

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne – 16 May 2003

Members

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Witnesses

Ms J. Allan, Minister for Employment and Youth Affairs;

Mr Y. Blacher, Secretary;

Mr T. Healy, Deputy Secretary;

Mr S. Mather; Corporate Finance; and

Ms J. Griffiths, Executive Director; Department for Victorian Communities.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the portfolios of employment and youth affairs and education services. I welcome the Honourable Jacinta Allan, Minister for Employment and Youth Affairs; Mr Yehudi Blacher, Secretary of the Department for Victorian Communities; Mr Terry Healy, deputy secretary, people and community advocacy; Mr Stephen Mather, from corporate finance, Ms Julia Griffiths, executive director, employment programs; departmental officers; members of the public; and the media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded, and we thank Hansard for their attendance. Witnesses will be provided with proof versions of the transcript early next week. Before I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the budget estimates for the employment portfolio, I ask that all mobile phones are turned off and that all pagers are turned to silent.

Over to you, Minister. I thank you for your copy of the overheads which will make our job easier and will enable you to whip through the overheads. We will then move to 40 minutes of questions on the employment portfolio. I will give you a timely warning about a minute before the time concludes.

Ms ALLAN — Thank you, Chair. Thank you to the committee members for the opportunity to present on the employment programs. Certainly growing employment right across all of Victoria has been a key priority for the Bracks government both in its first term and also continuing into its second term.

Overheads shown.

Ms ALLAN — Just to update the committee members on some of the administrative changes in employment programs, as at December of last year employment programs were transferred from the Department of Innovation, Industry and Regional Development to the newly created Department for Victorian Communities. Employment programs sit in the Department for Victorian Community as part of the people, community and advocacy division of DVC. In that division also sits the Office for Youth, the Victorian Office for Multicultural Affairs, the Office for Women's Policy and Aboriginal affairs.

This really does reflect the important focus of the Department for Victorian Communities in strengthening communities and building partnerships in service delivery. I am certainly pleased to report on the employment growth in Victoria and on achievements delivered through the government's employment policies and the future initiatives through the Jobs for Victoria program.

As you can see from that slide on the screen now, Victoria is really leading Australia in both employment growth and the decrease in unemployment. Since October 1999 there has been sustained employment growth across Victoria of 8 per cent and a continued reduction in unemployment. As at April this year there are 8 per cent more people working in Victoria than there were in October 1999. That represents around 177 500 people. Of these new jobs that have been created, 117 400, as you can see from the slide, have been in metropolitan Melbourne, and around 53 500 have been in country Victoria.

The next slide shows the opposite of the first slide, which is the continued decrease in the unemployment rate in Victoria. For the month of April unemployment is at 5.9 per cent. For the 35th month in a row we have sat below the national average in Australia, which at the moment is 6.1 per cent. Breaking that down between country and metro figures, you can see from the slide that metropolitan Melbourne sits at 6 per cent and country Victoria at 5.7 per cent. As I said, this has been a steady decline in the unemployment rate in Victoria. We predict that the figures will continue to decline if labour market conditions remain stable.

If we can move to the next slide on achievements in the employment portfolio, and particularly with community employment, the community employment programs are aimed to assist disadvantaged job seekers to obtain and retain employment. Some of the people who are classified as disadvantaged job seekers include the long-term unemployed, indigenous people, young people at risk and people from a culturally and linguistically diverse background.

Through the community employment programs from July to 2002 to April 2003, over 10 000 job seekers were assisted into employment. We could just look at one successful program, the community jobs program. That program had a three-year target to achieve 6900 placements for disadvantaged job seekers. That target was achieved and that has certainly been an incredibly successful program where two out of three participants in that

program go on to some form of employment, education or training three months after they have completed the community jobs project. Over the three years the community jobs program has helped 401 projects of community benefit. I am sure many members of the committee know of projects in their own local areas.

The next slide looks at youth employment. We see there that 18 306 young people have been assisted into apprenticeships or traineeships under the government's youth employment program since July 2000. If I can go to one of those listed in particular, the youth employment scheme (YES), this has been an incredibly successful program. Since July 2000, 1942 young people have been placed in a public sector apprenticeship or traineeship. Of that number 48 per cent have participated in apprenticeships or traineeships in country Victoria. If I could look quickly at the breakdown of where those people are placed, you can see that of the 821 who are currently in training as at this month, 263 are in community services or hospitals, 128 are in the justice department, and that includes the courts and legal agencies, and fire authorities, 252 are in education, and that includes schools and TAFEs, and there are 178 across other agencies.

I will also briefly looking at the achievements as well. If you look at industry skills, the aim of the industry skills program is to address skill shortages and to encourage skilled and business migrants to come to Victoria and to support workers who have been affected by industry restructuring. During the year 7214 migrants have been assisted through the overseas qualifications unit, the overseas qualified professionals program and the skilled and business migration program. I might leave that there, considering the time.

Moving on to the future directions for Jobs for Victoria, in our second term the jobs employment programs in Victoria will be consolidated under the Jobs for Victoria program. This program really will target young people and the most disadvantaged in the labour market. As I said earlier, they include the long-term unemployed, Kooris, migrants and job seekers in regional communities. Certainly Jobs for Victoria really builds on what we have already achieved and ensures a greater integration of programs.

If you saw in the earlier slides that we have had strong employment growth and a corresponding decline in unemployment, you can see that we have an opportunity here to really build on the achievements during our first term. It is also important to look at providing greater integration of the employment programs — that is, to provide sustainable employment outcomes for the people going through these programs.

Under Jobs for Victoria, programs will establish strong linkages with other community building initiatives and I particularly highlight the neighbourhood renewal program with which many members of the committee would be familiar. As I said, the Jobs for Victoria program is really looking at re-engaging disadvantaged people in jobs. Over the next four years Jobs for Victoria will provide \$38.6 million for the community jobs program, which is equal to 3500 jobs to be created over this time. Again, the community jobs program provides 16 weeks of paid employment and nationally accredited training to the most disadvantaged job seekers. Also that will again be closely aligned with neighbourhood renewal that does focus in on the most disadvantaged or at-risk groups in public housing estates, and also that leads to increased social and economic participation in those communities.

Another key focus for Jobs for Victoria is assisting young people, particularly providing young people with work experience, training and qualifications to ensure a successful entry into the work force and, as I said before, into sustainable employment.

We have a continuation of the youth employment scheme: \$28.5 million, as you can see there, for jobs in 2003–04. We have a new program, which is a quite exciting one, Jobs for Young People, which is \$10.2 million over four years, to provide 1100 apprenticeship and traineeship opportunities in local government. Again, many of these opportunities will be in country areas, and this is a particular program that we are very excited about. Also there is funding of \$2 million over four years for the youth employment link, which has been a very successful web site and call centre, and is certainly now recognised as a well-known and very useful resource for young people and career professionals.

There is also funding — this is my last one, Chair, just to quickly talk about addressing skill shortages, which is also an important component of Jobs for Victoria — for the community regional industry skills program (CRISP) and the skilled and business migration program, which also will address those issues of skill shortages across Victoria.

The CHAIR — Thank you, Minister. For my first question, I would like to take up your last slide there — the community regional industry skills program. You outline that in budget paper 2. You have \$2 million allocated in 2003–04, moving to \$10.1 million over four years. Can you tell us a little about what specific initiatives are going to be undertaken under that and a little on the specific outcomes, as well as how you are going to judge the

effectiveness of those funded programs? I am also particularly interested in how you are going to identify skill shortages.

Ms ALLAN — This is quite an exciting program. As you have identified, it is a new program — \$10.2 million over four years — and the concept for the community regional industry skills program really comes out of a number of consultations and discussions that have been held with people in country areas in particular where there are quite clearly identified skill shortages across a range of industries, whether it is in the more professional types or going through to the trades. There are many parts of country Victoria where it is very hard to get people like a plumber or a carpenter, so this program is really looking at attempting to tackle skill shortages. And again this leads — and we know this — to where we can encourage people to move to country areas to address some of those skill shortage needs in country areas. This will create sustainable communities, more job opportunities, sustainable industries in country areas, and that in turn leads to increased job opportunities across country Victoria.

If I can also say at the same time as we talk about CRISP that there is funding for Skill Up, some \$5 million over four years, which is also a new initiative that provides assistance to retrenched workers, again to provide them with opportunities to get retrained and back into the work force. This also will look at areas where there are certain skill shortages. As I said, this will be an important key to economic growth in country areas, and we will be working in partnership, in developing this program, with local employers, labour market providers, education providers and local government to develop the solutions around labour shortages. Just to note for the committee's benefit, CRISP will be administered jointly by the Department for Victorian Communities and the Department of Innovation, Industry and Regional Development. The initiatives that will be developed through the DVC component of CRISP will be implemented as a grants program, designed in consultation with industry, the community and local government to identify some pilot projects, particularly in the first year, and projects that will assist in matching skilled workers to the requirements of local industry and local communities, and also at the same time linking local employees and job seekers to appropriate training. It really is to ensure that the skills are matched to the job opportunities, again, as I said earlier, across country areas. So if I could give some examples of where CRISP initiatives can be funded — —

The CHAIR — If you have any specific outcome measures that you want to outline to us, which was part of the question, otherwise Mr Clark has the next question. Is there anything in particular — —

Ms ALLAN — We have some examples of some initiatives that can be funded.

Mr CLARK — I refer you to page 10 of the Labor Party election policy *Jobs for Tomorrow*, which says:

Labor will continue the successful community jobs program to help the long-term unemployed back into work or training and the successful community business employment (CBE) program.

Can I refer you to page 403 of BP3, which shows that the number of commencements in the community jobs program for the year ahead is less than half of the expected outcome and close to one-third of the target for 2002–03, and for the community business employment program there is no target at all, which I understand reflects the scrapping of the program, and, given that, would you agree that this amounts to two broken election promises?

Ms ALLAN — If I can start with the community jobs program first, this has been successful, and we set in 1999 a three-year target for the community jobs program of 6900 placements, and that target, as I indicated earlier, was met during that three-year period. So what we have provided with the community jobs program is actually a renewal of funding. We have renewed the program. As I said, it finished through the previous budgets. It was due to finish at the end of June this year, and we have provided extra funding of \$38.6 million, as identified through Labor's financial statement, to deliver the 3600 placements for the community jobs program, and that will also work in with neighbourhood renewal, as I said, focusing in on the most disadvantaged and at-risk groups in public housing estates. The question also related to community business employment, and if I can briefly talk about commitments made at the previous election, it is certainly interesting to note the opposition's interest in this area considering it did not make a commitment to community business employment at the last election. It did not commit any funds to this program, and indeed only committed a measly \$1 million to employment programs.

So we have a package here with the community jobs program. It is part of \$150 million of additional funding through Jobs for Victoria. There are key elements of the community business employment that particularly target the disadvantaged — for example, there is target disadvantage through company closures, such as in the case of Ansett, and assistance for newly arrived migrants. Those functions will be retained within Jobs for Victoria and, as I said, there is also additional assistance for retrenched workers through the \$5 million Skill Up program.

Also through Jobs for Victoria we will be providing a service to assist newly arrived migrants, including temporary protection visa holders, through the new refocused and retargeted Jobs for Victoria program. Just note also that community business employment will continue into the second half of this year. Following that period, previous community business providers will have the opportunity to apply for funding other Jobs for Victoria initiatives, and also that CBE funding will continue to be provided up until the 2005–06 budget year to ensure that all obligations to existing clients at this stage are met.

Mr CLARK — I cannot find the extra \$155 million that you mentioned. Can you show us where it is to be found in the budget papers?

The additional \$155 million is found across three departments. We have the initiatives as I outlined for the Department for Victorian Communities of \$38.6 million for the community jobs program, \$10.24 million for the Jobs for Young People program, \$2 million for the youth employment link and additional funding of \$6 million for skilled migration. As many employment programs are delivered in partnership with training programs there is additional funding of \$51.4 million through Education and Training's training completion bonus under the department's training budget.

We have \$11 million for the parents returning to work program, and I have already mentioned the \$5 million through the Department of Education and Training for Skill Up. There is \$3.5 million for vocational education and training pathways. There are upgrades for TAFE equipment of the \$2 million through the Department of Education and Training and the On-track initiative through the Department of Education and Training of \$4.8 million. If I go back to the community regional industry skills program, as I identified, that will be jointly delivered by the Department for Victorian Communities and the Department of Innovation, Industry and Regional Development.

Mr FORWOOD — Last year there was \$46.3 million spent in the employment programs through the department of regional — whatever it was then called. I take it that if you are spending an additional \$155 million somewhere else can you tell me where the \$46 million from last year has been spent?

Ms ALLAN — The \$46 million that was in last year's budget reflects Labor's financial statement commitments made during our first time. The figures in this year's budget reflect the LFS commitments that we will be delivering in our second term.

Mr FORWOOD — When you say 'an additional \$155 million', that is all new money but we should take off the \$46 million that you did not spend last year?

Ms ALLAN — As I said, the \$46 million was programs and commitments that were indicated through LFS from 1999 that we delivered during our first term.

Mr FORWOOD — That is what I said.

Mr MERLINO — I refer you to page 403 of budget paper 3. My question relates to the government's youth employment scheme. Can you outline what were the major achievements and outcomes in 2002–03; specifically can you comment on the rates of completion among individuals who have commenced traineeships under the scheme; and can you also outline any specific initiatives for 2003–04?

Ms ALLAN — As I indicated, the youth employment scheme has been an incredibly successful employment program and it is really about providing job opportunities for young people. Since the commencement of YES in July 2000 we have seen over 1900 young people placed in apprenticeships and traineeships right across the Victorian public sector. The scheme has been particularly effective in providing opportunities in country Victoria with nearly half, or 48 per cent, of the YES placements in country areas. YES really can contribute to what I was saying earlier about engaging young people in sustainable job opportunities in country areas. Young people participating in YES are given job opportunities across a range of occupations in industries. It is important to note that when we talk about the public sector it is not just as many people might imagine, with people seated within departments. It also includes schools, TAFEs, hospitals and community health centres. Of the current trainees the Department of Human Services has 263 participants who work across regional health and community services, hospitals, dental health and other associated services.

The Department of Justice has 128 young people working in courts, legal agencies, fire authorities and emergency services. The Department of Education and Training has 252 YES participants working across all aspects of the Victorian education sector. If we look at YES, the success of the program is really measured by the output target of 80 per cent of participants completing the scheme being in employment three months after the completion of

training. It is providing some sustainable longer-term opportunities. In the second term the government has identified that it will continue YES and will provide \$28.5 million worth of funding over four years. It really will build on the success in the first term. Also, the Jobs for Young People program builds on the success of YES and provides similar opportunities for the 1100 jobs and trainee opportunities through local government. It certainly has proven to be quite successful.

Mr RICH-PHILLIPS — The budget papers show that more than \$42 million is to be taken out of the employment programs. Can you tell us where that will be cut from? I refer you to page 252 of budget paper 2 — savings to be found through employment and associated training programs, with \$6.1 million for the coming year, \$9.9 million for the subsequent year, \$11.6 million and \$14.5 million.

Ms ALLAN — If I can state at the outset that the government is certainly delivering on all its commitments identified through Labor's financial statement. The specific savings measures you have identified in the budget papers generally ensure that government funds are to be spent more efficiently. This is going to be achieved through the employment programs, through greater efficiency in administration, through reducing duplication with commonwealth-funded services, through productivity improvements and also a better targeting of services and programs.

Mr RICH-PHILLIPS — Minister, you said earlier that across the entire government sector you are putting in \$155 million, not just in your department. The clawback through the savings is almost a third of that, or at least a quarter of it. Is it realistic to expect to save 25 per cent or \$42 million through efficiency savings against a program that you are only committing \$155 million to?

Ms ALLAN — I would pick up on your use of 'clawback' and 'only' \$155 million, because \$155 million is significant investment — —

Mr RICH-PHILLIPS — To take the \$42 million back in savings is also significant.

Ms ALLAN — As I identified, the specific savings measures are there to ensure we are delivering through our employment programs, programs that are targeted, that are more efficient, that provide greater efficiencies in administration but reduce duplication with commonwealth-funded service and, as I said, provide much better targeting for the programs because what we want to see are improved job opportunities for people in Victoria.

Mr RICH-PHILLIPS — I agree, but you are going to find \$42 million — —

The CHAIR — The minister has already answered the question.

Mr RICH-PHILLIPS — You are already spending a fortune out of the program.

The CHAIR — Thank you for that comment, but the minister has already answered the question.

Ms GREEN — I refer to page 404 of budget paper 3 and take you to the output target for skilled migration. There is a higher-than-expected outcome in 2002–03. Can you explain how that has come about?

Ms ALLAN — Certainly. The higher-than-expected target identified in the budget paper demonstrates the success of the skilled and business migration program which has become an important part of the government's population strategy, where it has set clear targets around achieving population growth across Victoria. Since 2000 the skilled migration unit has developed and implemented strategies to attract skilled migrants to Victoria. Some of these strategies include raising an awareness of Victoria as a destination for skilled migrants through a range of promotional activity internationally and attracting eligible migrants to be considered for nomination by the Victorian government or Victorian employers under state-specific migration programs that are made available to state and territory governments. Certainly the output targets indicate that the number of services to be provided will increase. If we look to April 2002–03, 9473 services were provided to prospective skilled migrants. That range of services included information to migrants, as I indicated, who are eligible to be nominated by the Victorian government for settlement in Victoria and information about living in Victoria and obtaining employment in Victoria. That is a pretty easy product to sell — coming and living in Victoria.

The services include also, importantly, information to Victorian employers about skilled migration services because this obviously goes back to what we were talking about — matching prospective employees with prospective employers. The services are particularly of interest to regionally based employers, with around 57 per cent or 133 of the employers registered with the skilled migration unit being based in country Victoria. Through the skilled

migration unit we are able, with employers, to fill skills needs, and the Victorian government is encouraging greater numbers of skilled migrants to settle in regional areas.

Since 2000 the number of prospective skilled migrants who are contacting the skilled migration unit and who are interested in living and working in Victoria has progressively increased. If you look at the figures, it was over 2000 migrants in the 2000–01 year to over 3000 migrants in 2001–02 and almost 4000 migrants to date in 2002–03. Certainly it is a program that is gaining interest. Its outcomes are also being reflected and are quite positive. As I said, the high output for services in 2002–03 reflects the strong interest that prospective migrants are showing in living and working in Victoria. It is an easy product to sell.

Mr FORWOOD — I refer you to page 405 of budget paper 3 which shows that the total output cost for employment programs in your department is \$36.2 million. Is that the total amount of money you have responsibility for as minister for employment?

Ms ALLAN — Yes.

Mr FORWOOD — I refer you to page 252 of budget paper 2 which shows ‘refocus and reform of employment and associated training programs’ of \$6.1 million. How are you going to get savings of \$6.1 million from a total output cost of \$36.2 million?

Ms ALLAN — In part the question goes to the earlier question asked by your colleague. We are achieving that target of \$6 million through refocusing, achieving greater efficiencies and reducing duplication with the commonwealth.

Mr FORWOOD — By the time you take \$6 million out of the \$36.2 million you will only be responsible for \$30 million as minister for employment.

Ms ALLAN — Yehudi might also like to make a contribution on this one.

Mr BLACHER — I indicate to you, Mr Forwood, that the \$36.2 million is a net figure.

Mr FORWOOD — It is a net figure? You have taken the \$6 million out already? So which programs did you take it from, Mr Blacher?

Ms ALLAN — As I already indicated to your colleague, the \$6 million has been achieved across the departments through greater efficiencies, reducing duplication with the commonwealth and refocusing and retargeting our programs on the most disadvantaged in the labour market in Victoria.

Mr FORWOOD — I hear the rhetoric, but what I am after is the specific programs the \$6 million have gone from.

The CHAIR — The minister has answered that question.

Mr FORWOOD — No, she has not. She has avoided answering the question.

Mr DONNELLAN — An amount of \$10.4 million over four years has been allocated to the Jobs for Young People program. What are the details of these programs? What specific employment and training initiatives will be undertaken in 2003–04? If possible, can you outline the levels of funding that have been allocated for each of the initiatives?

Ms ALLAN — As I said before, Jobs for Young People is going to be quite an exciting program because of the opportunities it will provide young people. I note that Mr Merlino is nodding his head because he appreciates that this is being delivered through local government and, with his previous experience in local government, he understands the important role it plays in partnering with the state government to provide employment opportunities and deliver outcomes. That is also one of the great benefits for the new Department for Victorian Communities in having local government centred within the Department for Victorian Communities.

Jobs for Young People is a \$10.24 million program over four years that will create about 1100 trainees and apprentices. As I said, we will work with local government so that the program will increase opportunities for young people to gain employment by providing them with entry-level public sector employment opportunities and expanding opportunities for employment participation by equipping young people with the skills to reconnect and participate in mainstream social and economic life. We will also target certain areas where unemployment is still

too high and really drill into those areas and provide opportunities with local government through Jobs for Young People. It is all about providing linkages for young people with local government and training providers that also will be participating in this program.

Another important component to Jobs for Young People will be mentoring. There is a great amount of evidence around that shows that where young people are provided with mentors, particularly in their early years in the workplace, that gives them greater opportunities to develop skills and to learn from leaders in the work force. This goes back to what I was saying earlier about providing sustainable job outcomes for young people right across Victoria. I really look forward to working with local government in the implementation of this program.

The CHAIR — By way of a supplementary question, you mentioned ‘right across Victoria’. Is there a performance indicator or outcome measure that specifies the percentage in specific areas of the state? Have you gone to that level of detail yet?

Ms ALLAN — We are yet to go to that level of detail, but I think the important thing to note is that through implementation we will be working with the likes of the Municipal Association of Victoria and the Victorian Local Governance Association. We really do need to focus this program in on those areas, as I said, where youth unemployment is still too high and people look at those areas through the implementation of this program.

The CHAIR — So you will go to the actual areas of high unemployment and target those.

Ms ALLAN — Yes, we will need to work with local government also in those areas to encourage them to become partners with us in this program.

Mr CLARK — I refer again to the community business employment program which, as I understand it, sought to help those aged 15 to 24, those over 45, migrants and retrenched workers between 25 and 44 — or, as your predecessor Mr Pandazopoulos, put it to the committee on 24 May last year, those who were missing out were mature-aged, retrenched workers, youth and multicultural job seekers. The minister considered they were missing out on commonwealth assistance and therefore were being supported by the Victorian government’s community business employment program. Given that that program is being axed, how will people like that be helped — for example, if another major employer like Ansett collapses, how will those people who lose their jobs as a result of that be helped?

Ms ALLAN — I think you have pointed to one of our new initiatives being delivered through our new employment and training programs, the \$5 million for the Skill Up program which is purposely designed for delivery of opportunities for those people who have been retrenched in examples you have given such as Ansett. Unfortunately, there are other examples which we could cite as well. I go back to your allegation that CBE has been axed. You will see that many of the functions and key elements of CBE are now being provided through the new Jobs for Victoria program. Skill Up is one of those.

As I also indicated, we are providing services for newly arrived migrants as well, so many of the most disadvantaged will be assisted through the Jobs for Victoria program because it has been specifically designed to target the most disadvantaged in Victoria’s labour market. Also, it is important to note that we are talking about \$155 million of additional funding. We are looking at a whole-of-government response to employment. It involves; it is important to link employment and training to provide sustainable job outcomes. It is important for us to link with the Department of Innovation, Industry and Regional Development (DIIRD) to work with what it is doing, in particular with industries about attracting and honing in on the areas where there are skill shortages. We are tackling the issues of economic growth and employment growth at a whole-of-government level because we recognise that is what we need to do to provide sustainable job outcomes across Victoria.

Mr FORWOOD — As a supplementary, the Skill Up program is shown in table A3 on page 204 of budget paper 2 as an education and training responsibility. I presume that means that program is the responsibility of the Minister for Education and Training.

Ms ALLAN — Correct.

Mr FORWOOD — The other programs in table A19 on page 252 are shown as yours. You have also mentioned that there are additional ones that are the responsibility of DIIRD.

Ms ALLAN — The delivery of the community regional industry skills program in partnership with the Department of Innovation, Industry and Regional Development.

Mr FORWOOD — What is the structural process you have now put in place between the three departments to ensure the efficient and effective delivery of these services?

Ms ALLAN — I will ask the secretary of the department to answer that because obviously there need to be bureaucratic arrangements between the three departments. At a ministerial level I, the Minister for Education and Training and the Minister for State and Regional Development work together to develop these initiatives to deliver a whole-of-government response.

Mr BLACHER — I want to reinforce that general answer that the Secretary of the Department of Innovation, Industry and Regional Development and I have had discussions about how we will operate the various components of the CRISP program. We are soon to have discussions with the Secretary of the Department of Education and Training in relation to the linkage of the training component. Between the three departments we will put in place the normal sorts of administrative arrangements that apply to ensure that we work as a coherent whole.

Mr FORWOOD — You have not talked to Grant Hehir?

Mr BLACHER — I am sure Grant can speak for himself, but he just became the secretary seven days ago.

Ms ALLAN — If I could just supplement that answer even further, Mr Hehir was a senior official in the Premier's department — —

Mr FORWOOD — Treasury and Finance.

Ms ALLAN — No, Mr Forwood, I think you will find that most recently he was in the Department of Premier and Cabinet. He has a very strong understanding. We have discussed it at an informal level as I am also a portfolio minister in the Department of Education and Training, but those formal discussions will take place between Yehudi and Grant at the appropriate time.

Ms ROMANES — My question relates to the community jobs program, budget paper 3, page 404. It states that 60 per cent of participants are in employment, education or training three months after leaving this program. The government has provided for a renewal of this program through further funding, as you have outlined in your presentation, of \$38.6 million to provide for 3500 job placements. I would like to ask you whether the program will continue along the same lines or whether we have learnt various lessons from the past few years that will enable some finetuning and whether there will be the possibility of lifting that success rate even further.

Ms ALLAN — CJP has been an outstanding success. When you consider that it is an employment program that is unique in its type in Australia in that it provides participants with a real job for a real wage and links in with training opportunities it is probably no surprise that it leads to such a great outcome as two out of three participants going on to employment, education and training. We are continuing to monitor the community jobs program. I guess you look at some of the lessons that have been learnt from the previous three years. Neighbourhood renewal has been a fantastic lesson that we have learnt through CJP. When you consider that we have linked with the Office of Housing in delivering CJP through the neighbourhood renewal program where we work with people on public housing estates, again it links back in with what the Department for Victorian Communities is going to achieve around building strong, cohesive communities and providing people in those communities with employment and training opportunities. It has been a great success. Many committee members would be very familiar with community job programs in their local areas.

When we look at the employment programs being targeted at the most disadvantaged in the labour market here in Victoria, 78 per cent of the CJP participants have been unemployed for a year or longer prior to coming into the CJP. It really focuses on the longer-term unemployed and we know that they find it the most difficult to re-enter the work force. That is where the CJP provides the training and the employment but also the real wage. Those three things come together to build confidence in the participants to go out and seek further opportunities. I think it is a great tribute to the community jobs program.

Mr RICH-PHILLIPS — I would like to take you back to the issue of the savings that are required to be found in the Department for Victorian Communities.

The CHAIR — I just mention that this will be our last question. If you want to repeat it, you are welcome to.

Mr RICH-PHILLIPS — According to budget paper 2, for 2003–04 the department is required to find savings of \$7.3 million, of which \$6.1 million will come from the employment area — your area. In the out years to 2006–07 the department is required to find \$15.7 million, of which \$14.5 million will come from your area. Over the period of the estimates between 85 per cent and 95 per cent of the entire departmental savings are required to come out of the employment area which is only a very small section of the department. Is it not an indictment of the way the employment programs have been run over the past three years that we are now in a situation where 90 per cent of the savings are required to come out of your area?

Ms ALLAN — I do not know which part of the question to start with. If I can start with the concluding comments, as I have outlined already this afternoon, the employment programs division has achieved a considerable amount over the past three years. Whether it is through the delivery of the community jobs program or the delivery of the youth employment scheme or the delivery of the skilled and business migration function, the department has achieved an enormous amount in the past three years. If you look at the charts that were shown earlier about the decreasing figures of unemployment, an awful lot has been achieved in the past three years, particularly when you consider the levels of unemployment when we came to office in 1999.

Mr FORWOOD — You should have seen them when we came into office in 1992.

Ms ALLAN — I will leave that one alone.

Mr FORWOOD — I am not surprised.

Ms ALLAN — I do not think you want to go there either. As the Chair indicated, the earlier part of your question is something we have already covered, particularly with the savings identified with the employment programs which are around refocusing and re-targeting the employment programs, achieving greater efficiencies and reducing duplication with the commonwealth. Your comments on the overall savings for the Department for Victorian Communities are best put to the lead minister for that department.

Mr FORWOOD — Do not worry, we will. Terry will be back for that.

The CHAIR — I thank the minister and other witnesses. We will adjourn briefly while the new witnesses come to the table.

Witnesses withdrew.