Sector Employment Program	Provides wage subsidies for traineeship and apprenticeship opportunities in the public sector	Targets Women 50% NESB 5% Disability 5% ATSI 5%	Local govt State govt	\$40.8m 2002/03	14,100 1998-04
Private Sector Employment Program	Provides incentives to private sector and group training organisations (GTO) to employ trainees and apprentices in areas of skill shortages	No restriction	Private Sector and GTOs	\$6m 2002/03	3000 2002/03
Youth for the Environment and Local Communities	Provides traineeships in environmental protection, horticulture and waste management	15-25 years targets women 50% NESB 5% Disability 5% ATSI 5%	Local govt State govt	\$20m 2001-03	1200 2001-03
Housing Industry Trade Training (plus)	Providing apprenticeship and traineeship opportunities through the allocation of public sector housing projects to participating GTOs	No restriction	GTOs	\$3m 2002/03	200 2002/03
Worker Assistance Program	Assists retrenched workers through job search training, career transition support, labour market advice, financial training wage subsidies, training and relocation assistance	Retrenched workers and those about to be retrenched in large scale downsizing	State govt	Up to \$5m annually	Demand based

Victoria					
Community Jobs Program	Provides employment and training for up to 3 months in public and community projects.	People unemployed for 6 months in the last 12 or at risk of LTU	Community Local govt State govt Federal govt	\$17m 2002/03	2300 2002/03
Go For IT	Incentives to employers in selected high tech industries	No restriction	IT&C industry Multimedia and Electrotechnology	\$0.5m 2001-03	740 2001-03
Youth Employment Scheme	Wage incentives to State Government agencies for the provision of traineeships and apprenticeships	15-24 year olds	State govt	\$9m 2002/03	650 2002/03

South Australia					
Government Youth Traineeship Program	Provides incentives to State Government agencies to employ trainees with additional incentives for disadvantaged groups	17-28 year olds with additional incentives for LTU, ATSI, Disability and regional areas	State govt	\$5m 2002/03	500 2002/03
Government Apprenticeship Scheme	Provides apprenticeship opportunities in State Government Agencies	No restriction	State govt	\$0.2m 2002/03	45 2002/03
Youth Employment Scheme	Provides funding for pilot initiatives to assist young people to enter the labour market	15-24 year olds living in areas with high levels of youth unemployment	State govt Community	\$8m 2003-07	3200 2003-07
Private Sector Employment Program	Provides wage subsidies to employers in the private sector, with additional incentives for industries expected to experience employment growth and those unemployed for longer periods	People unemployed for 3 months+	Private sector	\$12m 2003-07	2000 2003-07
Community Employment Assistance Scheme	Provides opportunities for vulnerable job seekers to acquire skills, experience and support in finding employment; and encourages businesses to employ vulnerable job seekers through the provision of a wage subsidy.	LTU ATSI NESB Disability Rural and Families with inter-generational unemployment.	Community Private sector	\$1.5m 2002/03	440 2002/03

Western Australia presently developing a range of new programs under an employability skills model					
Profit from Experience	Provides career counselling, work placement, training, job search skills and skills recognition for mature age unemployed	Unemployed, underemployed and soon to be retrenched persons aged over 45 years not receiving IA	State govt		

New South Wales					
Mature Workers Program	Provides training and jobs search assistance for mature age workers	People aged over 40 years who are unemployed, about to be unemployed, re-entering the workforce or seeking career change	Community orgs	\$3.1m 2002/03	8000 2002/03
Skills Gap Training Program	Provides training for long-term unemployed young people in industries which require specific qualifications prior to commencement	Young people who are long-term unemployed	State govt		

Tasmania					
Small Business Employment Initiative	Provides wage subsidies for trainees and apprentices in small businesses in a range of industries	No restriction	Selected industry sectors	\$700,000 2002/03	350 2002/03
Mature Age Support Centre	Provides support, job skills and job readiness assistance to mature age unemployed	Unemployed persons aged 40+	Braddon Business Centre	\$7000 2002/03 + in kind	22 to date
Traineeships for unemployed people	Provides traineeships for unemployed people	Unemployed	Project Hahn State govt		
Youth Recruitment Strategy	Provides wage incentives to in State government agencies for trainees, cadets and graduate trainees	Young people under 25	State govt	\$300,000 per annum	100 approx per annum

^ Does not include programs specifically targeting Aboriginal and Torres Strait Islander people

* Does not include industry assistance programs or agencies such as BECs, Regional Development Agencies, Industry Training Centres and TAFEs etc.

'Most states also provide payroll tax waivers to employers for trainees and apprentices