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# SENATE

## Official Committee Hansard

EMPLOYMENT, EDUCATION AND TRAINING REFERENCES  
COMMITTEE

**Reference: Regional employment and unemployment**

THURSDAY, 23 JULY 1998

**PARRAMATTA**

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**SENATE**  
**EMPLOYMENT, EDUCATION AND TRAINING**  
**REFERENCES COMMITTEE**

**Thursday, 23 July 1998**

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

**Substitute members:** Senators Mackay and Allison

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

**Senators in attendance:** Senators Crowley and Tierney

**Terms of reference for the inquiry:**

- (1) An assessment of the factors that contribute to the disparity in employment levels between different regions and also between regions and capital cities, as well as the continuing high levels of regional unemployment, with particular reference to:
  - (a) the impact on job opportunities as a consequence of increases or decreases in the level of federal, state and local government funding and services;
  - (b) the direct and indirect loss of income to regional communities;
  - (c) its impact on the level of private sector investment and activity in regional communities;
  - (d) the effectiveness of labour market programs and vocational education and training on job creation in regional areas; and
  - (e) assessment of the effectiveness of current and previous governments' funding and program delivery in promoting regional job creation.
- (2) an examination of remedial strategies that have or can contribute to reducing regional unemployment, including any overseas experiences.

**WITNESSES**

**BOSNJAK, Mr Jim, Chairman, GROW Employment Council, Level 1, Suite 102,  
460 Church Street, North Parramatta, New South Wales . . . . . 1065**

**BUCHANAN, Mr John Duncan Anselan, Deputy Director, Australian Centre for  
Industrial Relations Research and Training, Economics Faculty, Institute  
Building, University of Sydney, New South Wales 2010 . . . . . 1015**

**CARR, Mr Brian Robert, General Manager, Liverpool City Council, 1 Hoxton Park  
Road, Liverpool, New South Wales 2170 . . . . . 1089**

**FAGAN, Professor Robert Harold, Department of Human Geography, School of  
Earth Sciences, Macquarie University, New South Wales 2109 . . . . . 1036**

- HILL, Mr John, Manager, Program Development, Australian Student Traineeship Foundation, Level 9, 76-80 Clarence Street, Sydney, New South Wales . . . . . 1054**
- KIRKLAND, Mr Alan John, Research Officer, Australian Student Traineeship Foundation, Level 9, 76-80 Clarence Street, Sydney, New South Wales . . . . . 1054**
- McGILL, Mr Kenneth Edward, General Manager, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 10, 56 Station Street, Parramatta, New South Wales 2150 . . . . . 1077**
- O'DWYER, Mrs Therese Philomena, Project Manager, GROW Employment Council, Level 1, Suite 102, 460 Church Street, North Parramatta, New South Wales . . . . . 1065**
- PATON, Mr Robert Alastair, National Executive Officer, Manufacturing, Engineering and Related Services Industry Training Advisory Body Ltd, PO Box 289, North Sydney, New South Wales 2059 . . . . . 999**
- POWERS, Mr Anthony Vincent, General Manager, GROW Employment Council, Level 1, Suite 102, 460 Church Street, North Parramatta, New South Wales . . 1065**
- RAFFELLINI, Ms Barbara, Chair, Working Proudly Inc., 1 Hoxton Park Road, Liverpool, New South Wales 2170 . . . . . 1089**
- RODD, Ms Cassandra Heather, Corporate Project Officer, Liverpool City Council, 1 Hoxton Park Road, Liverpool, New South Wales 2170 . . . . . 1089**
- SPIERINGS, Dr John, Research Strategist, Dusseldorp Skills Forum, Level 1, 268A Devonshire Street, Surry Hills, New South Wales . . . . . 1015**
- WARD, Mr Michael, Project Coordinator, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 10, 56 Station Street, Parramatta, New South Wales 2150 . . . . . 1077**

**Committee met at 9.08 a.m.**

**PATON, Mr Robert Alastair, National Executive Officer, Manufacturing, Engineering and Related Services Industry Training Advisory Body Ltd, PO Box 289, North Sydney, New South Wales 2059**

**CHAIR**—I declare open this public hearing of the Senate Employment, Education and Training References Committee. Today's hearing at the Parkroyal Hotel in Parramatta is part of the committee's inquiry into regional employment and unemployment.

I welcome Mr Paton. The committee prefers all evidence to be given in public, but should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you can ask to do so and the committee will consider your request. I point out, however, that evidence given in camera may subsequently be made public by order of the Senate, as has happened in recent years.

The committee has before it your submission dated 30 April 1998, which we have numbered 79. Are there any alterations or additions you would like to make to that?

**Mr Paton**—There is one. On the first page, we have listed the organisations who are represented on our board. The first one is the Metal Trades Industry Association. As of August, it became the Australian Industry Group. There is reference to the acronym MTIA in the third paragraph on page 2. This should now read AI Group.

**CHAIR**—You might like to now make an opening statement, Mr Paton, and at the end of your comments there will be questions from senators.

**Mr Paton**—Just very briefly—I do not want to go over too much of the detail in the submission—MERSITAB has a wonderfully long name which was given to us by the Australian National Training Authority. We are one of the 20 or so declared ITABs, as we are called—declared under the Australian National Training Authority's Ministerial Council—and we operate on a national basis. There are also state ITABs that are supported by state and territory governments, and we operate through those state ITABs as a network arrangement as well. Our major roles are about advising government at the Commonwealth, state and territory levels on training issues for the industry that we cover, representing industry views, developing competency standards and qualifications—now termed as training packages—and marketing training to industry in general.

The submission that we have put to the committee focuses predominantly on training issues. It is difficult from a national perspective because the majority of vocational education and training is funded from state and territory budgets and not through the Commonwealth. As such, a lot of the generalisations we have made could be exceptional in some cases. The use of the word TAFE, for instance—technical and further education—as a generic term used for providers of vocational education and training is across the country, but there are many variants to that particular title.

The industries that we represent are the aerospace industry—for people who basically maintain and repair aircraft in that part of the industry—and the manufacturing and

engineering industry. The manufacturing and engineering industry is one of the largest employers in the country. The majority of employers—about 85 per cent—are small businesses with between five and 20 employees.

The sorts of things that we are concerned about are alluded to in the paper, and some of them arise from fairly recent changes that have been brought about in vocational education and training. We are concerned about not only the longer term issues but also the effects of some of those changes on regional employment, or unemployment for that matter, and the availability of training for young people especially. I do not think I will go further than that. Thank you.

**CHAIR**—We have only two senators to put questions to you, so if you want to say anything further, feel free. But you may perhaps want to make the points in answers to questions.

**Senator TIERNEY**—This committee has carried out a number of inquiries over the years into ANTA. As part of those inquiries, we were wrestling with the way in which ITABs were developing and working at that time. There were a number of problems back then, so I was wondering whether you could perhaps provide us with an update. One of the problems was that the federal structure of industry advice was not fitting precisely with the state structure. That is one thing—generally—and after that we might go on to how your own manufacturing and engineering ITAB is working. So perhaps generally first up.

**Mr Paton**—I would not like to comment generally about ITAB structures. I think there are 22 recognised ITABs, and they are all different and they represent industries differently. I have been involved with the MERS ITAB since it was formed in 1996. Prior to that, it was the National Metal and Engineering Training Board, which had been around since 1989. It was well supported by industry—by both employers and the unions—and it was one of the leaders in training reform arising out of the metal industry award changes and industry reforms in the late 1980s. The National Metal and Engineering Training Board set up a network across five states, and funding was provided by the Commonwealth to support that. So we have had a very good state-Commonwealth—or federal type—relationship going for some time.

The issue of how the national body fitted in with the states and the funding of training was fairly well dealt with. The industry wanted to establish national policies and policy positions on training matters such as courses and so on, and then, through the state coordinators, to implement those policies on a state-by-state basis and try to address the parochial issues in that process. We have operated quite well within that, and we have survived all of the ANTA reviews over the last few years. Given the level of industry support and so on, there has not been any change to the way we operate, to our structure or whatever.

**Senator TIERNEY**—Within some of the ITABs, and I know building was one of them—and you might want to comment on your own in light of this—there was an industrial structure where 90 per cent were small operators but the focus in the ITAB was on the big end. I would assume in engineering you have a lot of small operators and some very big operators. In terms of the balance of the representation of ITAB and the advice that comes

through from the workplace level, are you facing similar problems to building, or is that all resolved?

**Mr Paton**—I think we are. Our board is constituted of representative organisations—either employer organisations or unions—in general, and certainly they focus on the big end of town, as it is called, but they also draw out a lot of the issues from smaller businesses. The large employers have larger work forces and the unions are intimately involved with those, as are the employer associations, but the small business people also create noise, whether it is from the employees' perspective through to the unions or whether it is from the employers' perspective. We have direct contact with them through the state ITABs and also ourselves from the national perspective. But clearly we cannot touch each small business in the country, given our level of staffing and so on.

I think we have a reasonable compromise. We have fairly good regional structures established through the state ITABS, where they deal with small business and local business directly, and that feeds in through that.

**Senator TIERNEY**—With the change to a more flexible system of delivery of apprenticeships and traineeships, I was particularly taken—and I do not know whether it applies in engineering but it certainly does in building—with the idea that someone who is training to be a bricklayer, for example, instead of doing a four-year course might be able to do the basics and get into bricklaying. Then fancy pointwork and arches and those sorts of things that they probably spend about half a percent of their time doing, apart from the basic job, can be delivered later by further course work. Could you provide us with an update of how applying that sort of approach to your engineering field is going with apprenticeships and traineeships?

**Mr Paton**—We have had traineeships operating in the industry for at least 10 years, and there have been courses or programs arranged for existing employees as well. The industry had a very large so-called unskilled work force where the people were skilled but their skills were not recognised through any formal training or qualification. They were people like production employees and process employees.

In the early 1990s, a set of courses was introduced to address the training needs of those people, either for training purposes or to have their skills recognised against training.

There are traineeships available for people, starting out, in the nomenclature, at certificate 1 level, which is for people entering the industry to operate at a fairly low level of autonomy and skill, all the way through to technician level. So traineeships, generally, are seen as a fairly effective and useful way of people entering the industry and undergoing short, formalised training, commonly for 12 months or so, with a training agreement in place for that period. People can develop their skills in a limited range over that period. All of our training, whether it was in the old system of modular course based training or under the new training package system of competency standards, integrates one to the other; there is good credit transfer and articulation. It is a stepping stone process that people can work through.

Traineeships have been a growth area in the last three years or so. Certainly the NETTFORCE initiative created enormous new numbers of trainees in the industry. In fact,

the success of Jobsko, which is the NETTFORCE company established for the industry, was such that, under the new arrangements when the NETTFORCE companies basically disappeared, the Jobsko company has been funded to continue more or less as a marketing arm, if you like, for the industry, marketing training. It has been funded to continue for another year or so to try to overcome the hiatus between the old and the new in terms of the marketing of new training and training arrangements, putting apprentices and trainees in place, assisting employers to put people on and so on. So there is an opportunity, and there has been since 1989, for people to develop skills in a small way and then build on that to continue.

**Senator TIERNEY**—When I was working in the area of training in teacher education, the competency based approach became a great thing about 20 years ago. Often these things sort of come and go. I would have thought it would have been very well suited to something like engineering, to be able to specifically target a particular skill or competency and then check that they get through, hopefully, to a high enough mastery level in that competency.

**Mr Paton**—Our skills and competency standards for the metal and engineering industry are used by about 700,000 workers in the country; it is not just in the manufacturing industry. People in the food and chemical industries and so on use our competencies because of their fairly generic and widespread nature.

**Senator TIERNEY**—In your submission you point to the possibility of an 8½ per cent increase in the number of traineeships in 1997-98 in comparison with the previous year. What has led to that increase?

**Mr Paton**—Mostly the marketing and education of employers about the opportunities to put on trainees and also bringing the training system into a situation where they have the capacity to train the trainees.

In the submission I referred to TAFE in generic terms. I do not want to be cruel on the good examples, but there are some fairly poor examples of where TAFE has responded in a not very market responsive manner. It has had a very institutionalised focus whereby vocational education and training was really seen as people attending TAFE colleges, filling up seats in classrooms, laboratories or workshops and undergoing their training in an off-the-job situation.

The traineeship model that was put in place for the Jobsko traineeships had a workplace focus whereby people could actually acquire underpinning skills and knowledge in an on-the-job situation. They were training against off-the-job training modules that were designed to be delivered outside of the workplace, but it was actually mapped into the normal work practices of the workplace so that if somebody was doing a particular piece of work it could be shown that they had achieved particular things against the training module.

To facilitate that process, it had to be done through a registered training organisation or training provider, and they were fairly reluctant to actually move into the workplace to not provide the training but to act as that facilitator, in a mentoring role, if you like, to work with the employer and the trainee to help recognise the skills that people were developing on the job.

**Senator TIERNEY**—These were people from the TAFE?

**Mr Paton**—Yes. There were a lot of systemic inhibitions to it: management systems that did not allow TAFE teachers outside the TAFE college during normal working hours—

**Senator TIERNEY**—And it possibly may have been a long time since they had been on the floor.

**Mr Paton**—Yes. I spent 20 years in TAFE in New South Wales, and I can speak with some experience. Many TAFE teachers retired to an institutionalised environment. They got out of the work force per se and became teachers and so on because of the pressures and changes in their working life, and they found there was a more natural, comfortable environment in teaching than there was back in the workplace.

**Senator TIERNEY**—But one would have thought in that situation that, given the rapid change in workplace practices and technology, you would pretty soon go out of date in terms of advice to students in off-course environments, wouldn't you?

**Mr Paton**—That is certainly correct.

**Senator TIERNEY**—Is there any move in TAFE that you know of to bring about more flexibility in their work force in that way—people who are actually practising and who might be teaching at the TAFE part-time, so they will have hands-on, experienced people?

**Mr Paton**—There is. There has been a greater casualisation of the TAFE work force. It was traditional to have fairly large work forces of permanent TAFE teachers. That is gradually changing. It led off some years ago, I think, in Victoria, South Australia and Queensland, where there are more teachers on shorter term contracts or short-term teaching periods, or the use of what are called part-time or casual teachers who come in and do sessional teaching.

The other initiative is that there is a much greater encouragement for the more permanent work force to become more involved with the industries they are providing training for. I recall back in the early 1990s a woeful tale of a company in Wollongong that had sent apprentices to Wollongong Tech for years and years and had never had anybody from the TAFE college come to visit them. They were within eyeshot, and almost earshot, of the TAFE college and had not seen a TAFE teacher.

**Senator TIERNEY**—They had not bothered to come out.

**Mr Paton**—Yes. Given the changes and also, I guess, the liberalisation of the training market and opening it up to more providers, most TAFE institutions—whatever name they are—have responded pretty positively and are getting out into the market. The teachers are talking to the potential employers of the people they are teaching. So it is becoming more responsive, but it is very slow. The smaller the TAFE system, whether it is a small college, an institution or whatever, the more responsive they are. The larger systems are the slowest to respond.

**Senator TIERNEY**—I suppose one of the problems for TAFEs, particularly with capital equipment with rapidly changing workplaces, is keeping the capital up to date. I would assume this would be a very powerful driver to making training—the gear is all there; you don't have to buy it and update it. Is that a move across the whole system to put more into the workplace and, therefore, remove those capital cost problems?

**Mr Paton**—Yes, it is. But there has been a traditional view that tech colleges, as they used to be called prior to Kangan in 1975, and then TAFE colleges or TAFE in general, for most employers, and especially small business, provided a training solution. If I took on an apprentice or a trainee, the training aspect for that person would be dealt with out there by TAFE. I would send them for a day a week or for a week a month, or whatever it might be, and they would deal with that. The business was in making widgets or providing X service or whatever it might be, not in training. Large enterprises have a fairly strong training culture because they have the economy of scale to have training managers and people who can organise, support and deliver training for their employees. But the small business relies on providers outside to do all that. So that put a very strong focus on providing training away from the workplace and off the job.

The new competency based systems especially, focused on the training package concept of having training packages which are built around competency standards where a qualification is described in terms of units of workplace competency and not a course, are putting a greater emphasis back on the workplace. But small businesses still are not generally in a situation where they want to devote a lot of their time and energy to the training aspect. They want a training solution somewhere outside.

In terms of the capital equipment and so on, it is becoming more and more obvious with the change in technology that the role of the workplace in training will increase, and has to increase. The role of training off-the-job—away from the workplace—becomes more of a fundamentals approach—underpinning principles, skills and knowledge as opposed to making somebody workplace competent in an off-the-job situation.

**Senator TIERNEY**—Finally, going back about five years ago when we asked questions in our estimates process of the Department of Employment, Education and Training, we would ask about things like traineeships. What tended to happen in the early 1990s period was that they could never reach their targets. Traineeships were on the slide. I take it, under this new approach and what you have said about the way in which training is delivered, that that is reversing now, that traineeships are on the rise again?

**Mr Paton**—Yes.

**CHAIR**—I have about a million questions. First of all, can you give me a little more description or detail about apprenticeships? I know that you have answered some of the questions of Senator Tierney. Is there still a call for apprenticeships—particularly in your area—and do people see an apprenticeship as a different and better thing than, say, a traineeship?

**Mr Paton**—There is still a call for apprenticeships. The metal and engineering industry is old, and it has had organised training for a long time. In historic terms, the metal industry

is not as old as the building industry, but there has been a fairly strong adoption of apprenticeships as the normal method of skills development for people in the industry, and the majority of small business—and that is the majority of the industry—has a tradesperson as the principal of the business. They often base their skill requirements in their workplace on their own perceptions and see that tradespeople are most appropriate.

In larger organisations, larger enterprises, where they have an opportunity to have a stratal work force, they do not see the need for tradespeople as nearly as great, when they have the opportunity to have some tradespeople or some technicians and people at lower skill levels in greater numbers at those lower skill levels. So the demand for apprentices per se is diminishing in some areas and remaining stable in others, but for trainees it is increasing. The industry views apprentices as long-term contracted trainees, if you like, and trainees, as such, as shorter term contracted trainees.

**CHAIR**—That is interesting. There is a sense still in the community that if you have your trade ticket you are set up for life. You can shop your skills, you can take them, you can start a business, but if you have that bit of paper and that ticket—that mark on your forehead—you are employable in a different kind of way from not having a trade ticket. I think that is something we are in danger of losing.

During the 1970s and the 1980s, the Labor government was very slow—I dare not say that too much about my colleagues, but I think we missed an opportunity—at least in the first years of the Labor government, to really get back into grinding up a commitment to apprenticeships, and I think it is good to see that we are moving in that direction. However, I also think undercutting apprenticeships with something such as a lesser grade skill has a cynical smell to it. It is the same as the minute nurses got wage justice—and they took only 100 years to do it—you introduced a tier of lesser skills working underneath for lesser money. I am very concerned—a lot of people are, and I would like your comment about this—that if we are trying to sell people a grade lower, trained but not able to command the same wage, this sends a very clear message to the community. They have it cracked in the playground in year 8, and we think we are solving the problems of the world. They have worked it out before they get there, and kids do not want to take it up—‘Look at this: limited opportunity, no great future for the rest of my life. The best I can expect is long-term casual work. It’s for the birds.’ Would you care to comment?

**Mr Paton**—I cannot tell you the exact figure, but I believe that around 85 per cent of people employed in manufacturing enterprises are paid at less than—and are classified at less than—trade rates. The metal industry has an award structure of a federal and some state mirror awards that puts a tradesperson at what they call a C10—classification 10—and that is taken as a benchmark wages figure. The classifications start at 14, 13, 12, 11, 10, and then they go up to classification 1, which is a graduate engineer. Those 85 per cent are working at around C11 or C12, so I think the notion of having a small team of tradespeople churning out products and widgets and whatever works well only in very small businesses of, say, five employees.

As soon as you go beyond about five employees, there are opportunities in the majority of other businesses to structure the work force to have a range of skills within it. A good example of that, although it is not in the metal industry, is Qantas, which at the moment is

undergoing a restructure of its work force—with some pain, I must say. We are intimately involved in that. We maintain and develop the competency standards for the aircraft maintenance engineers. Qantas traditionally has had a team of very highly skilled tradespeople, and in the aerospace industry they are very highly skilled. It feels that, given the size of its work force, it can no longer support paying this highly skilled work force when it does not use their full range of skills, and it is looking to this stratal work force arrangement.

**CHAIR**—That causes the average citizen to choke. Why can't they afford it? There is no good answer except that by and large the workers and their families are the suckers in this world, and the shareholders and the other people are the winners. I note that you frowned at that, but Qantas have all these apprentices and they were going to cut them out just short of the completion of the apprenticeship but were forced into negotiation. I am terribly disappointed that Qantas would behave like this, let alone anybody else. They were forced to complete those apprenticeships and at least guarantee that people who have done three or four or five years of work can walk away with their ticket. If they cannot get a job there, that is one thing, but at least they can finish and get that ticket.

What we have to address is that this is known by the community. There is a cynicism out there. Why is the work force so different now that we do not want qualified people? The answer is not clear to anybody. Some people are underutilising their skills—please tell me further, Mr Paton.

**Mr Paton**—An example was when Qantas introduced a change in their seating arrangements in their aircraft. This is anecdotal—I have not viewed it—but they had to put new wiring harnesses into the seats to take the sound equipment, or whatever it was. They had aircraft maintenance engineers, who are very highly skilled and quite highly paid, sitting down taping up wiring looms in a production situation. For this work somebody would normally be paid at about half the rate of one of these people yet, because of their work force—the way it was structured—they were forced into that situation. I am not defending Qantas, but I am giving an example of where it is appropriate to use people with lesser ranges of skills than tradespeople.

**CHAIR**—Yes it is, and yes it is not. I wondered a bit about this. We heard yesterday about some wonderful examples around the world. One, as I recall it—and I have not got the data here—was that of Dr Sirolli. They referred to the outline of business in northern Italy, where most of the firms were regarded as big if they had more than 10 employees, so most of them had 10 or fewer. Every one of them employed artisans, each one of them was paid for their skills and it was a highly unionised work force. It sounds to me like the parousia—perhaps that is why the word comes from Italy.

I am terribly interested in the fact that in some places you have a small shop and everybody is working to their full capacity. Taping the wires for five per cent of your work as part of this whole process is not demeaning and it is not worth while bringing in someone who is less skilled to do it because that person has got nothing else to offer. It is, 'I am very good at taping wires, but don't ask me to put plugs in because I never learned to put plugs in.' There is a sense in which we sometimes reduce work so that it is so limited in skills that you are not asking the workers to use their mind or to expand their capacity to do things. I

know what you are saying about the story about very highly paid engineers taping things but doctors wipe up vomit.

**Mr Paton**—But not all day.

**CHAIR**—It depends. I suppose you really mean to say, ‘Not every day.’ This job would not have gone for very long either. There is a limit to the number of seats in Qantas aircraft. I am not going to argue how they should structure their work force, but I am suggesting that what we are doing is reducing skills. We are very rarely skilling people up, but we are finding ways to undercut that level of payment for that level of skills.

**Mr Paton**—No, I disagree with that, I am sorry.

**CHAIR**—Good, tell me why I am wrong. You have just told me that 85 per cent of people are working at about C11.

**Mr Paton**—But we are not reducing their skills. In fact, what we are doing is recognising their skills where they were not previously recognised. That is one issue.

**CHAIR**—That is good if they are coming up.

**Mr Paton**—Their skills are being recognised against competency standards which do give articulation. The way our standards are structured is that it is a lego building block matrix approach. Some things you must have for a particular level and there is a huge freedom of choice beyond that. Once people have acquired a competency, they can then move to another level if there is a work opportunity for them. They can train and develop skills and competencies and also have those recognised in terms of a qualification and in terms of remuneration—that is, if there is a work opportunity. The skills are portable across industries and enterprises on a national basis and between companies.

**CHAIR**—What sort of skill would you call taping wires in an aeroplane? It is a very good case in fact.

**Mr Paton**—It is not a skill; it is a minor task.

**CHAIR**—Okay. So that is something workers have to do that is not going to give them a transferable mark on their qualifications?

**Mr Paton**—No, if we had a competency for it, it would be something a lot larger. It would be assembling wiring harnesses, which would be far greater than just the task of taping up the harness.

**CHAIR**—I do not want to get into an argument with you. What I would like to do is try to find the common points and where we need to go from here. Let me tell you one small story which illustrates what I think is the problem and you might tell me whether I am right or wrong.

Some while ago, I went over the Simpson whitegoods factory in South Australia. I watched metal being extruded, robots painting things and God knows what else. I eventually came to a line where there were about 10 women and 10 tops of stoves that had dial 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 on them so you can cook from a simmer to a raging boil on the top of the stove. Underneath that there were brown, green, yellow and red wires that all had to be hooked to the right numbers. The work force of course was all women and I was then, as I still am now, a bit curious about this. I said, 'Why are all these workers women?' He said, 'They are very good at boring, repetitive jobs.' It was not a good line to say to me at the best of times. I said, 'You mean their number of errors is much less?' 'Well, yes.' I asked, 'Why don't blokes do this job?' 'They get easily bored,' he said. I said, 'You mean they make a lot of mistakes.'

It was really very interesting. In this man's mind, this was a boring, repetitive task that moronic creatures called women did. Another way of looking at it was that these were highly skilled, patient and reliable workers with a very small error rate. One way you look at this is that you just pay low technicians and all they are good for is sticking buttons together or hooks and wires together; another way you look at it is that this is a high skill. To what extent are we changing the work force so that we are categorising people in a way that is locking them in little descriptive categories that are not really transferable skills?

**Mr Paton**—The example you quoted is a good one. Email have a training manager, Bryan Jones, and they have a very strong training culture. They are training their people and recognising their skills against our competency standards. Those women would all be classified at a C11 or C12 classification. It would be made up and described in terms of these units of competency. If there was a job opportunity and the person desired and fitted the job, they would be able to easily articulate and build on their skills and move into another occupation.

**CHAIR**—Do you think that in the past TAFE and apprenticeships actually allowed workers to get some kind of brain knowledge as well as skill knowledge? I am not putting it too well, but there was a sense in which it was instead of just having people learning to do the job. Sometimes there was not the understanding of what the job was about or how it fitted with anywhere else. What we did over the years was to recognise the importance of not wasting the talents of workers and so we established TAFE and we established apprenticeships. We put an element of brain power in there, too. I wonder whether you think the skills competency based tick-offs system is actually taking some of that brain power away?

**Mr Paton**—No, it is not.

**CHAIR**—Where does the brain power come in?

**Mr Paton**—Competencies are really knowledge and skills and attitude, and is an application of that knowledge and those skills. We use the term 'skills' pretty loosely because it rolls off easily and is easy to say. 'Competency' is a longer word and harder to say. Competency does include the underpinning knowledge and the skills so that somebody can apply those to carry out a task or a function but can also transfer them into new or different situations. That is the difference between having task focused skills versus competency.

**CHAIR**—Okay. I am somewhat comforted by that. I have more number counting questions. Are there areas where you can say there is a larger shortage, a very significant shortage, of apprenticeships compared with other areas in your metal engineering area where there are smaller shortages?

**Mr Paton**—There are. There has been a traditional shortage of so-called boilermakers—people who are into heavy metal fabrication. This is often in demand in areas where there is fairly high capital intensive development work. The proposed gas extraction in the Timor Sea, which has now been deferred for another year or two years in the Northern Territory, would have created a huge shortage of those sorts of people who can fabricate metal: pipework, structural steel and so on. In Western Australia in particular that sort of thing is common there. There is a fairly high migratory work force of these people who move from site to site during the construction phase. Even so, it is not easy to attract people to those centres. Despite high wages and all the rest of it, not everybody wants to pack up and move.

**CHAIR**—To the Timor Sea or close by it.

**Mr Paton**—Yes, that is right.

**CHAIR**—Are there any other areas of greater shortage or significant shortage?

**Mr Paton**—That is the one that keeps cropping up. It is the major one. The aerospace industry, though, is concerned. There is not a particular shortage at the moment but the average age of licensed aircraft maintenance engineers is 57 years, which is indicative of a potential shortage. We are addressing that at the moment. The Civil Aviation Safety Authority is reviewing its regulations for licensing to meet international regulations that Australia is a party to.

**CHAIR**—Will that raise them or lower them?

**Mr Paton**—It will raise the regulations.

**CHAIR**—If we had to meet international standards, would that increase our skills or decrease them?

**Mr Paton**—Increase them.

**CHAIR**—I hate to be cynical—sorry.

**Mr Paton**—We have been a party to that agreement for some years but there is an Australian version of how we meet that international agreement. Currently, there is a separate arrangement to gain the skills for licensing versus trade type training. We are working with CASA to bring those together and we hope to have that in place by the beginning of next year.

**CHAIR**—Have you some working understanding of how the Job Network is or isn't going at the moment?

**Mr Paton**—I have some understanding of how it is not going.

**CHAIR**—That is the story we are getting. Can you tell us a little of your understanding? What do you particularly know is not working?

**Mr Paton**—This is a personal experience as opposed to a professional one. It is very difficult for young people to find out where to go, what to do and whom to see. Everybody knew the CES, could spell the acronym, could find it in the phone book and probably knew where the office was and so on. They are really not sure what has happened. There has been a change in name, a change in arrangements and people are confused—not sure what to do—and so on.

**CHAIR**—I can say to you that the evidence we have been getting says that, first of all, the providers are in chaos. The Centrelink computer was inoperable from 1 May to the end of June, which is an eight- or nine-week period without any referrals. Many of those who previously provided this stuff on the ground for ten years or so and were missed out in what can only be described as an heroically bizarre tendering process are now being asked to come back and do what they were overlooked for doing a little while ago. Some of them have actually gone to the wall; that period has been too long for them and they have gone out of existence. What a loss. The employers are totally up in arms because they are now having to pay for services that previously they were getting for no cost or no direct outlay. The unemployed people are the worst off in that they often have to travel large distances to front up to some organisation that is going to require them to be on the books or whatever, if they do find out where to go. You are nodding in agreement that that is the picture you are hearing about too?

**Mr Paton**—Yes, it is.

**CHAIR**—That is no help at all for people who are trying to deal with matching where the skill shortages are and where the people might be encouraged to go to see if they can get some work. It is very depressing.

**Mr Paton**—The first comment on that is that I mentioned that it was a friend's perspective. From the employer's perspective, certainly small employers, the decision to take on an apprentice or a trainee is based on a whole variety of factors. One is an economic factor. The economic benefit to the employer of taking on the apprentice or trainee has to be recognisable for that employer. Many employers have a training conscience, if you like, where they are not prepared to take on an apprentice or a trainee if they see that in two or three years time they may be out of business. They do not view the apprentice or the trainee as factory fodder that they can throw away but they have a social conscience about retaining some opportunities for that person. One of the reasons for taking on that person is to maintain the flow of skills training and so on in the work force. The other one is to use them as a lower paid employee, quite cynically, but with this other conscience overlay on it.

One of the reasons that they are not putting on apprentices or trainees is that the economic benefit to the business gained by employing that person is overruled by the difficulty of employing the person and the uncertainty of what arrangements are put in place and so on. Things like the New Apprenticeship Centres are overcoming some of that, and I

think that is probably one of the greatest moves we have had for a while, where it is the one-stop shop arrangement. That is improving it. That is facilitating the employment arrangements, but the other part of the new apprenticeship centre, attracting the young person through referrals from the CES or whatever, has often disappeared if the job is not listed properly or whatever. There is a missing link that has not quite been topped up or filled.

**CHAIR**—We have heard in the past, not the recent past, that a lot of people who went off to be apprentices were roundly abused and that one of the reasons why we saw a move to put at least some of the training of apprentices out of the workplace was not only what I call the ‘before the head’ dimension but also to make sure there was an attempt to assure people that there was not a blatant exploitation of the young trainees. What you were saying, in answer to questions from Senator Tierney before, seemed to suggest that we have got a bit stuck in that model and it is now necessary to free up some of the TAFE infrastructure, the teachers and what have you, and see them, if not in the workplace, at least understanding much more the needs of the workplace, feeling more comfortable there themselves.

In some ways, listening to you describe that sounded like what universities have been pushed to do a little bit. They are just a few years ahead. In a sense, you went off and you learned to be an engineer at university in an ivory tower and never did anything so offensive as going to a workplace, and that was certainly true of the university lecturers in large part. That is changing very much at the university level. Are you talking about the same thing? Have I understand you to say that you want to see that kind of togetherness at the TAFE level, a happiness not only for TAFE to understand the needs of business but for business to understand the needs of education?

**Mr Paton**—Yes, the needs of education and, I guess, some of the restrictions the education system has in itself. If we are going to have an institutionalised public provider of some sort, there will be some limitations. No matter how liberal the management arrangements are, there will still be some restrictions on how it operates. The encouragement of the provider to work in partnership with potential employers and so on is an initiative that has been kicked off in many places, and that is certainly the way to go. The partnership arrangement brings the training organisation out from behind its walls and front gate to try to work with a customer focus arrangement but still retain the quality issues that it brings to the training environment. So the employer does not just get the factory fodder training arrangements, they get something that does give quality.

**CHAIR**—Unfortunately, Mr Paton, we have to finish up. This is really a very useful submission. I have just a couple of questions, if I could conclude—at least at this stage. You mentioned a whole lot about the problems of getting the skilled trainee or trained person, let alone an apprentice, to where the work is, that there are lots of regional areas in Australia where there is a high demand and difficulty in filling those positions. The Timor Sea is one, but we have had evidence in lots of places around Australia that the need for skilled workers is there. In Swan Hill, for example, they are advertising regularly and are unable to fill their requirement for skilled workers, and their definition of skilled workers was across a whole lot. It was a horticultural area but was also at the metallurgy and engineering end too. In 30 seconds, how do you see your organisation—let alone the things we have been talking about—contributing more to that?

**Mr Paton**—Trying to get the training market to respond in a flexible way is, I think, a major one. The areas I mentioned before are large areas where there is a skill shortage. But you are quite correct. Generally, rural and regional areas employ and pay people the minimal rates. They are not prepared to pay the rates that people can expect to get paid in the capital cities and larger centres, and they cannot attract them.

The other issue is that we are doing some fairly heavy marketing, currently and over the next 18 months, to young people to make industries, especially the manufacturing and engineering industry, a more attractive proposition and to show that you do not have to be a boilermaker or a blacksmith, there are lots of exciting opportunities and occupations within the industry that people may wish to take up.

**CHAIR**—Yesterday, we heard from the Upper Hunter region. They gave us some fantastic evidence, including that one of the biggest problems you had was the lack of sophistication of business people. I was very pleased to hear someone who had the guts and the honesty—especially as they were representative of that end of the group—to say, ‘Nobody in their right mind would want to go and work with them,’ and that they were ‘not in the business of being able to seduce or attract or encourage people to come and work for them, and this is how it is’, and that is a problem. And, even if it is not like that, some of them lack the skills, understanding and knowledge of how to go about finding out how to attract people.

Another thing they said that was very important—and you mentioned it too—was that a lot of the growth in industry in a regional area is going to depend on the skills that are there—it is not as though you are going to be bringing large chunks of people in—and that you need to foster those skills so that those people will establish small businesses in those regional areas. To what extent are you directly addressing that question of seeing that young people go out to get the training but return? Are you doing anything to encourage people to come back home and work or are you encouraging people to stay and do their training locally?

**Mr Paton**—Our preference is to get them to do the training locally if possible. I taught in a country town in New South Wales for six years and I have seen it happen both ways. In terms of family and society and the industry, it is, if possible, far better to train the local people to meet the local need without them going away. Of those who go away, a small percentage returns, so there is this continual drain of energy and expertise that could be trained up to meet a local need.

**CHAIR**—Mr Paton, we have gone over time, and I have not done anything like justice to what I think is a really useful and helpful submission. We have not picked up on all of the points. Lines like ‘apprentices sleeping in motor vehicles’—that kind of dimension needs to be looked at. I have heard you mention the words ‘social skills’ from time to time, but it is right through the warp and woof of this. That is really interesting because, in the past, the impact of family and your personal life and so on did not get much of a mention, I have to say, particularly by the metallurgy and engineering end of town. You also highlight the other trap with the problems of travel: hours on the road or in transport are away from family, away from leisure, away from your local sporting team or community. If you can win, then it is good evidence that the winds of change are blowing out there.

If there is anything further that comes to your mind that you wish that you had put on the record, feel free to contact us. We need people with the experience that you have. You have actually seen where it is going wrong and what needs to be shoved and pushed around. The interesting thing that we find a lot is that the community knows damn well what is needed, but they do not know how to get the institutions to actually meet their needs short of 10 years—by which time they will all be dead or disheartened—and that is a kind of awful wastage of human knowledge and human energy.

I want to thank you very much. If the committee, in reviewing things further, wants to put further questions, would you mind?

**Mr Paton**—I would be more than happy to answer more questions.

**CHAIR**—Thank you very much indeed, Mr Paton. If you could complete your contribution now, we will call our next witness. We are, as ever, elegantly behind time.

**Mr Paton**—I want to thank you for the opportunity to come along and speak. There are many issues that we have not talked about.

**CHAIR**—Just before you go, there is one question I must ask you. Is Parramatta a region or is it just down the road from Sydney?

**Mr Paton**—It is just down the road from Sydney.

**CHAIR**—Don't I know! To what extent would you want to be training people in Parramatta, or do you call yourself Sydney?

**Mr Paton**—Sydney.

**CHAIR**—So if people go to school in Parramatta but the only training they can get is—

**Mr Paton**—They go to Bondi.

**CHAIR**—So Parramatta is not regarding itself as a region trying to keep its people here, train its people here and draw people in?

**Mr Paton**—No, because of the infrastructure of public transport and so on, it is common for people to move from one end of the city to the other.

**CHAIR**—Are you also an area, though, that draws all the way in from Liverpool? Is this where people might stop—where you are trying to get a focus of education and facilities in Parramatta because it saves people going all the way to Sydney?

**Mr Paton**—It could. I live on the outskirts of Parramatta, but I work in North Sydney—from one end to the other. It is a regional centre. Instead of travelling to the city, why not work here if you can and set up a business here? It is not uncommon. I taught at Mount Druitt TAFE for a couple of years and it was common there. For instance, I had apprentices

who lived around Mount Druitt but who worked at Bondi. It is not uncommon for people from the Central Coast to work in Sydney.

**CHAIR**—Thanks, Mr Paton.

[10.04 a.m.]

**BUCHANAN, Mr John Duncan Anselan, Deputy Director, Australian Centre for Industrial Relations Research and Training, Economics Faculty, Institute Building, University of Sydney, New South Wales 2010**

**SPIERINGS, Dr John, Research Strategist, Dusseldorp Skills Forum, Level 1, 268A Devonshire Street, Surry Hills, New South Wales**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Buchanan**—Yes. I am here as a person who is doing a lot of research into the issues that John will be discussing.

**CHAIR**—The committee prefers all evidence to be given in public but you may at any time request that evidence, part of your evidence or answers to specific questions be given in camera and the committee will give consideration to that request. However, evidence given in camera may subsequently be made public by order of the Senate, as has happened over recent years. We do not have a submission from you, do we?

**Dr Spierings**—No.

**CHAIR**—Would you like to make an opening statement and then we will have questions from senators.

**Dr Spierings**—Thank you for the opportunity to brief the committee on a report the Dusseldorp Skills Forum has recently produced called *Australia's youth: reality and risk*. We have requested the opportunity to speak with you in order to provide some perhaps useful context for your inquiry into regional employment. The report itself does not go into details about regional issues; it looks at the aggregate picture facing unemployed and employed young people. Nevertheless, it may be useful as a reference point.

The report is the first in a series that the Dusseldorp Skills Forum is undertaking. This first report looks at the situation of teenagers between the ages of 15 and 19. A second report which is currently in preparation—it is at the research stage—will look at the situation of 20- to 24-year-olds. We are also contemplating a third project that will look at regional and local issues affecting young people.

This first report has been sponsored by the forum but it involves a range of researchers: the Australian Council for Educational Research, the Brotherhood of St Laurence, the Centre for the Economics of Education and Training at Monash University, the Centre for the Study of Higher Education, the National Centre of Social and Economic Modelling, the National Centre for Vocational Education Research and the National Institute of Labour Studies at Flinders.

There are a couple of key things in the report that I want to point out to you. One is the changing nature of the youth labour market where there has been a shift from young people being employed to being predominantly engaged in education and training, and that shift is reflected by the level of school retention which has increased from 35 per cent in 1981 to 71 per cent in 1996 and the rise in higher education participation for 15- to 24-year-olds from about 7.7 per cent in 1981 to 14.2 per cent in 1995. While there has been a broad shift over the past few decades to a greater level of participation in education, more recently we have also found that there is a very high level of hidden unemployment amongst those young people who are not in education. Most recently, 44 per cent of teenagers outside the labour market wanted to work compared with 25 per cent in 1977.

In looking at the labour market for young people, as against other cohorts in the labour force, there are a couple of very significant features. One is the high level of unemployment. Teenage unemployment as a percentage by age group is 19.5 per cent compared with, say, prime age adults at 6.8 per cent. The level of casualisation is also very high. Casualisation as a percentage of employees is 62 per cent as against 21 per cent for prime age adults.

**CHAIR**—What is a prime age?

**Dr Spierings**—Prime age is up to 55.

**CHAIR**—From 24 to 55?

**Dr Spierings**—From 25 to 55.

**Senator TIERNEY**—I am glad to know when we are going to go past our prime.

**Dr Spierings**—I find it is a bit like talking about prime age monkeys. That level of casualisation has been a feature more generally of the labour force but it is particularly marked for young people. For teenage males, for example, that level of casualisation has increased from 24 per cent in 1984 to 55 per cent in 1996. For men overall there has been an increase in casualisation from 9.1 per cent in 1984 to 21 per cent in 1996 but the rate of increase for young men has been quite significant.

For females as well the rate of casualisation has gone from about 36 per cent in 1984 to close to 70 per cent in 1996, while casualisation for the total female labour force has increased from 26 per cent to 32 per cent over the same period of time. So casualisation is a very significant feature of what is happening in the youth labour market.

Additionally, it is important to look at the level of unemployment. Forty per cent of all Australia's unemployed people are under the age of 24. The unemployment rate for teenagers is three times the level experienced by older workers and youth unemployment has been 20 per cent or above for more than a decade. A very important thing in the report is that we conclude that unemployment is perhaps not the best indicator of wellbeing amongst young people because there are other factors that need to be taken into account. By that I mean that, if you look at not just unemployment but at those who are working part time only and are not studying, and those who are not studying and are not in the labour market, there are currently about 187,000 young people in that position.

**CHAIR**—That is neither studying nor working?

**Dr Spierings**—Neither studying nor working, or just working part time.

**CHAIR**—Sorry, neither studying nor working—

**Dr Spierings**—Nor working full time but working part time. There are three categories: unemployed and not studying, 78,000; working part time only and not studying, 68,000; not studying and not in the labour market, 43,000—that is, about 15 per cent of teenagers. Looking more closely at that, one of the papers in the report by the Brotherhood of St Laurence looked at the longitudinal material from the Australian Council for Educational Research and concluded that, over a three-year period, nine per cent of teenagers are simply in a cycle of casual employment and unemployment, that is, they are not making the break from casual or part-time work into full-time, stable employment. So there are some indications that the nature of the casualised labour force for young people could be a millstone rather than a stepping stone for them.

Looking at marginalisation and what sorts of young people are likely to fall into that category, early school leaving is a very good indicator. Seventy per cent of those who are marginalised have left school before year 12. Their parents are likely to be from an unskilled, manual background, they are likely to be low achievers in maths at the age of 14 and they are more likely to have attended a government school than a Catholic or a private school.

Another significant feature in the report is the issue of living standards. The average wage of full-time teenage workers in 1994 was six per cent less than it was in 1982 and that is at a time when there has been a six per cent rise for all full-time workers. For part-time workers there has been a fall in income of 30 per cent over that 13-year period, and that is at a time when part-time workers in general experienced a one per cent rise.

In terms of teenage earnings relative to those of adults, there has been a very significant fall in the relative value of teenage incomes compared with adult wages. In 1981, for example, full-time teenage males were earning 58 per cent of adult earnings; in 1995 that had fallen to 45 per cent. For females, there was a decline from 63 per cent to 51 per cent. Of course, there was a fall in the part-time category as well. In terms of school retention and those that are actually in education, one of the important things that arises in the report, which is common knowledge but the focus in the report is important, concerns the decline in recent years in school retention from a high of 77 per cent in 1992 to 71 per cent in 1996. Nearly all of that decline has occurred in the government sector, and the decline has been more rapid for males—6.6 per cent down to 65.9 per cent—than for females, which has been five per cent down to 77 per cent.

You were canvassing the training issues with other witnesses this morning. The number of teenagers in VET, vocational education and training, has declined from 274,000 in 1990 to 260,900 in 1996. There has also been a change in the demographics here so that the proportion of those in vocational educational and training has remained steady at around 20 per cent. So the fall in the absolute numbers has been counterbalanced by changes in the demographic. However, there has been a 40 per cent decline in apprenticeships between

1989 and 1996 and while that has been compensated for by a rise in traineeships it is important to realise that there are now many more adults in traineeships than young people. This is significant because the traineeship system was established after the Kirby report in 1985 and specifically directed at young people. I can go through those figures for apprenticeships and traineeships, if you like.

Arising out of the work that is in the report, there are some significant policy priorities that the forum is putting forward. Firstly, it is important in the public debate to recognise the needs of all marginalised young people—the unemployed, those outside the labour force and not studying and those who are in precarious part-time and casual work. Secondly, we need to recognise the pressing needs of early school leavers, we need to emphasise demand-side policies in the labour market, we need to look closely at reforming upper secondary schooling through curriculum and learning innovation and we need to give priority to vocational preparation and traditional pathways and to school and industry partnerships.

There are three proposals that have been developed in the report. John will speak about one of those in particular. The first policy proposal is the idea of a youth commitment, or ‘youth entitlement’ as it is described in the report. That would be aimed at those who are under the age of 20, without year 12, not in full-time work and not studying. We say that they are the most vulnerable people, most likely to become marginalised. The objective would be to ensure a return to school or its equivalent to complete year 12, to take up an education or training qualification equivalent to a TAFE certificate or apprenticeship, or to be linked to a full-time job. It would carry a value, which we say should be around \$16,000 per person, that is based on what the government contribution is in the final two years of secondary schooling, which is about \$8,000 per student for year 11 and year 12.

The gross public cost of this commitment would be about \$1 billion. That is the gross cost—there would be considerable savings attached to this in terms of government outlays in other areas such as income security and so on. The forum is sponsoring a seminar tomorrow in Sydney to work through with key researchers and practitioners some of the elements of that commitment. There is a range of schooling reforms mentioned in the report. These are not new. They basically relate to the creation of senior high schools, priority for counselling and guidance, exit plans for all school leavers, a more adult learning environment and so on.

The third policy proposal that we have suggested is an important one and that is in the area of what we call ‘employment umbrellas’. This is really the aggregation of parcels of casual work which would be established through a not-for-profit labour hire company, which would become the employer. That company would be responsible for all the administrative issues and worker entitlements. It would lease workers to host firms and then aggregate sequences of casual and part-time work into sustainable equivalents of full-time work and provide mentoring, skill development and training as a bridge into full-time employment. The forum has actually established a pilot called Career WorkKeys, which is based at Gosford.

**CHAIR**—Do you know about the organisation in Victoria that is already set up and doing this? I met the guy involved and I cannot remember his name. He has the contract to

provide all the work for the Casino. They are doing exactly what you are talking about. Do you know the organisation?

**Dr Spierings**—No.

**CHAIR**—I will get its name for you or put you in touch with them.

**Dr Spierings**—The pilot is currently being evaluated and John Buchanan from ACIRRT is doing the evaluation. John will give you a brief idea of how it operates in a regional setting and what some of the expected outcomes might be.

**Mr Buchanan**—I would like to emphasise that the evaluation is in its preliminary stage. The scheme has only been running for about six months. I am part of a team of evaluators. There are two other researchers working on it. We are about to finish our first report for the Dusseldorp Skills Forum next week, so this is very much work in progress.

As background to my role in the evaluation, our centre is an applied research centre that looks at labour market and workplace restructuring issues. We have been contracted to look at this job. We are not part of Dusseldorp and we have an independent role in being quite critical of what is going on. It is applied action research activity. The key thing about the pilot is that it is essentially a community based labour hire company and unlike most other labour hire companies any profits are to be used for the social purpose of improving the quality of work, particularly in jobs that would be regarded as not terribly desirable. In this regard the key concept is one of aggregation—pulling together little jobs that are around the place so that the sum is more than the parts. This means that the essential features of the labour hire company are as follows. First of all, it performs a labour matching service—employers contact the hire company, which then puts the relevant labour in contact with the vacancy. It performs a mentoring function, and part of that function is to provide support to casual workers, who often do not get much support in the workplace. Thirdly, it has a skills passport system which is designed to document and accredit skills of workers as they move through different placements.

Our evaluation is very comprehensive. We are going through all administrative records and compiling work life histories for everyone who has been involved in the scheme. For the first time we can actually track casual workers' experiences. We are interviewing all employers who have been involved with the scheme. We have given every worker involved with the scheme a chance to complete a survey, and half of them have. We are also evaluating the mentoring side of it.

The key findings to date can be summarised around five points. Firstly, it commenced in December 1996. Secondly, it had rapid growth. It first placed two people in early December. It is now regularly placing 60 to 70 employees a week in casual work, managing around 1,500 hours of work from employers. Thirdly, eight employers are currently involved with the scheme and two of them are providing most of the placements. One is a large licensed club which is providing archetypical service jobs and the other is a large manufacturer of roof trusses which provides manufacturing type employment. We are very lucky. We have got a glimpse of two different types of casual labour. I am happy to reflect on those if you

want me to. The resourcing requirements for the hospitality sector are light years ahead of those for manufacturing. That goes to the questions of program administration.

Fourthly, there are essentially three operational staff and one support staff. The three operational staff basically run the labour hire function, and the fourth staff member looks after the wider social and educational objectives of mentoring and training. For the volume of work, it is chronically understaffed. It is basically run by the goodwill of the people there.

A major problem with schemes such as this is the imperative of maintaining a cash flow. That is basically putting social objectives to the bottom of people's priorities—not out of any indifference to those concerns, but out of a need for economic survival. The second key finding is that there have been problems to date and that the scheme has only really survived well because of the goodwill extended to it by both the employees and employers involved. Basically, the employers have a strong commitment to having a community based labour hire company. They are cutting the company a lot of slack because it has got that social objective. Thirdly, and probably most controversially, we have found that schemes such as this cannot survive in the commercial marketplace without significant state support. In saying that, I reflect on research I have done on the group training network. We have done quite a bit of work on that.

Overall, it is a very interesting endeavour. We do a lot of research in labour market areas—we have been doing it for 10 years. I think schemes of this nature are extremely rare, very hard to find on a world scale, not just in Australia. It is an extremely exciting project, but our major concern at this stage is: unless more resources are devoted to it or it somehow gets a stranglehold in the market, it will not have adequate cash reserves to deliver on its community service objectives.

**CHAIR**—You heard a large part of the contribution of our previous witness, Mr Paton. Can you solve his problems?

**Mr Buchanan**—I actually work a lot with Bob. I have got a strong interest in metal and engineering.

**CHAIR**—We are glad that you have told us about a potential conflict of interest in your answer.

**Mr Buchanan**—I think they are doing a great job.

**CHAIR**—I am not suggesting that they are not. I am pleased you are working with them. There was a challenge from the previous witness, Mr Paton, about actually getting apprenticeships—in other words, it is hard to match the workers in the top end of the non-university educated working market with jobs. What you are describing, and particularly if your focus is on the people who are doing it tough, out of school early and so on, is not quite the same market need. Can you meet Mr Paton's need?

**Mr Buchanan**—I have studied metal and engineering. The fundamental problem with the training system there is that the large employers are pulling out of the apprenticeship system. The Business Council of Australia's membership is basically walking away from on-the-job

based training. That is the bottom line in the apprenticeship system. The biggest offenders are the old public sector instrumentalities, especially at state level. We have pulled out data on this.

**Senator TIERNEY**—The rail authority, electricity and those sorts of groups.

**Mr Buchanan**—We have pulled out the data on this and sent it up to ANTA. The actual level of involvement in the apprenticeship system amongst small and medium-sized firms is at historically high levels. The drop in apprenticeship numbers has come from big business and the large public sector instrumentalities. So it is not a general crisis in the apprenticeship system, it is the big end of town.

**CHAIR**—I also wanted to ask you about this organisation, whose name, unfortunately, I cannot remember—

**Mr Buchanan**—Career WorkKeys.

**CHAIR**—No, that is your name.

**Mr Buchanan**—No, that is the labour hire company.

**CHAIR**—Yes, but I wanted to tell you about the one I know about in Victoria. They have solved their cash flow problem by actually going out and touting for people who would want their services. For instance, if this man says that they now have the contract for the casino in Melbourne, which, all up, employs around 9,000 people—that is a few country towns—and much of that staff is rotating casual, they are doing exactly what you are saying. But they have a payment from that organisation to keep providing them with labour.

I would like your comment about this, and we will find its name, or you can before I do. It might be useful for us to talk to them, too. The thing he said that struck me was that they are the employer, not the casino.

**Mr Buchanan**—That is right.

**CHAIR**—They do the superannuation contribution, the occupational health and safety, the insurance, the mentoring and things of that sort. They match people to three casual jobs so that they are effectively earning one full income and they feel like life is much better, and all that has been worked out for them.

He said the really interesting thing, and I want your comment about your own organisation, is that the organisation had a concern and a commitment to their workers—that old-fashioned notion, as we call it, of knowing their names, when they were doing it tough and when they were doing it not so tough, when it worked well and when it didn't. In fact, he said the biggest benefit has been that they know the names of their workers, to put it in shorthand, and that this was having a spin-off. There was a loyalty to them almost as a labour hiring company, and they were now called the employer. People had a loyalty and would say, 'If you suggest we can go and do some casual work at the casino, that is all

right; we will go and do it because we trust you.’ Is this the sort of thing you were getting, or is it too short for that to happen in your place?

**Mr Buchanan**—It is too short, and you have to remember the scale of operations at the casino is a lot bigger. The licensed club that we are studying has a total employment of around 150. The casino, as you mentioned, is in the thousands, and the manufacturer of trusses has 150 workers. So we are not talking big numbers. In a sense, this is a very good pilot study because it is probably a more typical case. You are trying to aggregate very fragmented jobs across employers, not lacing together jobs within one big employer as a flywheel. That is why I am saying that if you want to have those social objectives fulfilled, there has to be some kind of support.

I am not sure if you realise it, but labour hire is an incredibly cutthroat business. In New South Wales there are something like 1,500 registered employment agencies of some kind, many of which are labour hire companies, and the margins are very tight. So if you want to survive commercially and provide some kind of support, you have basically wiped out your margins, and that takes away your capacity to grow.

If you want to get this kind of bigger vision in mind, you have to have a big benefactor, like the casino, which is prepared to give you, say, a flywheel of work. There has to be someone standing behind you. It is very hard for the organisations in their early days to do that on their own.

**Senator TIERNEY**—Could we just go back to what you were saying, Dr Spierings, about young people who are not studying. You gave a figure of 43,000 people who were not studying and not in the labour market. Would this be mainly people on sickness benefits, people with disabilities and that sort of group?

**Dr Spierings**—Yes, there is a range of people in this category. They might be state wards, they might be in correctional institutions or they might be on sickness benefits. There might be a number of young people providing child care in a family arrangement or perhaps caring as parents, so there is a variety of people in that category.

**Senator TIERNEY**—Is there a breakdown of the numbers within that 43,000?

**Dr Spierings**—No, there is not, and that is one of the major things we are going to try to work on. With this black hole of 43,000, we are going to try to work out exactly what areas they are in, where they have come from and where they are likely to go to.

**Senator TIERNEY**—It is basically a group who cannot get up and walk in and do a job anyway. That is basically the group we are talking about.

**Dr Spierings**—A significant number of these people would be discouraged job seekers.

**Senator TIERNEY**—If we then concentrate on the rest, we get back to 121,000 as our core problem, people who, say, 30 years ago would have been able to walk into a job. It may have been a low skilled job, but they would have been able to walk into a job at that time. Putting those two groups back together again, you said 187,000 in total was 15 per

cent of teenagers. Therefore, the remaining 85 per cent, which on my calculation comes to about 1¼ million, are working, are in university, are in TAFE or are still at school. Would that be an accurate summary?

**Dr Spierings**—That is correct.

**Senator TIERNEY**—The figures are very interesting because they give us the dimension of the problem, the actual number involved. We are not talking about millions of people here. In terms of cost, if we can come up with a thing that will work—we have been involved in a number of inquiries trying to find those things—the dimension is not massive or overwhelming in terms of raw numbers.

**Dr Spierings**—I agree with that, but the trend is not encouraging either. If you look at those same categories in 1990, the total proportion was 12 per cent. It is now at 15 per cent.

**Senator TIERNEY**—That is not a good year to pick. You are right on the top of a boom. If you had picked 1992, you would have got a very different result because it is the bottom of a recession.

**Dr Spierings**—If you look at each year—

**Mr Buchanan**—This is structural; it is not cyclical.

**Senator TIERNEY**—I accept your point. I don't know whether you have seen a book by a fellow called John Laird called *Australia: the worst is yet to come*. It was written in 1985 when Australia was really starting to drop into overseas debt and rising unemployment. He was quite right. The interesting thing about youth unemployment, which he was saying at that time was 25 per cent, is that from that time it has gone up and down a bit but is still basically the same. It is this intractable problem we have got to address. If we look at the causes of why employers are not putting on young people compared with others, how many of these things are factors, do you think? It also ties into what you were saying about casualisation.

If you are an employer and you are faced with employing someone full time, in Australia your oncosts, all the things that come with a wage, are 50 to 70 per cent above the wage. If it is a young person, just by the very nature of the fact that they are young and have not had much experience and may not have had a lot of training, that is in essence the problem, isn't it? If an employer is going to take on the commitment of a full wage and all the oncosts, they are perhaps going to avoid that by employing someone earlier or increasingly allowing people to do overtime. It is not just young people they seem to be avoiding employing; it is avoiding employing anyone extra because of these factors. They say, 'We will pay the existing people overtime,' and they do better. Isn't that the essence of their problem?

**Dr Spierings**—I will answer briefly and then perhaps John might add to it. The definitive study on labour costs and young people is yet to be done. I know that the Productivity Commission is looking at that and there is also a case coming before the Industrial Relations Commission next year. I guess that some of the material in the report, while it is only suggestive, indicates that relatively the cost of adult labour has increased for

employers much more than the cost of labour of young people. I think it is important to recognise as well that employers are getting the most highly educated youth labour force that they have ever had. It is not as though levels of educational attainment have fallen over the last 20 years; they have increased. Young people are likely to have more skills to do with the information economy, computer literacy and so on—areas where there is potential growth in employment—than other people.

So in a whole range of ways I think that there are some question marks about the cost question related to young people. I think there are broader issues about the changing structure of work and the move to a just-in-time philosophy or approach to the employment of labour that are much more significant in terms of employment outcomes for young people. John may want to add to that.

**Mr Buchanan**—I would like to build on that because we have done a lot of work on the changing nature of the work force. The concept we are working with at the moment is what we call labour market filleting. Like a butcher selling you a fillet of meat, employers in a period of high unemployment are filleting out the best parts of labour in the labour market. They have got a choice of where they can go and young people by and large are not terribly attractive.

So you have got a fixed labour demand and there is a stock of people there you can go after. You can be very discriminating. We think that is essentially behind the collapse of the youth labour market. You heard the statistics earlier from John, but there has also been a collapse in the labour market for older males. Previously the employment population ratio for males aged 60 to 65 was around 80 per cent. That is now down to around 30 per cent. That has occurred in the last 30 years. So people are starting work later in life and they are finishing earlier and in their prime age employers are hitting them really hard with long hours. That is a function for us primarily of deficient labour demand.

To answer your point directly though, I have done a lot of work on apprenticeships and looking at employers' decisions to recruit apprentices. More often than not they do not talk about the direct cost of labour; they indirectly talk about what economists call unit labour costs, which is output per unit cost of labour. The most tangible way they describe that is they are not so much upset by the cost of the trainee, but the interruption the trainee gives to the supervisors. So when you look at taking on a young person, it is not just their cost. The supervisor will spend up to two hours a day fixing up mistakes or training them.

This is where the very best of the group training companies have taken the responsibility for not letting an apprentice out into the work site until they can guarantee a 25 per cent rate of return. So they have their own skills centres. They have their own little work experience schemes. I can go into this in more detail if you want. When they do that, the demand for those apprentices is insatiable. In the Building Industry Group Scheme in Victoria they are queuing up. There are more employers wanting apprentices out of BIGS than they can provide with apprentices. Similarly, in Gippsland Group Training they have that philosophy. Gippsland Group Training actually pioneered it.

That very much goes to the notion of the unit labour cost. It is not just looking at the nominal cost; it is all the other baggage that comes with a young person—not just the hourly

rate, but the disruptions and their inability to perform at a higher level quickly. But if you can solve those problems, then the wage issue drops away.

**Senator TIERNEY**—But group training has been around for quite a while and, as you say, it is successful. So why is that not taking over—

**Mr Buchanan**—It essentially is.

**Senator TIERNEY**—The numbers are going up? Have you got the numbers on how group training is going up?

**Mr Buchanan**—In the metal industry they have gone from one per cent in 1984 to 12 per cent in 1997.

**Senator TIERNEY**—That is 12 per cent of what?

**Mr Buchanan**—All metal apprentices. Nationally I think in 1984 it was around half a per cent or one per cent and it is up to around 15 per cent—it could even be as high as 20 per cent. It has basically been on a huge growth spurt since the early 1990s.

**Senator TIERNEY**—And it is still on that growth spurt?

**Mr Buchanan**—Yes. You have to be careful how you interpret those numbers because part of it is employers outsourcing. So it is a substitution. It is not that they are adding new people to the system; employers are getting out of the obligations of ongoing responsibility. That is not necessarily a bad thing because contract cycle times have shortened with the increase in international competition and competition policy. The level of product market competition has meant that people have a lot shorter planning horizons and under those conditions they do not want to take on someone for four years so they will take on them on for six months while they have got a contract. As soon as that contract disappears, they will send them back to the group scheme and, hopefully, somebody else who has got a contract down the road will then take them on.

**Senator TIERNEY**—It is a very good flexible mechanism in that regard, isn't it?

**Mr Buchanan**—Absolutely.

**Senator TIERNEY**—It just moves them to where the work is expanding.

**Mr Buchanan**—My main submission to your committee would be: if you are looking at this issue of regional unemployment and employment, you have to look at new institutions that mediate between employers. It is a problem of getting employers to take responsibility individually—it just will not happen. The competitive pressures are so strong. So you have to look at intermediate structures which can pool the risk and in that way get a better result collectively than what would occur by each enterprise individually. That is essentially what is happening with group training and that what is Dusseldorp is piloting with the casual labour market in Gosford. They are trying to say, 'Can we put an intermediary structure in

place to get a better outcome than would occur if we simply left it to the forces of the market?’

**Senator TIERNEY**—I want to return to that scheme in a minute. In terms of the solutions that you are suggesting, you said there were three solutions: return to school, employment umbrellas and I must have missed the third one.

**Dr Spierings**—The three are youth entitlement or a youth commitment which is flexible in terms of the opportunity to either go back to school or some equivalent of school or effectively a wage subsidy to enable employment in the labour force. The second area of reform we say is directly in the educational system to try to discourage earlier school leaving. The youth allowance will have an important impact in terms of earlier school leaving, but the question remains whether early school leavers are going to be in an institutional setting that basically is a non-learning environment for them, so they may be there but they may not achieve the learning outcomes that are desired. So we say that greater flexibility and innovation, particularly in middle and senior secondary level, is important. The third area is the process of mediation that John has talked about—the employment umbrella idea recognising that we have a very high degree of casualisation and there needs to be structures put in place to assist young people to be able to cope with that trend in the labour force.

**Senator TIERNEY**—With the employment umbrella, your research showed that it survived on goodwill both ways and you seemed to be indicating that there just were not enough resources in there for it to fly by itself and it would need some sort of public support input. Could you go through what form is needed and touch on the cost per employee of doing that particularly in relation to other approaches?

**Mr Buchanan**—Dusseldorp is very interesting because it is essentially a large employer with a conscience. It has come out of Lend Lease and they have put in shares to spend money on socially desirable goods. It is in a sense a kind of policy development charity. I have not seen the exact numbers from them, but I conservatively estimate that they have put in at least \$50,000 to \$100,000, but primarily in in-kind support.

**Senator TIERNEY**—For this project?

**Mr Buchanan**—For this project. So they have put a person in who used to work with the TRAC program.

**Senator TIERNEY**—We are familiar with that.

**Mr Buchanan**—She has taken all her experience in education and training and provided that as a kind of institutional manifestation of the commitment to a social aspect to the labour hire company. You do not find many labour hire companies with a full-time training officer. That is essentially what is going on with this case. They have got three people running the labour hire function and they have got a fourth person doing the training. I think that is really important.

I would not necessarily see just putting a grant aside for that. I think it would be good to have a pool of those people available to move around between these schemes because I have seen too many government programs simply earmark money for a certain function and it is assumed that magically those people are going to be found from somewhere. If you are looking at designing a program, you have to look at having a stock of expertise that you can send around to help push it on. That also ensures that the money is spent on what you are wanting it to be spent on.

**Senator TIERNEY**—How many people are involved in that scheme getting assistance in Gosford?

**Mr Buchanan**—Just one; the coordinator of it and her admin assistant are all paid out of the charge-out rates.

**Senator TIERNEY**—But how many young people involved?

**Mr Buchanan**—At any one time there is around 60 or 70 in employment. My researchers are up there today getting the final number of people on the books. It appears to be around 200 on the books, but we will know at the end of the day.

**Senator TIERNEY**—Over what period of time is this operating for these 200 people?

**Mr Buchanan**—You could essentially say it has run this year. It started in December just before Christmas.

**Senator TIERNEY**—And will run until when?

**Mr Buchanan**—The pilot is running for a year. This is like the mid-term evaluation.

**Senator TIERNEY**—So the additional support as opposed to the normal commercial labour arrangements for Dusseldorp has been \$100,000?

**Mr Buchanan**—We have not seen Dusseldorp's books on that.

**Senator TIERNEY**—That is your estimate.

**Dr Spierings**—There is considerable cash investment.

**Mr Buchanan**—You should also recognise that Dusseldorp has been a guarantor, which has given them access to a line of credit from a local bank. That is very important because that has allowed them to manage cash flow early on. As you know, with any labour hire company or any group training company, there is always an outlay before you get the money in.

**Senator TIERNEY**—If it has to be supported by government, we would need some sort of figure that says it is going to cost so much per person.

**Mr Buchanan**—We will have a better idea at the end of this process.

**Senator TIERNEY**—Yes, we will need that. What is the plan beyond the Gosford program?

**Mr Buchanan**—That depends on the outcome of the Gosford program.

**Senator TIERNEY**—Provided it is successful, does Dusseldorp plan to take it further on its own, or is it just putting this idea to government and saying, ‘This works. Why don’t you pick it up?’

**Dr Spierings**—A considerable degree of how we proceed will depend on what John’s recommendations are out of the evaluation, but potentially this is an idea that could be grafted on to the group training companies. They are the obvious institutional base from which this might have a broader life, but there are a range of organisations. Senator Crowley mentioned one in Melbourne today. There is another similar organisation in the Hunter Valley, the Labour co-op, which has some similar notions to this. Boystown in Queensland are also involved in a range of community enterprises and have indicated to us that they might be interested in adopting this as a model. Depending on the results of John’s evaluation, we would be approaching government with the outcome of that evaluation and looking for broader support from the federal government to get this going in a number of regional centres.

**Mr Buchanan**—From my experience too, Dusseldorp usually do not wait for government. If they think this works, they will do what they did with TRAC and just do it. In a sense, they precipitate policy development. They will not just knock on the doors of people in power; they will go out in the field and deliver.

**Senator TIERNEY**—But obviously they would not have the resources to spread it as far as it probably should go if it is successful.

**Mr Buchanan**—Sure. They will probably have to have more modest social objectives—play down the skills side of it, play down the aggregation side of it and just get an infrastructure in there. Hopefully, out of that infrastructure, they can use that as a base to get the cash surplus to then take up the social objectives.

**Senator TIERNEY**—You mentioned that apprenticeships were booming with the smaller groups and you mentioned the problem with the big operators—the electricity people, the railways and those sorts of groups. Those groups have the flexibility to actually do it if they had the will. Do you have any suggestions on carrots and sticks for the big end of town in terms of pulling their weight on apprenticeships like historically they have done in the past?

**Mr Buchanan**—That is a pretty controversial sort of question. In a sense, you would have to say that those companies have simply made a rational decision in light of the incentive structures that have been put in place. Shifting those statutory authorities into a GBE status and then unleashing competition policy on them has basically given them the objective of maximising shareholder value. That has meant that training is not seen as a core function and, therefore, it is essentially being discarded. That goes to the question of what framework you provide for these organisations. That is one way you can respond and maybe modify competition policy.

The second response that is being debated in Europe quite vigorously at the moment is direct levies on employers. You have to coerce them; they are not going to do it voluntarily. You have to say, 'There is an externality here. If every employer makes a rational decision, then the training across the system is going to be less than optimal.' Therefore, you have to put in some kind of directive to ensure you get a better outcome.

**Senator TIERNEY**—We were moving towards that approach with the training guarantee and then both parties really said at the end, 'This is not working particularly well.'

**Mr Buchanan**—But they were wrong. We did a lot of research for DEET on the training guarantee and I think your committee should know that the ABS, I estimate, spent around \$10 million generating data to evaluate it. All the data came in six months after the decision to axe it had come through. That data—this is the ABS's \$10 million world-class data that the OECD then got them to write up—showed that 50 per cent of employers were quite happy with the training guarantee.

There was actually a very deliberate and effective campaign to discredit it. We picked that up on the ground. We did a lot of workplace case studies, especially in the small business sector, and, sure, there were some ratbag schemes, there were the fly-by-nighters and the Coolum Resort up on the Sunshine Coast made a lot of money out of conventions, but towards the end there was a lot tighter focus and the tax office was sharpening up its procedures. I think that was a case of ideology getting way ahead of what was happening on the ground.

**Dr Spierings**—Just to add to that, DEETYA's evaluation of the training guarantee act is a very interesting study. I agree with the conclusions that John has made out of that. DEETYA itself is saying that towards the end it was actually performing; it was actually working.

**Senator TIERNEY**—The evaluations that were done—the two that you mentioned—were six months after it finished. I am just going to put that in a time perspective.

**Mr Buchanan**—No, they were released.

**Senator TIERNEY**—Six months later? When exactly did that happen? Would this be about early 1995?

**Mr Buchanan**—The training guarantee was essentially killed off by Working Nation.

**Senator TIERNEY**—Which came in early 1994?

**Mr Buchanan**—Yes. The three major surveys were the group training expenditure survey, the training practices survey and a survey of training and education.

**Senator TIERNEY**—That was about late 1994?

**Mr Buchanan**—No. Preliminaries of those came out in 1990 and 1993 and then the finals came out in 1996. That is the ABS data series. But, in addition to that, DEET commissioned a whole lot of qualitative research.

**CHAIR**—That was a good question, Senator, but I do not think that you can abdicate responsibility for some wrong Liberal government decisions.

**Senator TIERNEY**—It was your government that decided that.

**CHAIR**—The final report was in 1996.

**Senator TIERNEY**—No, no, no. It was in 1994, when you were in government.

**CHAIR**—It is all right. I know I am guilty. That is the point of his question. This is called an apolitical inquiry. Clearly, we axed them.

**Senator TIERNEY**—Don't lead with your chin, chair.

**CHAIR**—I didn't lead with my chin. I knew exactly what I was saying. I was going to suggest that we hear your side of politics talking about them not being assisted by us running scare campaigns.

**Senator TIERNEY**—You axed the scheme.

**CHAIR**—We thank you very much for your assistance in the traineeship stuff. It highlights one of the big problems. A lot of these decisions have to be made, for some reason or another, before there is a proper and long-term evaluation. A lot of anecdotal stuff and a lot of stupid party political stuff get in the way. You can find stories that prove it is inconsistent or wrong and decisions are made.

Decisions sometimes take a lot of energy to get made in the first place. You would think you would need to be reviewing them on the run before you actually decided to wipe them out altogether. In the light of that, I wonder if you could tell me what you know about Job Network. If you have adequate labour hire companies, what is the position of Job Network vis-a-vis that? Did you get any of your references from CES in the past or from Job Network now? How do people know about you?

**Dr Spierings**—The labour hire function that we have started at Gosford is independent of the Job Network. It has not relied upon the Job Network for its pool of unemployed people or for placement.

**CHAIR**—So how do they know about you?

**Mr Buchanan**—It used to have access to the CES database. It pulled off vacancy information from that pretty frequently and actually put notifications on there as well.

**CHAIR**—You have not been getting that kind of information from Job Network?

**Mr Buchanan**—It is incidental to the work that they are doing because, in a sense, they are almost like competitors to them in as much as they not only provide a labour matching service but also take responsibility for super, workers comp and all those kinds of things.

**CHAIR**—The labour hire companies are clearly doing something more than Job Network?

**Mr Buchanan**—Yes.

**CHAIR**—I wonder if you could tell me what, if anything, you have heard or know of the success or insufficiencies of Job Network.

**Dr Spierings**—I guess like most witnesses, only anecdotally. Yes, there have been a number of teething problems at both ends for employers and for those seeking work. From our point of view, the thing that we would say is that the loss of expertise in job matching, job placement and training, because of the way in which the contracts were decided, is an enormous broader social and economic cost. But it is inevitable that, with such a revolutionary change, there would be teething problems. I think it is really too early to make a judgment about whether or not this is going to be a better system. One could be critical of its initial processes of implementation, but it will take some time for us to really understand what has happened in terms of employment services.

**CHAIR**—It is interesting that you say that. I am not in a position to wipe it out anyhow, but this committee has been on the road now for some few months. We have heard near enough to nothing good and only bad to worse. We now have words from ‘disaster’ to ‘chaos’, and these words are coming from the broad political spectrum. These are not all paid, hired Labor Party people—sorry—to come in and say terrible things about it. In fact, it has quite often been employers. But what we are hearing is the point that you make that there is a loss of expertise of people on the ground, in the community, who knew a whole lot. They were ignored in the most bizarre tendering process that I think anyone could come up with. I do not know who is ultimately held responsible for the decisions about it, but it should be framed. John Cleese would die for such a script! The trouble is that it is filled with human tragedy and pain; that is the problem. The skills are gone.

The other group that are hurting like mad are the employers. In many cases, they are now being asked to pay for what previously was a service at no cost to them and they find this singularly disenchanting, but it is also that there is not much information coming through. Centrelink’s computer was down from 1 May to 30 June—an eight-week period. Most businesses would struggle to cope with that, if you were not going to get any money until you put someone in a job and you have no way of knowing who it is you are supposed to be putting in a job. That has just wiped out the few people who got over the hump of the bizarre tendering process and are now going to the wall very fast. Fantastic! If you have those two out of the way, the unemployed people are the ones who are suffering most. They are now unsure of where to go, they do not know which services are where and very often they have to travel great distances at great cost to get to them. So we are now back to ‘Casual vacancy: boy wanted’ notices in windows, which is very interesting.

Yesterday—you can give me your comment on this—we were told about people now advertising in the newspaper, because that avoids all this disaster of Job Network, which is artificially inflating the number of job vacancies. The evidence is not comparable because people are now advertising where previously they did not. Do you know this to be the case?

**Mr Buchanan**—I do not know. It makes sense, though. If that computer was down, then people would have no alternative. What I would suggest for your question is, if DEETYA will not give you the information, then hit them with an FOI request on what contract variations have been around the employment services market.

**CHAIR**—We have that down, have we? We need to know to ask the right questions.

**Mr Buchanan**—I have just talked to people who are involved in the network. What has happened is that a lot of the fly-by-nighters have now pulled out. They have been exposed very quickly and successful tenderers are accruing more and more contracts. In south-west Sydney, for instance, there were some companies which had coverage from Brisbane. It was obviously silly that they got the contract in the first place. What has happened is that other successful tenderers in the south-west Sydney area are getting their contracts varied to pick up that extra work. You could almost quantify that level of problem simply by getting that administrative by-product data.

**CHAIR**—That is so useful, thank you.

**Mr Buchanan**—You would not just have anecdote; you could actually say, ‘Over this period.’

**CHAIR**—I think it would be very useful for our committee to ask for it and, if not, FOI it. Can committees FOI stuff?

**Secretary**—You just get it.

**CHAIR**—You just get it! Excellent. Please tell me what the secret is. We spend a lot of time at estimates trying to get any of that data.

**Mr Buchanan**—You just ask the question: give us a list of who the successful tenderers were at the start of the scheme and give us a list now of who is still currently providing a service. You have to be precise in the question you put.

**CHAIR**—Of course that is a simple question which you would think would provoke, if not evoke, a simple answer. The answers are, ‘We don’t have that data, we haven’t finalised our figures,’ or, glory oh glory, ‘That’s commercial-in-confidence.’ There are less than elegant words for that, but I had better not put them on the public record.

**Mr Buchanan**—Once again, even if it is commercial-in-confidence, you can present the data in a form that preserves anonymity. The ABS does that all the time.

**CHAIR**—But you are a reasonable person.

**Mr Buchanan**—Yes.

**CHAIR**—These are unreasonable times. You are quite right and, what is more, there is almost no justification for any department denying any estimates committee information. That has been proven over the years. It has been fought through parliamentary privileges committees and God knows what else. That does not stop people or Employment National say, ‘We’re not going to tell you.’ You then have a tedious process of provoking those people who can’t not tell you into telling you. But yes, you are right, and thank you very much for that suggestion.

I wanted to ask you about mature aged unemployed and you have given me the answer, particularly for men over 60. Do you have figures for 55, 50 or 45?

**Mr Buchanan**—Richard Pickersgill has done a report on all that drawing on data from John Freeland. Our centre has done a report on that. I can get you—

**CHAIR**—That would be really great. The thing that is interesting is the concentration on youth unemployment. Our regional employment inquiry is now highlighting that there is another significant group of hidden unemployed, that is, people over 55, but now people are talking about over 45.

**Mr Buchanan**—That is right.

**CHAIR**—What is happening is that a lot of these people, if they are under 55 and not yet running down what modest super they have, are actually doing very sparse casual work, not sufficient to survive on but sufficient not to be counted as unemployed. What we are seeing now is that you do not have enough skills training or ability until you are 24, so you are wiped out, and you are over the hill and gone by the time you are 45. So there is now a very small window of opportunity. God knows how you get in, but it is fairly clear you will soon be out. We have reduced the average work force to 20 years—between 24 to 44. I really do not know what is in the minds of the managers.

**Mr Buchanan**—Exactly, and they are the ones putting in the longest hours, too.

**CHAIR**—Yes, because of some bizarre understanding of oncosts.

**Mr Buchanan**—There is a certain reality there. That is why I went to the notion of labour market filleting.

**CHAIR**—Sorry?

**Mr Buchanan**—That is understandable. That is why I went to the notion of labour market filleting. You get your prime age people, you put them on open-ended contracts, like professional or staff contracts—we are seeing that come through even in blue-collar areas now—so that you do not have to pay for the overtime. That is why the excessive hours are going up. A lot of it is being done on a no-cost basis.

**CHAIR**—I have the clear view that we are thundering into the financial arrangements of the robber barons of the 19th century.

**Mr Buchanan**—You will have to read our book. That is the conclusion.

**CHAIR**—I think I will. It is shocking to have arrived at a thought of my own before I read the book! The other thing that is really terrible though is that, is it Mr Petrie, the bloke who has just told Bill Gates that he was not going to work 80 hours a week, that he actually thought work was one part of life but not the whole of life, that there was family, children and all sorts of other things? I hope there is a revolt and a rise up as people say, ‘Please, pay me enough for eight hours.’

**Mr Buchanan**—It is very hard under the current industrial relations system—and it was even under the previous industrial relations system—because the focus on enterprise bargaining has taken away a capacity to take up those industry and economy-wide issues.

**CHAIR**—If we did not have a union movement, we would now begin to invent it. I find it interesting that it is more than 100 years since there was a campaign for eight hours work, eight hours rest and eight hours play. How we have advanced in the 20th century! Who did the research you referred to?

**Mr Buchanan**—The mature age working stuff?

**CHAIR**—Yes.

**Mr Buchanan**—That was Richard Pickersgill in a report on mature age workers. I think the Parliamentary Library gets our monographs and working papers. If there is a hassle, give us a call.

**CHAIR**—Thank you. There is too much to ask you. Is the information on those overheads what is in the book?

**Dr Spierings**—Yes.

**CHAIR**—Nothing extra?

**Dr Spierings**—No.

**CHAIR**—To both of you, if we have further questions, can we put them to you?

**Dr Spierings**—Sure, by all means.

**CHAIR**—Thank you very much. One of the things I want to finish with is: to what extent are you working with unions?

**Mr Buchanan**—We do a lot of research with unions. We do research with employers and unions.

**CHAIR**—The labour hire companies, and yours in particular in Gosford, does that have union participation or representation?

**Mr Buchanan**—Yes. On the management committee there is a representative of the TLC.

**CHAIR**—We have not asked you about how it got set up and who is running it, or whatever. You said there were three people plus one additional staff. Is there a board?

**Mr Buchanan**—Yes.

**CHAIR**—And on that board is?

**Mr Buchanan**—There are about eight people and they have representation from the local councils in the area. The TLC is represented.

**Dr Spierings**—Employers, the area consultative committee and Dusseldorp.

**CHAIR**—In some ways, listening to you describe it sounded a bit like an up-market or extended view of what unions might have done—not that unions did that. They became locked into permanent work. Everything they feared they were right to fear, but at the same time they were not in the position to be flexible about alternatives, but they were an advocate for the employees. In some ways, you have taken some of that role and extended it further, which is very interesting.

**Mr Buchanan**—The miners union has this. The United Mineworkers Supplementary Services is essentially this kind of thing.

**CHAIR**—It is a feast we are having this morning. Thank you very much indeed. We are running over time. We apologise to the next witness.

**Proceedings suspended from 11.11 a.m. to 11.26 a.m.**

**FAGAN, Professor Robert Harold, Department of Human Geography, School of Earth Sciences, Macquarie University, New South Wales 2109**

**CHAIR**—Welcome to Professor Fagan and to our new visitors, who are prospective witnesses. Professor Fagan, could you please state the capacity in which you appear today?

**Prof. Fagan**—I am appearing in my capacity as a researcher on labour market restructuring, and I have been studying the labour market in western Sydney for the last 15 years.

**CHAIR**—The committee prefers all evidence to be given in public but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will consider that request. I point out, however, that evidence taken in camera may be subsequently made public by order of the Senate, as has happened in recent years. You might like now to make an opening statement, and then we will field some questions. I apologise too for running a bit behind but, as I said, we have been having a feast of information, and that might be a brief warning to our next witnesses—we may be a soupcon late.

**Prof. Fagan**—As you know, Tony Sorenson will not be appearing, so I will try to elaborate on my remarks a little more than I might have done.

**CHAIR**—For the record, it is because he is ill.

**Prof. Fagan**—Yes, because he is ill. I have looked at Professor Sorenson's submission and mine is rather different, but his gives a good analysis of unemployment trends around Australian regions. My approach is rather different from that. I will now launch into that.

**CHAIR**—In offering also to make some contribution on behalf of Professor Sorenson, we should note for *Hansard* that Professor Sorenson has provided a submission, numbered 72.

**Prof. Fagan**—I have tabled a document, which is the most recent thing that is available, on the details and the employment situation in western Sydney. It also outlines the approach. I have provided you with a single sheet—which is more effective than overheads and so on—which summarises my approach.

What have I been doing in the 20 years of research? I have always been interested in regional employment creation and local employment creation, and particularly unemployment in western Sydney. I have been a consultant to federal, state and local governments, so I have looked right across the board for a fairly long time at the kinds of employment policies that are available.

The work on western Sydney arose out of work I did for the New South Wales state government where, effectively, I wrote the employment section of the Sydney metropolitan strategy, which came out in 1988. I have spent the last 10 years trying to look at what we did not do and what was ineffective about the way we approached employment in western Sydney at that time. I think it is one of the most interesting things in my work on labour

markets. I am trying to add to the economic analysis that people like Bob Gregory are doing—which is work I strongly endorse at the macro level—by looking at what it means to have a local labour market, and the extent to which a person's employment prospects are shaped by forces that operate primarily at the regional and local scale. To do that, I find that I have had to try to become an expert in this concept of globalisation. So what I am really doing, and what the paper addresses, is how global economic change affects employment and unemployment in places like western Sydney.

I have been concerned, in the debate about unemployment and the rediscovery of the regions, about this binary we make between metropolitan centres and the bush, because the regions in Australia are much wider constructions than that. In particular, I have been interested in western Sydney, a large fringe metropolitan region of over a million people which has an endemic unemployment problem, it seems.

**CHAIR**—Can you briefly tell us what you are calling 'western Sydney'?

**Prof. Fagan**—Yes. Because of the convenience of statistics and the work I have done, I am using the member councils of the Western Sydney Region Organisation of Councils for the last decade. There are nine local government areas comprising the Western Sydney Region Organisation of Councils. They are Parramatta, Holroyd, Blacktown, Fairfield, Liverpool, Blue Mountains, Penrith and Baulkham Hills. I think that is nearly all of them.

**CHAIR**—In other words, it is from here out and a bit south.

**Prof. Fagan**—Yes. The things that are not included are in a broader concept. I think Sydney's concept of western Sydney would include the Campbelltown region, but for a whole range of administrative and historical reasons, they have the Macarthur Region Organisation of Councils, as you know. The focus of the work I have done in the last four or five years is on four councils in particular—four LGAs—Fairfield, Liverpool, Blacktown and Penrith, and they all provide very different pictures of what unemployment means in western Sydney.

In my address, because the detail and the evidence and so on is in the paper I have tabled, I want to concentrate on only three points, and then I will stop. I will hold these sheets up, rather than go the overhead route. I think it is very crucial that we have this reminder that, very often, at the regional scale—and this is where Professor Sorenson's data applies—we get pictures like this of unemployment in western Sydney. Most residents of Sydney these days can draw this kind of thing on the back of a beer mat. They do not need the sophisticated statistical analysis which I engage in. This has now been written into the Sydney psyche about how employment and unemployment operates.

If you take the Western Sydney Region Organisation of Councils, as I have just done, which is approximately in that area—so leaving out this south-western region—you can see the unemployment figures of western Sydney in 1991. Bob Gregory's and others' work shows that it is even more entrenched by 1996. You have this picture of struggle in the labour market. The first thing I want to say is that the incident of unemployment at the local scale is very uneven. It is not effectively represented by this kind of cartography even

though, for lots of purposes, this is the way we have to go. I use this all the time. It will be appended to the paper.

**Senator TIERNEY**—Do you have it for us?

**Prof. Fagan**—No. I have only given you a photocopy of one of the main diagrams, which I will come to in a second, but I am not going to refer to these in any great detail anyway. When we are looking at understanding unemployment, my first point is that we have to allow for the unevenness at the local scale. If we are interested in local labour markets, then there is a patchwork within that area which really contributes to the unemployment statistics for western Sydney, and I will talk about that briefly.

The second is that I have been working on a model of access to employment—that is, how do people who live in a locality link up with the jobs that are either located within a reasonable distance of that locality or that they can commute to. In other words, I am taking unemployment as a residential phenomenon in the local area; how do you get linked up with jobs? The diagram I have given you in the paper is about my concept of access to jobs.

The third thing I want to say is that, to understand local unemployment, we have to look at all geographical scales, if you like, because western Sydney cannot be understood simply as a patchwork of local unemployment phenomena. It is that, but it is very significantly affected by things that go on at the state level. It is very significantly affected by national changes in policy frameworks, national economics, but it is directly affected by what we would call global change. So western Sydney, different from many of the other regions which were looked at in the regional employment inquiries, is actually central to the Australian economy, central to Sydney's global city status, not excluded from any of those phenomena, and yet there are large numbers of marginalised people inside a central region. So representing this as a metropolitan versus the bush and centre versus periphery issue, which I think is a tendency in the statistics, the sorts of stats that Tony Sorenson puts out very effectively, misses the fact that there is nothing marginal about western Sydney, except for this huge number of people whose employment opportunities are marginalised within their local labour market.

Let me go back through those three points quickly. The first one is on the unevenness. This diagram looks much better in colour but is very simple to explain. This is putting those unemployment statistics for western Sydney back to postcode level. So the dark shaded areas show the areas where unemployment was very much higher than the western Sydney average. We are moving in the Fairfield-Liverpool area to some postcode districts where the unemployment rates are twice to three times the average for western Sydney.

**CHAIR**—Meaning what? Thirty per cent instead of 10 per cent?

**Prof. Fagan**—Yes, that kind of phenomenon. There are other areas throughout the western region of Sydney at the postcode level which become quite apparent, where the unemployment level is lower than the metropolitan average, not the western Sydney average but the whole metropolitan average—areas here on the fringes of Baulkham Hills, in Blacktown and parts of Penrith, but even in Fairfield and Liverpool. These lighter shaded

areas have rates of unemployment between three per cent and five per cent, which is like a 1998 definition of full employment, in effect.

The simple point then is that an unemployment statistic for western Sydney of 15 per cent scarcely represents anyone's local labour market experience. That 15 per cent is a statistical construction which we have to use for all sorts of indicative purposes, which is actually made up of a whole series of pockets where unemployment rates are between 25 per cent and 30 per cent and a whole range of other parts of those statistical areas where the unemployment rate is national average or better.

The problem for that is that we have to try to ride an idea of marginalised places, which is inherent in our rediscovery of regions, alongside the idea of marginalised people. I think regional policy has often been seen to be an alternative to more macro policies which affect people according to their income levels and their occupational structure and status, et cetera, and that an alternative to that is to focus on specific places.

I think the problem we have now, epitomised by western Sydney, is that you have rapid growth and decline happening side by side in the same places and same postcode districts, even from one end of a street to the other. This is a very new concept for regional analysis, for regional economics and for policy recommendations. That is really the first point I want to make.

Moving from that, let me say just a couple of things about this access model which I have given to you. This came out of an attempt I made to explain to the local government, to the councils of Fairfield and Liverpool, why their unemployment rates were so high in the 1990s. What the diagram does is look at the stock of local jobs that are available within the actual local labour market of the people resident in those places. So we have a stock of resident workers in those areas and we have the jobs that they might seemingly get access to.

One of the problems in the whole analysis at the local level is that we have tended to look at the processes which do or do not create employment in areas. So we have looked at the problem of unemployment as a problem with the stock of local employment—that is, are there enough jobs? That is a very significant issue in western Sydney. The labour market, as you probably know, is growing very rapidly in western Sydney because it is the fastest growing part of the metropolitan area. So the age structure of the population, the rates of growth, the receipt of immigrants from overseas and from other parts of the metropolis all contribute to this very rapid growth of the labour market in western Sydney.

It is also a very open labour market compared with some of the other regions that you will be visiting in your inquiry. Obviously local workers are in competition for local jobs with people who do not live in western Sydney, who live in the other parts of metropolis and who live in adjacent regions. Lots of people come down from the Blue Mountains, they come up from Wollongong in increasing numbers and they come down from the Central Coast, so that the commuting patterns in and out of western Sydney have become very complicated in the last five or six years. Hopefully the 1996 census data will allow us to get further in our understanding of people moving in and out on a daily basis for this employment. So that is the basic proposition I am putting forward in my model.

I am trying to switch attention then towards the concept of access to jobs. This table in the paper is an analysis over the late 1980s and into the early 1990s of the growth of manufacturing jobs in western Sydney. You can see that, in a net sense, there was a slight increase in the number of new manufacturing jobs over that period. In other words, the creation of jobs in this particular five-year period was greater than the destruction of jobs. So this is the net outcome: lots of jobs were lost and lots of jobs were created; it was in the black for this five-year period.

But if you look at all the local government areas which make up western Sydney, you can see that the growth of manufacturing jobs was very highly concentrated in two of those local government areas. In fact, the growth rate was 54 per cent over the five-year period compared with nine per cent for western Sydney in Fairfield and 29.6 per cent, nearly 30 per cent, in Liverpool. Some of the other regions, against the trend of positive for the whole region, went backwards—that is, the number of jobs lost in those areas was greater than the number of jobs gained.

So there are two points about this. First of all, whatever happens at the local level is the net effect of forces going on simultaneously—jobs being created all the time and jobs being destroyed all the time by closures, rationalisations, et cetera. A positive figure may tell us that the labour market looks to be creating enough jobs to cause an increase in employment prospects. However, there is one point about that: if the kinds of jobs that are declining are in the high skilled areas, in different income structures or in different occupational structures from those that are being created you could still have a net deterioration of the prospects of access to employment, even with a positive growth. So achieving positive growth by growth creation schemes does not necessarily get us out of structural labour market problems.

The second thing to say is that Fairfield and Liverpool have the two highest and longest-term unemployment rates. So here we have a paradox: a situation where two local government areas have been leading the way in the creation of new jobs and very little impact of that change has registered itself in the unemployment figures for workers resident in Sydney. That is the importance, then, of my approach to access to jobs—how are people getting access to jobs? Of course whether there is a stock of local jobs in the area being created is crucial. But the more important issue for explaining unemployment in a complex region like western Sydney is what controls people's access to those jobs.

That brings us to the bottom part of the diagram, which makes some simple points that we often forget in labour market analysis. There is no one labour market, conceptually. Labour markets are actually segmented according to people's age, gender and, sometimes, ethnicity, particularly in relation to language—not language ability, which is often said in labour market constructions, because a lot of the people I am interviewing speak four languages to my one but one of the ones that they speak well does not happen to be English. So those kinds of things always have operated to provide segments to the labour market. In western Sydney people enter the labour market through particular segments, and they often can get marooned or stuck in particular segments and find it very difficult to move within those segments.

So access is only partly about transport—can they get to the jobs; it is also about their skill levels, their education levels and the kinds of training they have had access to. In this

box I have listed the kinds of things that, from our detailed work, have come up from employment surveys—how do you get access to employment? People talk about their education levels, the kinds of training they need, the transport that is available to them. Security was a great issue for lots of young people in the retail industry when they went to 24-hour trading. Suddenly the fact that a job was located in their local government area made it still very difficult if they were going on bus transport or other transport and they did not have access to a car if they were on the evening shift, if child care was unavailable, et cetera.

The main point I am making—and it is thoroughly worked out in the paper—is that we have spent a lot of time in understanding regional analysis in this top left-hand corner of the diagram. In other words, local employment schemes have been about trying to attract more jobs into an area, local business formation and local entrepreneurialism. The whole thrust, for example, of the McKinsey report was pitched at the top left-hand side of this diagram; arguing, effectively, that local circumstances were primarily shaping a person's ability to get in and out of work, and an indication that perhaps if we could assist locations to do the full Monty, if you like, and pull themselves out of their own unemployment situation, this would then be the most effective type of regional policy.

The problem for me is that that says nothing about the employment situation in regions like western Sydney. Fairfield can barely grow any faster in some of these areas. It does not need any more local entrepreneurialism. It does not need the kinds of things that a McKinsey report would identify. What is keeping people out of the labour force, out of the jobs that exist in their own commuting zones, is their accessibility to various kinds of social infrastructure—education levels, training, child care and so on. My work has tried to shift our attention at the local scale away from simply the creation of a stock of jobs towards these kinds of things which genuinely affect people's ability to access those jobs.

It can be seen, then, that one of the worst features of this north-western corner model is that, at the regional and local scale, it can simply blame the victims in the end for their own high levels of unemployment—that their unemployment is defined by an absence of something at the local scale whereas many of these issues that have affected western Sydney in the last decade are determined beyond the region. They are determined at state government level, they are determined by patterns of investment by state and federal government and they are determined by, if you like, a lack of regional sensitivity in policies that are not regional policies but are welfare policies, employment policies, industry policies and so on. That is probably the second point that the paper makes. I would be very happy to talk about the details of western Sydney to you, but that is the general model that I have been working on.

Perhaps the final thing to say is a three-point summary of the effectiveness of local or regional strategies. First of all, job creation is crucial. There is no way any regional analyst would say otherwise. It is crucial to keep building up the stock of local jobs in regions like western Sydney. My simple point is: beware the Fairfield paradox. It is quite possible to create economic growth and jobs in a region without making a significant impact on those segments of the labour market which are accounting not only for the vast proportion of these local figures but also, by extension, right up the chain into the ABS national labour market statistic of eight per cent. Very few regions in Australia at this scale actually experience

eight per cent. It is a combination of regions experiencing much less and much more, and that is segmented according to things like age, gender, skills and so on.

The second thing is that, while having stressed the importance of local determination of these things, people's final labour market experiences are determined locally. We have to get away from localism in solutions, otherwise we get left with the local employment creation initiatives alone when much of that analysis disguises national and global statistics which really do shape a region like western Sydney. It is an amazingly open economy. It is plugged into the global economy—it is not marginalised from that—and yet it has this large number of people whose experiences are marginalised in the labour market. The third thing to say then, I suppose, is that local geography does matter. There are places in Australia where, if you are stuck in a particular segment of the labour market, I would rather be in certain places in that segment than in other places. Local geography in western Sydney does affect materially people's likelihood of getting access to employment. The analysis and the data on western Sydney are in the paper. That is primarily where I would like to stop now.

**CHAIR**—This has been a feast this morning. Open the batting, Senator Tierney.

**Senator TIERNEY**—In this inquiry, there are two very contrasting areas we are looking at—that is, rural regional areas and city regional areas—and you have highlighted quite well, I think, some of the differences between those two. In the rural areas there is a lack of jobs, but then people do not come from nearby to compete for those few jobs. But, in this area, you have the opposite problem. I was wondering whether you have done any work—I suppose it comes into your Fairfield paradox—on the amount of job poaching, if I can call it that—people moving out of the east and into the west and picking up the jobs that are here. Have any studies been done on those sorts of movements? You did refer to the Central Coast coming down. I assume the east of Sydney and the North Shore also come out here and pick up jobs. So, if you double the number of jobs, it would not necessarily mean that you would improve the employment situation markedly out here.

**Prof. Fagan**—That is right. I think the most interesting issue about that has been changes in the journey to work. We are starting to get the journey to work statistics from the 1996 census. So we have a whole run now of a couple of decades of journey to work patterns. I think it was expected by a lot of academic analysts—even me—10 years ago that the suburbanisation of jobs, which has been going on very rapidly in Sydney, would start to take up some of these problems in the fringe—that the suburban unemployment problem was a transitory phase that would be taken out by suburbanisation of jobs. Of course that has not happened, and it has not happened for a couple of reasons.

First, the kinds of jobs that are being lost on the fringes are not necessarily the kinds of jobs that are being suburbanised. Western Sydney has received its share of the suburbanisation of office and service sector employment, but a lot of the workers have come with the jobs. So instead of commuting to the CBD, they have turned around and commuted to Parramatta—we are sitting in one of the largest job surplus areas for service jobs—and that has made very little impact on the deficit of service job access for people who live west of Parramatta. Part of the problem is that different jobs go down than come in. So people in western Sydney—more than the national average—are looking for manufacturing sector jobs, transport sector jobs and trade-hand jobs, and those jobs have been disappearing more

rapidly than the new jobs coming in. Before we get to the poaching idea, there is a difference in what is coming in and what is going out.

The second thing is that that suburbanisation was expected to reduce the journey to work patterns in some way. In other words, western Sydney would be self-sufficient by the end of that sort of period than it was at the beginning, and at one level that is true. Maybe there are 85 jobs per 100 residents in western Sydney now and there were only 57 jobs 20 years ago on the ABS statistics, but that does not tell us very much about the complexity of these movements. What has happened is that there has been a substitution of a sort of suburban cross hauling, which is actually very difficult to do. It is paradoxically taking the geographical access of the job coming in. It does not necessarily make it any easier for you to access it if you have now got to go cross hauling, which is next to impossible around western Sydney. If you have to go from Baulkham Hills to Fairfield to pick up a job, it is much easier to go into town and come back out again.

Within that framework, lots of people have been moving into western Sydney from the Central Coast, which is a job deficit area. The south-west, which I mentioned before—the Campbelltown-Macarthur area—is much more of a chronic job deficit area than western Sydney, so there are lots of people moving in and, as you say, lots of people moving from the eastern part of Sydney. There is no way that that can be avoided—these are open labour markets—but I think it has to be recognised that a person's access to jobs is going to be conditioned by things going on in their own locality—a lot of the skills they pick up and a lot of the information they pick up. I was interested in the exchange that you had with previous witnesses about the employment offices. That information source has become crucial to our studies of how people know about the labour market—where they get information from. There is a lot of word of mouth that goes on here, and there are a lot of people who are excluded from those personal word of mouth connections.

So all of those things go into the pot to explain why there is this apparent poaching of jobs and yet there is increasing regional self-sufficiency in western Sydney. That was the metropolitan strategy, and I basically wrote that employment section. We were trying to raise our self-sufficiency. I guess what I am saying is that we have done it but it has not materially affected any of the unemployment rates in the regions that we were looking at.

**Senator TIERNEY**—I believe the unemployment rate on the north shore is something like four per cent, isn't it? If you look around the north shore, which is basically residential, they all have to go somewhere else to pick up those jobs—the CBD obviously, but then on to western Sydney where the rate is much higher. What is the combined rate of unemployment for western Sydney versus Sydney as a whole?

**Prof. Fagan**—For almost a decade, when the national unemployment rate has been 10 per cent, western Sydney has been between 12 and 13 per cent. At the eight per cent level, it has been coasting at a couple of percentage points over the top of the Sydney average, which dominates the New South Wales statistics anyway. Going back to my first point, for a region like western Sydney—and that postcode map is simply an easy illustration of it which I use with my students—that rate does not actually apply to very many areas' real experience of unemployment at all.

In Baulkham Hills, the rates of unemployment are north shore rates at that aggregate level. They would be around four or five per cent—half the national average. Why then have they always stayed with the WESROC employment strategies? The answer is that they have the same sort of youth unemployment rates in that local government area as they have in some of the other local government areas. It is just that if you are unemployed in Baulkham Hills, the chances are that you are in that young age group. Your total unemployment rate is only five per cent, but your youth unemployment rate is probably the same as it is across the border in Blacktown. That is one of the problems we have in this psyche we have developed about western Sydney: that it is uniformly a distressed labour market. In fact, it is a very complex patchwork, so Baulkham Hills finds itself still in line with the employment creation needs because it has this particular unemployment rate.

I was interested in an issue that was being discussed with the previous witnesses about people over the age of 55. That stands out very clearly in western Sydney, and that figure is coming back towards the mid-40s now. I would say there are two very vulnerable groups in western Sydney as a whole, right across the local government areas—whatever these aggregate socioeconomic statistics tell us—and they are youth, which has been stressed in western Sydney, but also males over about the age of 45. Female participation rates, as you probably know, have been rising steadily in western Sydney, but they are still lower than in most of the eastern parts of Sydney.

**Senator TIERNEY**—Have you got any figures for youth unemployment in eastern Sydney versus western Sydney?

**Prof. Fagan**—I have not got access to them right now, but we have had a look at this and I could provide them to the committee.

**Senator TIERNEY**—I was surprised that you were saying that Baulkham Hills would be fairly similar to Blacktown for youth unemployment.

**Prof. Fagan**—The rates are surprisingly similar, given the fact that the aggregate unemployment rate for those two councils puts them at totally different ends of the socioeconomic spectrum.

**Senator TIERNEY**—Yes, it does. That is why I was surprised. Could you provide us with those figures and also figures for eastern Sydney versus western Sydney for youth unemployment? I suppose some of the other policies that government develops can exacerbate the situation for western Sydney, even things like road policy. The building of the M2, which we all assumed was to help the west get into the centre of Sydney faster, also makes it easier for people in eastern and northern Sydney to get out and get the jobs a lot faster. The building of the orbital road, if it ever happens, would make it a lot easier for people from the Central Coast to get to south-west Sydney jobs as well.

**Prof. Fagan**—Yes.

**Senator TIERNEY**—I know it is an open labour market but it does exacerbate the problem for western Sydney. There are a lot of jobs growing out there and people from all

over, because of things like a change in road policy, can actually access them a lot more easily.

**Prof. Fagan**—That is right. The advice we try to give to Fairfield and Liverpool councils—this study was funded a couple of years ago by the OLMA process, the Office of Labour Market Adjustment—is to get away from simply trying to put a wall around these concepts. You cannot do that in any labour market now.

Going back to a point that you made earlier, there are major differences between regions like western Sydney and most of the non-metropolitan regions that Tony Sorenson's paper was talking about. But even there, the commuting patterns have become more and more complex. I was in the Shoalhaven yesterday, and the commuting patterns in and out of the Shoalhaven are much more complex than they have ever been. People move in and out of the Wollongong labour market up to Sydney, and to western Sydney in particular, and down the South Coast. Lots of people working in Nowra actually live in the northern suburbs of Wollongong and go down there on a daily basis. Even in regional Australia the openness of the labour market is still a very important factor, so we said to the Fairfield and Liverpool councils that you cannot put that fence around it.

As well as looking to equip people for the jobs that are in the regional self-sufficiency patch—that is, in your territory—you also have to equip people for competition in the rest of the Sydney labour market. There was a long tradition in urban planning that outer suburbs were dormitories and therefore they were not centres of economic activity. That was completely pushed aside 10 years ago by suburbanisation of jobs, by globalisation and by a whole range of things. Now there are lots of people commuting on a daily basis from western Sydney—from well west of Parramatta—into the CBD. And it is not gender balanced. The most obvious commuting group now is young women, and that completely flies in the face of the urban planning notions of the suburbs being dormitories, with the CBD being male space for jobs and the suburbs being female space. That is absolute nonsense in the way the labour market now operates.

The self-sufficiency is now higher for men. They are the ones staying in the dormitory suburbs to work, but they are cross-hauling. These are really important changes which are very hard to build into our policy notions because we have to think at three geographical scales at once in policy terms.

**Senator TIERNEY**—There are limits to commuting in terms of cost, distance and time, aren't there? For example, the Hunter Valley has similar unemployment rates to western Sydney. Some people commute from Sydney to the Hunter Valley, but not too many, so our jobs are protected from that sort of competition, but we do not have enough jobs. You might be able to shed some light on this, but I take it that there would probably be enough jobs to employ all western Sydney if there were only western Sydney people available for those jobs, like in the Hunter Valley. For example, if western Sydney was over the side of the Blue Mountains, it would be a bit difficult to commute from eastern Sydney. So what is the balance of jobs versus unemployed? Are there enough jobs in western Sydney?

**Prof. Fagan**—No.

**Senator TIERNEY**—Would there be enough jobs if people from the east did not come in and take the jobs—if they were just available to people in western Sydney?

**Prof. Fagan**—It is a bit hard to answer that effectively. You have to create an artificial situation to try to think through western Sydney in those terms. It has always been a very open labour market. Perhaps I could come at it two ways. One is to say that there is nothing intrinsic about western Sydney's geography or economic structure that would lead us to think it is going to be an endemically high unemployment area. All these local government areas that I have highlighted in my paper shared the national condition of full employment through the manufacturing boom, et cetera. The pockets of high unemployment were very localised in those days.

In answering that question, I guess the underlying problem for western Sydney is that it is a high population growth rate area as well. The family structure, the age structure and the labour force structure are weighted at the younger end. That means that there are always lots of people coming into the labour market for the first time. So it is a commonly held feeling around Sydney that there are enough jobs being created, if it were not for the fact that you would expect, in an open labour market, that lots of those jobs are taken by other people. The problem with that analysis is that a massive number of jobs would have to be created, well into the year 2000, to just keep things level because of the continued growth of the labour market. I was very concerned in the metro strategy, for example, that regional self-sufficiency was not the only strategy we were going to offer, because those people in western Sydney coming into the labour market have to be equipped with the skills and knowledge to get jobs outside that regional labour market. And a lot of them have been doing that by going as far afield as possible.

It is very difficult to prove this quantitatively in social science but there is a huge amount of anecdotal evidence about geographical discrimination in the labour market. It is said that if you telephone an employer in Manly and say, 'I live in Vaucluse'—that is probably not the best place to choose but it is the first one that came into my head—then there is a higher probability of getting that job than if you ring from Blacktown and say, 'I live in Rooty Hill,' or whatever. There is a lot of anecdotal evidence in this labour market about geographical discrimination.

**Senator TIERNEY**—There must be a fair bit of movement back the other way as well—people in western Sydney picking up jobs in eastern Sydney. I would take it that the structure of the labour force profile, in terms of skill qualifications, would be greatly different from, say, the Hunter Valley and possibly would be better than the rural areas.

**Prof. Fagan**—Yes.

**Senator TIERNEY**—But yet the unemployment rates, compared to rural and regional Australia, are significantly lower. We were in Lismore recently and, of course, unemployment is a lot higher than these figures here. Even within the subregions of the west, Liverpool is at 9.1 per cent, Blacktown is at 9.4 per cent and Parramatta is at 6.2 per cent which is way under the national average; the other two are a bit above the national average, but they are not too far out of line. Fairfield is, as it is up to 13.8 per cent.

**Prof. Fagan**—That is right.

**Senator TIERNEY**—South-west Sydney seems to be where an emphasis should be.

**Prof. Fagan**—That is right.

**Senator TIERNEY**—In terms of the structure of jobs in this area it seems as though manufacturing is 22 per cent as opposed to 15 per cent on the national average; wholesale/retail is pretty much the same; finance and property are 9 per cent locally versus 15 per cent. It seems as though the structure of jobs tends to be more towards the lower end of skilled than the higher end of skilled, compared to the national average which, one would think, should advantage the local area to some extent. How are the trends going in those sorts of things? Are more highly skilled jobs being created in western Sydney because of the mass of the area? It is about double the size of Adelaide, all by itself. Where it is out of line, is it moving to become in line with the national average on things like being under average in finance and property?

**Prof. Fagan**—Yes, that is happening as part of the process I talked about before—of increasing what I call regional self-sufficiency. But it is still out of kilter with the national average, partly because western Sydney is the largest single remaining manufacturing location in Australia by all sorts of measures.

Two factors are causing this: one is the suburbanisation of manufacturing—lots of stuff relocating from the central industrial area et cetera; but I have calculated in other work that that force ran out of steam by the early 1980s.

The two things happening now, together, are that it still is the location of some of the biggest branch plants in Australian manufacturing—it is the big end of town for the big engineering, electronics firms down at Moorebank, on the big industrial estates.

**Senator TIERNEY**—Sony, and groups like that.

**Prof. Fagan**—That is right. Now those companies are being affected by rationalisation and technological change, so their productivity is still there and the output is still growing, but employment in those areas is going backwards. That is going on all around the world, so we expect that.

The second factor, though, is that new business is forming because of the population size. The centre of gravity of the market has shifted well past Parramatta over the last decade.

**Senator TIERNEY**—When I was a young lad it was at Concord, then it got to Parramatta.

**Prof. Fagan**—It is actually coming back a little bit now. It went out towards Blacktown. It is actually coming back a little bit with, I suppose, a mild effect of urban consolidation in the eastern part, which is retaining population to a bigger level. But it is well west of Parramatta. So, I think what is happening is that there are still lots of people looking for jobs in those sectors; and, of course, they are growing but not at the rate that would be needed to

keep up with the rate of the labour force growth. The factor which is affecting western Sydney is suburbanisation of offices, but it is holding in particular regions like Parramatta. Suburbanisation of offices has been much more dramatic on the north shore around the Neutral Bay area and down towards Hurstville. Suburbanisation of office development has not got the momentum to pick up the tab at the moment for the job requirement here.

**CHAIR**—We are a little over time, so I will try to be brief with my questions and perhaps you might shorten your answers. If there is something you need to give to us later that would be good. I just wanted to check—did you say, Senator Tierney, that this area with one million people was double the size of Adelaide?

**Senator TIERNEY**—It is double Adelaide.

**Prof. Fagan**—I forgot you came from Adelaide. Yes, it is double—that is, western Sydney is—not including eastern Sydney.

**CHAIR**—This committee is trying to base its inquiry on fact, Senator, so we will just flip that one straight out.

**Senator TIERNEY**—But it is true, it is double the size of Adelaide.

**CHAIR**—You mean double the size of the work force in Adelaide?

**Senator TIERNEY**—No, I mean double the size of the population: Sydney is now four and a half million, isn't it?

**Prof. Fagan**—Yes, a bit more than that.

**CHAIR**—You said a population of one million, which is not a fair measure of Adelaide.

**Senator TIERNEY**—Western Sydney would be over two million, wouldn't it?

**Prof. Fagan**—We would be talking about definitions of boundaries.

**CHAIR**—Elegantly said. We won't remind you of the figure you gave us before. Let us move on.

**Senator TIERNEY**—But it is double the size of Adelaide, that is a fact. It is a well-known fact; it is over two million people.

**CHAIR**—We will not ask the Professor to repeat the figure he gave us earlier which I wrote down and remember.

**Senator TIERNEY**—But if he said the centre of gravity was west of Parramatta—

**CHAIR**—I am moving on to the next question as I do not want to argue with you, Senator.

**Senator TIERNEY**—I just want to clarify—

**CHAIR**—I am perfectly prepared to concede that you are always right. The women who are commuting, Professor, what work are they going to?

**Prof. Fagan**—Mostly into office jobs—finance, business services and property. They are the jobs that are probably—going back to an earlier question—most under-represented in western Sydney. There has been a lot of growth in service jobs in western Sydney but they are not in the fastest growing end, the quaternary sector—the information sector. Parramatta is an exception but Parramatta is an area where there is a tremendous amount of commuting going on, in and out of this local labour market.

**CHAIR**—How many of those young women are commuting to make beds?

**Prof. Fagan**—That I do not know. It does not seem to show up in the journey to work figures.

**CHAIR**—That is interesting because a large amount of the hospitality industry, particularly hotels and so on, is more likely to be in the CBD. I would be interested to see some detail on that, if you ever found any.

One of the constant issues emerging from our regional inquiry, outside of metropolitan areas—and I appreciate very much the way you have explained the difference for us today—was a sense of social fabric. We used to call that sense ‘community’. It is a sense of some of the things that the profit motive or standard economics doesn’t measure—for instance, the value of people being able to get home in time to play with the local footy or netball team or chase their kids around the park or whatever. That sense of community is an important factor. A lot of people who talked to us said that they value it—however they define community.

What about the sense of community in your area of western Sydney? I cannot tell you how many footy teams there are, which is one definition of community, I suppose, for some sections of it. I suppose Penrith is still likely to push Parramatta’s face in the mud at every opportunity, but I do not know which team is winning at the moment. What is the definition of community? Do the people of Baulkham Hills feel as though Baulkham Hills is number one and a hundred per cent, or is this journeying to and from work cutting down that sense of community?

**Prof. Fagan**—I think it does but it has done for a long time. Western Sydney was largely constructed, in the first instance, by people in eastern Sydney. It is Sydney’s ‘other’, but in the last five years I have detected a sense that, because of common problems—and it is not only unemployment but environmental issues—there is now a greater sense of western Sydney as an area of Sydney that has community problems. When I started this work 10 years ago, employment was the thing that would galvanise councils and local groups. I have detected that employment is still a crucial issue but urban environment issues have been added, particularly air quality, because of the particular nature of western Sydney—but that is another story. Those two issues are crucial and western Sydney people are starting to think of themselves as having a particular set of community interests. Before those issues arose,

western Sydney was, as I said, largely a creation of people who did not live here. The sense of community is much more localised than can be represented by a vast population—over a million people, as I said before, in my study area.

I also think, though, that that spills over to the kinds of things underlying that graph. How do people find out about labour markets? In our earlier work, a lot of the information came through word of mouth, through family connections, through people who had family members or whoever employed in particular sectors. Those kinds of connections seem to me to be fading. There is an expectation amongst young people in particular parts of western Sydney that they are out of the information network before they start. This is a very worrying phenomenon. It is being picked up at the national level by the work that Bob Gregory has done at ANU on the way in which unemployment rates obviously relate to increased social polarisation. But I am finding it at the grassroots level. People are being withdrawn from the information sources that they used to have access to.

There is one very quick thing I should say too. There was an expectation that people might work more in the informal economy, that they might start doing casual jobs not for wages, that there would be a kind of barter economy occurring in places like this over time. There has been a lot of academic analysis of this as a theoretical concept. We have found in western Sydney that the vast proportion of people are still getting their livelihood through waged work. If they do not have access to waged jobs, either on a casual or a better status, then they are out of the economy. The north shore has a lot more of this bartering economy than the western region of Sydney does.

**CHAIR**—And the Blue Mountains?

**Prof. Fagan**—The Blue Mountains has always had that economy. It is a sort of informal economy. The other thing that I am trying to do in the research, and we move into this phase now, is to work out what people's employment experiences are, rather than having them represented all of the time through the ABS figures and so on, which do their job. Some people hold three or four jobs at once. They move in and out of jobs in ways that are not reflected in the gross nature of our unemployment statistics. We have to have them, but we need this other information as well.

**CHAIR**—The question of community is very interesting. I have a son studying at the University of Western Sydney, Penrith, and I was fascinated to discover that one of the largest supporters of that university was the Penrith footy team and footy club. They saw it as absolutely critical to start really establishing this sense of, 'We are Penrith people and we are here to look after each other.' I do not know whether that is continuing to grow, but certainly people were at pains to explain to me that this was a newish thing. It was not as though Penrith had never been there before, but there was a sense that they were aware of opportunities that might slip past them if they did not really get into it together.

To what extent can you tell us about Job Network, particularly in the light of what you were just saying about people who find themselves outside of any other information source such as: Uncle Bill says, 'Pop down and see Joe at the garage. He might get you a job or something'? I do not mean in any way to parody what you were saying, but there was that

sense of it being by word of mouth. What is your experience of Job Network in recent months? How do you see it contributing or failing to contribute to that information supply?

**Prof. Fagan**—The most unsatisfactory answer of all is the one I will have to give you in the first instance. We have not had a chance to monitor effectively the changes in the delivery of employment services. I think that is the case right across the board. However, there is already a feeling at local levels that things are reasonably chaotic in terms of information sources. There was a worry amongst the people that I was speaking to about the lack of professional knowledge of local community, that the system was not in a position to share information, that it was actually being set up as a competitive structure—that is, agencies are competing with each other with the particular goal of producing better services, more services, lower cost services in mind, that that was cutting right across the way in which labour market intelligence is actually accumulated. That is the thing that I am hearing most at the moment.

The next part of our research, which is an ARC funded research project, is going to move back into the business of: how have you discovered labour market information in the last six months? That will pick up some more quantitative, rigorous information rather than just anecdotal information. Employment professionals and local government people are telling us that they fear that community knowledge and access to community knowledge is being sacrificed by the new structure of employment services.

**CHAIR**—One other thing we have heard from lots of people is that they find it all the way from useless to offensive to have to ring a 13 number to get a lot of information. They do not think the person down at the 13 number knows who they are, where they are or what they are really on about. It is okay to use the telephone computer system to book an aeroplane flight, for example, but it is not much good at all if you are talking with someone out of the area about a possible job. That is what they are saying: that they want to see the whites of the eyes of the people who are going to provide this information. You have said that in a better set of words. If you get something about that in the next little while, we would certainly welcome it.

**Prof. Fagan**—Yes, I could make something available to the committee on that.

**CHAIR**—The other thing is that I understand that one of the areas where you could really offer the committee some useful expert information is on this notion of globalisation. In three minutes, before we close your contribution, can you tell us about that? I have to ask you one other question before we do that. Do you think that there will be an employment impact in western Sydney if the Parramatta to north shore train line is built?

**Prof. Fagan**—Yes, there will be. I think that is going to solve a series of access problems for a number of localities.

**CHAIR**—Would you have a sense of the point that Senator Tierney was making before, that what might be a useful way for people in the western region to get to work will mean that it is even easier for people out of the region to come into the west to take the jobs?

**Prof. Fagan**—That is true, but that is always the case. I suppose the point I am making about labour markets like this is that that is part of the deal. What it does is to highlight the fact that by itself transport is only one part of my concept of access. It is transport plus knowledge of labour market opportunities plus skills plus the kinds of things that go to segmenting people into different parts of the labour market that they get stuck in. If you put all those changes at both ends of that so that residents of western Sydney are better able to take advantage of opportunities in or out of the region, that particular transport access becomes very important. By itself, it is not going to do major things. The M2 is another good example.

**CHAIR**—We are running out of time and I will resist the temptation to ask questions about gender and child care. You have made good reference to them, but we could follow that up perhaps later. Can you briefly tell us a little bit about globalisation?

**Prof. Fagan**—Very briefly, what I think has happened is that globalisation in Australia has become bound up with a particular notion about changing government regulation et cetera. The social science jargon would be that we conflate globalisation with re-regulation. It has been a problem for communities in western Sydney for two reasons. First of all, there has been an argument, which has been fostered in the media to some extent, that it is the Sydney CBD, the harbour related foreshores and so on, that constitute Australia's global city and that western Sydney is part of the other important day-to-day operations of the city. But in fact there are crucial globally located organisations in western Sydney. It is the major headquarters of branch plants of organisations et cetera. You cannot make that separation. Globalisation is not simply about downtown Sydney; it is affecting both parts of the city.

That has been the first problem. It has been assumed that somehow a big suburban fringe area is out of globalisation, that it is actually nationally and locally determined when that is not the case. The problem with that, of course, going back to what I said before, is that it is very easy to then say, 'Well, if you have got an unemployment problem, it must be because you have got too many NESB people, you are growing too fast, your family structure is giving you too many people for the labour market. If you were in the global economy, this would be fixed up by global change.' It is not, because they are in the global economy and they are still suffering these unemployment rates.

The second thing is that it is being used as a 'there is no alternative' mantra, that you cannot have this kind of economic strategy because of globalisation, because what that will do will be to impair Australia's competitiveness in an international market competition which is fixed around the Asia-Pacific region primarily. If we have conflated anything, we have conflated three things in Australia. One is the idea of what is the appropriate role of government into the next century. The second is globalisation, which is supposed to have hollowed out the state's ability to do things in these areas. The third is that globalisation to Australia means closer relationships with the Asia-Pacific region. All of those things are true at one level, but none of them explains the others.

Globalisation in every country that I have studied is as much national and local creation as it is an externally imposed phenomenon. The idea that it is a steamroller out there for us to accommodate to or try and adjust to is only half the story. What we are calling globalisation has been created around the world by major policy changes by the major

players in the economic triad of the United States, Western Europe and Japan. I could go on at length. I have written a book about this called *Global restructuring*.

**CHAIR**—We might have to read it. Professor, we must finish there.

**Prof. Fagan**—Thanks for the opportunity to talk to you.

**CHAIR**—It was very interesting and very useful. I think Senator Tierney would agree with me that it is largely evidence that is different from what we have been getting.

**Prof. Fagan**—Will I make available that stuff on youth unemployment?

**CHAIR**—Yes, if you could provide that and anything else to the committee, that would be really useful but we do not want to put you to writing another book or even a thesis. Just some dot points would be very useful. Thanks indeed.

**Prof. Fagan**—All right, thank you.

[12.27 p.m.]

**HILL, Mr John, Manager, Program Development, Australian Student Traineeship Foundation, Level 9, 76-80 Clarence Street, Sydney, New South Wales**

**KIRKLAND, Mr Alan John, Research Officer, Australian Student Traineeship Foundation, Level 9, 76-80 Clarence Street, Sydney, New South Wales**

**CHAIR**—I welcome Mr Hill and Mr Kirkland. The committee prefers all evidence to be given in public but, should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you may ask to do so and the committee will give consideration to that request. I have to point out, however, that evidence given in camera may be made public by order of the Senate, as has happened in recent years. The committee has before it your submission, which is numbered 172 and dated 20 May 1998. Are there any alterations or additions to that?

**Mr Hill**—No.

**CHAIR**—I ask you to now make an opening statement and then we will have some questions. I do apologise for running behind time. I would like to see justice done, so away you go.

**Mr Hill**—We welcome the opportunity to briefly talk to the submission. Our interest is particularly in relation to section (1)(d) of the terms of reference relating to the impact of vocational education and training on regional development and regional unemployment. We at the Australian Student Traineeship Foundation are particularly interested in one part of one element of vocational education and training, and that is the training that can be provided for school students on the job. Our particular interest is in promoting the opportunity for students in years 11 and 12 during their period of schooling to spend a significant amount of time in the workplace learning specific vocational skills there and thus facilitating their transition from school to work.

We would draw initially a very clear distinction in our minds between what is commonly called work experience, which many students participate in, and structured workplace learning, which is our interest. Our interest is in learning in which the host employer takes on a specific responsibility to train the student in particular vocational skills and in which those skills count towards the school credential and also count towards the recognised vocational outcomes. We are encouraging those arrangements which are not simply a student visiting the workplace to become more familiar with it but where a student spends a substantial amount of time in the workplace learning there and, at the same time, contributing to the productive effort.

We feel that the programs which are in place across Australia, where this happens now, are best managed by a partnership between local employers and local schools and that that is where the best programs—the highest quality programs—emerge. We were very interested in some of the comments of the previous witness. We think that the sorts of arrangements that we see in place and that we promote for structured workplace learning for senior students are

those where the management group that oversees the program includes strong representation from local employers. They are able to bring to that program current advice about the nature of the skills that are required in that particular location, not only the attributes that are required from a school student making a transition to work but also the specific skills that are most relevant and most needed in the regional industry.

We referred in our submission to the impact in regional Australia of these programs, and perhaps this relates to the points made earlier about the community spirit in many places. In regional Australia, the capacity of towns or regional centres to bring together effectively employers with schools in a partnership to put these programs in place for students seems to work well.

I think the points that we would highlight in our submission are twofold. The first is the significance of students learning specific skills in the workplace, not merely observing work happening, as a way of facilitating that transition. Secondly, there is the importance of partnerships in overseeing these programs that bring together the employers who are involved in the scheme and the education providers. That is all I propose to make by way of an introductory comment. I would welcome questions.

**CHAIR**—Mr Kirkland, do you wish to add anything at this time?

**Mr Kirkland**—One thing that is important to emphasise and which has become clear to us in recent times is that, where we have encouraged schools to sit down with other schools in the region and with local government, regional development boards and with employers, in many instances it is actually the first time that these groups have come together to think about the local economy, skill shortages, skill surpluses and to actually integrate the economic activity in the approach to regional economic planning with education and training opportunities, particularly for young people. The enthusiasm with which a lot of people respond is indicative of the fact that they just have not had the opportunity before to sit down and work together on these issues, particularly in regional centres.

One of the strong messages we get is the ability of the sorts of programs we support to combat the perceived drain of young people away from regional centres. We have mentioned the instance of Junee in our submission. In Junee employers say that there has been an improved relationship between young people as a group and local business people. They actually credit reductions in graffiti and vandalism to the fact that employers actually have real relationships in the town now through having, perhaps, several people over the course of a year come through to do a work placement. They feel that contributes to young people using local businesses rather than travelling to another larger regional centre in the area. Through all of that, they claim that there have been increases in employment opportunities in the area.

In terms of the impact that makes on business confidence and the general feeling in the area, just the idea that there are young people who come out of school with the opportunity to move into local industry means that employers do not have the problem of young people who grow up in the area leaving and then a constant flow-through of other people at various stages in their careers who are only passing through the area for a short period.

**CHAIR**—Thank you very much.

**Senator TIERNEY**—When the Wyndham scheme came into force in New South Wales in 1962, the whole thrust was education for life. You will recall that there were vocational courses before that which tended to be de-emphasised, I suppose, in that education moves in circles and we seem to be back to the point of vocational education as a main element of secondary schooling.

In terms of that change, which is now in a 35-year cycle I suppose—the teachers from the previous time have moved on and we have a new group of teachers who have come through the system with education for life rather than vocational education—are you finding resistance at all in the schools towards this shift in policy towards school based vocational education and training?

**Mr Hill**—Yes. There certainly is resistance in some parts of some schools to the shift and to the increased focus on vocational education. That is certainly the case, but overwhelmingly, with higher retention rates over time and over that period in schools, there is a greater acceptance of schools providing a range of opportunities for the broader range of students who are coming through into the schools. One certainly could not deny that there is resistance in some places—there are pockets of resistance—but overwhelmingly that is changing over time.

**Senator TIERNEY**—The other area of resistance might be people in the workplace who are asked to cooperate with these arrangements. We heard in evidence earlier today that one of the difficulties in putting on young people in any sort of employment was not so much the cost but more the interruption to what was happening. Supervisors had to stop, correct errors and take time out from their own work. When you are putting students in training situations, are you finding that a problem in the programs you are running? If so, what strategies have you for overcoming that?

**Mr Kirkland**—We have recently done some research. We did a joint project with a number of organisations, including the Dusseldorp Skills Forum and the Australian Chamber of Commerce and Industry, looking at the experience of employers who have been involved in our programs. We looked at employers who have been involved for over a year, and they told us that initially there are problems in productivity, but overall their experience was a positive one. They identified a number of concrete benefits which flowed from having students in the workplace, including instances where they took a planned approach to how a student was employed in the workplace, including increases in productivity, improved bottom line results through not only the public relations benefits of the community service aspect of what they are doing but also having a fresh approach in the workplace that students can provide, particularly for businesses that are looking to attract young people as consumers.

**Senator TIERNEY**—I take it you are basically dealing with year 11 and 12 students, are you?

**Mr Kirkland**—Yes.

**Senator TIERNEY**—With that particular grouping of students, how widespread across the system is this approach where they are actually doing work experience in conjunction with schools? Are we talking about five per cent of schools or 20 per cent of schools? What are we actually talking about here?

**Mr Kirkland**—I do not have the national percentage here.

**Senator TIERNEY**—Just give me an example.

**Mr Kirkland**—In New South Wales, 90 per cent of schools are offering some sort of program. A number of them would actually be offering a number of programs. Because our programs are industry specific, they might be offering hospitality, automotive or engineering. It is slightly lower in some of the other states, but it is well over 50 per cent of schools that are offering these programs.

**Senator TIERNEY**—Obviously a lot of senior students do not take this pathway. Roughly what proportion of students in those schools would be taking that sort of pathway?

**Mr Kirkland**—I am not aware of the proportion, but our estimate for this year—we do not have final figures yet—is that around 50,000 students across the country are participating in these programs.

**Senator TIERNEY**—Do you know the New South Wales figure?

**Mr Kirkland**—No, I do not have it here.

**Senator TIERNEY**—Can you provide that later?

**Mr Kirkland**—We can supply that later.

**Senator TIERNEY**—And possibly how that is trending over the last few years, if you have that.

**Mr Kirkland**—Yes, certainly.

**Senator TIERNEY**—In New South Wales, what is the pattern of that work experience? I believe some do three days of day tech, a day in work or four days at school and one in work. How is that pattern developing?

**Mr Kirkland**—I should explain that the vast majority of the programs that we support are not traineeships. So they do not involve that sort of every single week, a day in the workplace or several days in the workplace.

**Senator TIERNEY**—So how does the pattern work?

**Mr Kirkland**—What we are urging our programs to work towards is 20 days per year in the workplace for each student, and their ability to achieve that is affected by the curriculum arrangements. For instance, in New South Wales, that has been a little more difficult for our

programs to achieve, but they are working towards that. The figures we are currently gathering will also give a picture of the number of days that students are spending in the workplace, and we can supply that information at the same time as the other information you have requested.

**Mr Hill**—The pattern of those placements varies from place to place, and different programs will make different arrangements. A particular town and a particular program may prefer to have students one day a week or a regular pattern like that because that suits the employers in that particular arrangement, and the schools make the timetabling arrangements to accommodate it. In other places, they may prefer to take the students in, for example, week blocks as a regular arrangement because that is the way they perceive it to be the most convenient for them. Our approach is that what is paramount is that the arrangements be made to suit the local people rather than us in any sense saying what is right or wrong. What we say is right is that the students have the opportunity for learning, not necessarily the detail as to how it happens.

**Senator TIERNEY**—As an illustration of innovative patterns, one of my daughters is at a senior high school and doing this in year 11. They go to school only on Monday, Tuesday, Thursday and Friday, but they go for a longer period. They start early and finish later. So they go for two days, have a day off, go for two days and then have two days off. They love this pattern. They use that day in one of her programs as the work experience day. So she gets a whole day, and it does not interfere with any study. That is an example of some of the innovative patterns that are being used. Could you just expand a little on what you said about the Junee experience? How comprehensive is that? Are we talking about a few isolated little examples, or are they doing something that is very different and involves town businesses to a very great extent?

**Mr Hill**—The situation in Junee is not a unique example. It is not as though that is the one and only. But what makes it a very good example is the very comprehensive way with which the local employers have supported the program. That school has a very similar arrangement to the one you have just described. In this instance, for one day a week—on the same day of every week—almost all the students in the senior school go to work placements in the town.

**Senator TIERNEY**—How many businesses would be involved with the school?

**Mr Hill**—I do not know, but we understand that nearly every business in town supports it.

**Senator TIERNEY**—Is doing it?

**Mr Hill**—Yes.

**Senator TIERNEY**—It is a very good cooperative model, isn't it?

**Mr Hill**—It is a very good model. I have walked down the main street of Junee on one of the days when this is in place and have stopped at a very large percentage of the businesses and seen the students in placements. In that town, you get a very strong sense that

it is a very collaborative arrangement—a partnership arrangement—between the business and the education sectors. It is the strength of that partnership that is crucial to the success of these programs.

**Senator TIERNEY**—Has that scheme got a name? Do they call it anything?

**Mr Kirkland**—I cannot remember the exact title of it.

**Senator TIERNEY**—Just take it on notice and provide it for us.

**Mr Kirkland**—Certainly.

**CHAIR**—You said in your submission that the Australian Student Traineeship Foundation was established in 1994. To what extent has it changed with the current government? I know that the current government has placed a lot of store by this kind of vocational training in the school—clearly, so did the previous government—but has it changed with the government or is it really just more of the same?

**Mr Hill**—There has been some shift of focus with the organisation in recent times that coincides with the establishment of a new board to the ASTF in August of last year. At that time, the change of direction that the new board chose to take and that the then minister articulated for the foundation was that they put an increased emphasis on supporting programs as they build stronger and stronger links with employers and employer organisations. Also, the organisation would look at programs that would be working with students in years 9 and 10 who would perhaps be at risk of not having the benefits of learning in the workplace if they were not to stay on at school into years 11 and 12 and would address other student needs in years 9 and 10. So there was a shift in emphasis that came with the appointment of the new board of the ASTF.

**CHAIR**—The figures that you gave to Senator Tierney I understood referred to years 11 and 12 students.

**Mr Hill**—Yes.

**CHAIR**—Do you have figures for how many students in years 9 and 10 are now participating?

**Mr Kirkland**—It is only now that we are actually looking at establishing some pilot programs in years 9 and 10. We certainly will not be supporting the same proportion of schools. It is really looking at new initiatives in that area to help students make the transition from school to work. We have supported a small number of programs under our core activities which have involved years 9 and 10 students, but they have been programs in areas with high indigenous populations where retention rates are so low that it is necessary to intervene at an earlier stage than years 11 and 12.

**CHAIR**—Has that had a positive effect with the Aboriginal community?

**Mr Kirkland**—They have been extremely enthusiastic and have continued their involvement. The programs we have supported have been programs where the Aboriginal community has been involved in the design, development and management of the program from a very early stage.

**CHAIR**—Has that been in rural New South Wales rather than urban, or is it across the country?

**Mr Kirkland**—It has been primarily in non-metropolitan areas up to now, but we are working with the Aboriginal and Torres Strait Islander People's Training Advisory Council at the moment to develop a more comprehensive national strategy to address the needs of indigenous students.

**CHAIR**—One of the complaints that has been raised sometimes has been about the problem of shifting vocational education and training from those who have been in the habit of teaching it, as in TAFE et cetera, to asking the classroom teachers to manage it or to find the time to learn a new curriculum, to just cope on the run or go off and get extra training. What do you think has been the impact of this shifting onto the schoolteacher?

**Mr Kirkland**—Firstly, I would say that it is not in all areas that that has been the case. Each state has a different approach. In Victoria it is largely TAFE and other training providers that provide the off-the-job component of students' training under our programs. The experiences of teachers vary. Often teachers are quite positive about the opportunities they have through the state education systems to retrain. Some of those retraining programs involved spending some time in the workplace, so they are actually having industry experience as well. A lot of teachers seem to enjoy the contact that they are able to have with employers, which gives a context to the skills which they are delivering in the classroom. We are currently considering whether we will be doing some more research on the experience of teachers and on their views, but to date we have not gathered data in a comprehensive manner about their experience. It is really only anecdotal evidence.

**CHAIR**—Do you think you have enough data to compare how it is between the TAFE training contribution and the classroom contribution?

**Mr Kirkland**—No, not at this stage.

**CHAIR**—On the gender breakdown, how many of these participants are boys and how many are girls?

**Mr Kirkland**—We are in the process of gathering comprehensive figures which will give us a breakdown by gender and by industry so that we will be able to see the trends in particular industries of our programs, but we do not have a gender breakdown at the moment.

**CHAIR**—Best guess?

**Mr Kirkland**—I would expect that it is fairly close to fifty-fifty, but with concentrations of girls in areas such as retail and office. Hospitality is the most significant industry amongst

our programs and it seems that there is about a fifty-fifty split there, but there are certainly higher concentrations of males in the traditional trade areas such as automotive, metals and engineering.

**CHAIR**—That is interesting because some comments made to me suggested that more boys than girls were going into the traineeships in years 11 and 12. What you say is really useful. We do need that data rather than best guesses. You have actually answered my next question, which was about who is doing which courses, et cetera. To what extent do traineeships in the area of technology offer those young people the capacity to get flying fickle fingers on a computer keyboard?

**Mr Kirkland**—Do you mean in the context of training in information technology?

**CHAIR**—I suppose you can call it information technology. How many of these people are learning to be computer literate? In just about every area of employment now those computer skills are going to be an asset—whether you are in hospitality or serving meals according to the system by which the requests arrive in the kitchen or whatever.

**Mr Kirkland**—Under our programs they will be doing that in the context of nationally recognised vocational curriculum in the area of information technology. We have encouraged the development of programs in that area, recognising that there are skill shortages. However, the ability of those programs to go ahead has been limited by state curriculum arrangements. It is just a matter of time before we get the right curriculum arrangements in place. Another key feature of our programs is that, besides delivering a nationally recognised vocational qualification, they also have to be part of the senior secondary certificate. So you can get your VCE, HSC, SAC or whatever certificate it is and do this program as part of it rather than being streamed off into a separate group of students doing non-academic or vocational studies.

**CHAIR**—Are you saying that you can become computer literate under mainstream education—that you do not need to pick it up in the traineeship?

**Mr Kirkland**—That is certainly possible although we are encouraging the development of computer programs as well.

**CHAIR**—Presumably a lot of the kids who do not want to do years 11 and 12 at school are not your top notch academics. We are talking about kids who have a different range of skills and other things. If they effectively stream themselves off, or their parents stream them off, or if everyone agrees that they are going to go this way, to what extent does that cut them off from opportunities with the mainstream curriculum that would head them off through year 12 to tertiary education? What access do people who are doing this actually have to the school curriculum for computer literacy?

**Mr Kirkland**—It varies from state to state, but in virtually every state it is possible to do one of our programs in any industry and also complete the requirements for the senior secondary certificate and to receive a tertiary entrance rank.

**CHAIR**—I am playing a role here: I do not want to do a secondary certificate; I do not want to do anything to do with that. I have to suffer that, but I want to leave here with my traineeship ticked and I want to be able to use a computer. Can you fix it for me?

**Mr Kirkland**—That really comes down to the individual school's timetabling requirement.

**CHAIR**—That is not good enough, thanks very much. I am not going to be dependent on the individual school's timetable; I want you to fix this. Will you?

**Mr Hill**—Where the model that the ASTF promotes is appropriate to this is that if the school and the employers in the region have formed a strong partnership that brings them together then that will assist in supporting the identified needs of students and then bringing issues like that through to the fore, and in identifying a role for work placements, which is the part we are particularly interested in seeing being provided for those students. Some of the work that we would be looking at doing with students in years 9 and 10 is indeed looking at the needs of those students who may want to leave school but who want to be sure that they have some pathway to continue training beyond the time they leave school.

**CHAIR**—What you are really saying is that with the traineeships program a big step towards more flexibility, particularly in our secondary school curriculum, has been introduced and it has been done with some kind of sympathy to that interlink between work and school, and a lot of things have been freed up—we hope not too much. The trouble is that that is beginning to sound as though it is a little set. There has been a big shake-up and now that is settling down. I am here on behalf of all the cranky, determined-not-to-fit-in, never-were-designed-to-fit-in people. Is your program going to be flexible enough for those who are a bit cranky? 'Cranky' may be a bit of a label to put on them; I would not do that. But I do not want to do my computer program through the other course, or am I forced to? Can I determine a little about what happens when I go into this course? I want to do retailing, but I do not want to learn only how to smile at the customers and work out the change exactly.

**Mr Hill**—The ASTF does not invent all the programs; we encourage the initiatives that come through.

**CHAIR**—To what extent can you intrude into initiatives or make them more flexible?

**Mr Hill**—One of the criteria that the board has looked to constantly in approving the support that the ASTF would offer has been the degree of innovation in a particular program. We have been seen by schools as people who would be supporting innovative arrangements and those innovative arrangements could very well be the sorts of arrangements that address the needs that you have described. In the past we have not just supported innovation that has come forward but we have worked closely with programs out there to pass on suggestions to assist and support their creativity.

**CHAIR**—That is really good. In our previous inquiry into education in schools, we got a lot of information we had not anticipated we were going to get and it was very useful. By and large, what is happening out there is that there are some really wonderful teachers, marvellous parents, excellent members of the Rotary Club, employers and what have you,

and a lot of the programs have been focused around that kind of oomph and energy. So people are desperately trying to fit, whatever way they can, those kinds of flexibilities into the system. I am interested in your comment and I thank you for it. You seem to suggest that this is not already an ossifying process; it is remaining open and flexible and is sharing from one scheme to another. You both nod in agreement that what you need more than anything is that kind of dedicated human, whether it is a teacher or whoever, to put the initial oomph into it.

**Mr Kirkland**—That has tended to be the case, particularly in the early days of our programs. In most communities there was one person, be it a principal or a teacher or parent, who was an enthusiast who really got things going. We are concerned about what happens if that person moves on. That is one of the reasons we have emphasised the importance of real relationships at the community level—there must be broad community support for a program so that there will be an expectation that we will continue regardless of whether certain personnel move on. We have also been doing some work to develop resources and training packages for the range of people involved in our programs so that they have the knowledge and skills and that the management structure is in place so it is really not dependent on that one person.

**CHAIR**—Which is very important. The previous Labor government did understand, and the current government continues that understanding, that the secondary education curriculum was not optimally meeting the needs of a lot of the youngsters who are in there. Has any child doing your program ever come back and said, ‘I’m bored?’ They certainly said it to me for years when I worked with kids having trouble learning. The biggest problem was that when the children said they were bored they were promptly called ‘deviant children’ instead of acute assessors of the program and presenter. It is quite interesting that anyone who said they were bored was labelled deviant and was dismissed. In fact, they were never other than right. It takes some talent to bore 15 and 14 year olds. They are full of energy and have all sorts of imagination, and we manage to bore a lot of them. I am interested in your doing your assessment and whether you have anything more to offer about that. What is the boredom level? Are kids finding that it is just another form of school, or are they finding that it is rather fun—‘Today I will wear my ordinary clothes and go to work experience.’

**Mr Hill**—It is certainly that. I do not know that we have research to support that, but we certainly have very strong anecdotal evidence that these programs support retention rates at school and encourage students to stay on. A student will often say that they enjoy their time in the workplace, and that encourages them to stay at school for the other days. It can in fact serve to reignite interest through seeing the relevance of what they are learning in the other days at school.

**CHAIR**—That is really very interesting. Now we have to stop, but I would just love to mention something that I have probably said before on the record. Twenty-five years ago, in one of the high schools in South Australia—I try not to remind my colleagues that South Australia did it 20 years before the rest of Australia, but it is true—a group of kids were acting up or doing those things that happen when they are bored, so a special project was established by a very innovative couple of teachers. It was given a label and they were sent off to a specialised classroom. They were about year 10 or 11. The rest of the school began

to watch with interest what was going on. These were, of course, the failures, the deviants, the deadheads.

They began to build this monstrous papier-mache mountain that just about filled the whole centre of the classroom. Then, after that, they put a train line up it. To everybody's amazement, they had to find out gradients and angles, how deep you had to put the infrastructure, and what was in the soil. Within no time, they were into geology, physics and maths. The rest of the school was saying, 'Excuse me, can we go and learn there?' They were a group of people who learned through the concrete experience or concrete need to know rather than arriving at the concrete from the abstract. You seem to be suggesting something of the same—that if you are in the work force and something presents itself, then you might think, 'I might be able to go back and find out a bit about that at school.'

**Mr Kirkland**—Yes.

**Mr Hill**—We certainly have strong anecdotal evidence that that is the case.

**CHAIR**—If those sorts of things are happening, and the stories you give here are lovely, I would particularly like to place on the record that you got 3½ out of your five points. I think the five of them are so wonderful. Submission No. 172 states that Figgis in her work identified five concrete benefits from this program for participating employers. These five benefits are:

improved productivity, an enhanced skill base in the business, more efficient and effective recruitment, greater community recognition and, most importantly, improvements to the bottom line.

That reminds me that there is one other thing I wanted to ask you. What do you know about, particularly, this interesting point about more effective recruitment? What do you know about recruitment through the current Job Network?

**Mr Kirkland**—It is not an issue that we come into contact with. It is quite a different area of the employment services market to the one in which our programs are operating.

**CHAIR**—It is quite interesting though. This seems to suggest that work experience may give people the prospect of a path straight into employment. This means they may not have to go through the Job Network or whatever. You have got more likelihood of being recruited if the boss knows you, you know the boss, et cetera. It is really very interesting. On that point, thank you very much.

**Proceedings suspended from 1.03 p.m. to 1.41 p.m.**

**BOSNJAK, Mr Jim, Chairman, GROW Employment Council, Level 1, Suite 102, 460 Church Street, North Parramatta, New South Wales**

**O'DWYER, Mrs Therese Philomena, Project Manager, GROW Employment Council, Level 1, Suite 102, 460 Church Street, North Parramatta, New South Wales**

**POWERS, Mr Anthony Vincent, General Manager, GROW Employment Council, Level 1, Suite 102, 460 Church Street, North Parramatta, New South Wales**

**CHAIR**—The committee prefers all evidence to be given in public but, should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, the committee will consider your request. I point out, however, that evidence taken in camera may subsequently be made public by order of the Senate, as has happened in recent years. Would you now like to make an opening statement and then we will have some questions?

**Mr Bosnjak**—I might open by giving you a bit of background as to GROW. Originally, I was the chair of the Outer Sydney Area Consultative Committee. We went through a process of consultation with two other ACCs across the western and south-western regions of Sydney and, some 18 months ago, we decided to amalgamate those three ACCs into one, at the same time making sure that we never lost any funding and that we retained all the resources that were applicable. We were not going to give up anything that we had in those other two ACCs or the three combined, and we sought some guarantees in that area.

Since that time, some discussions have taken place as to the possibility of us taking over all the ACCs in the Sydney region. I have a structure here so that you can see what it is at the moment. We have a board that is made up of business people and community leaders across the whole Sydney region. We have now combined five former ACCs, retained the same funding and ensured that, with that structure, we can resource what we call little 'growlettes'. We are waiting for our business plan to be developed, at which time we will complete a title for each of those sub-GROWs.

**CHAIR**—Call them 'growls'.

**Mr Bosnjak**—Fine. GROW stands for Growing Regional Opportunities for Work, as outlined there. As I said, Tony is our general manager and we have been in the process, through a workshop three weeks ago, of completing our strategic plan for the whole of the Sydney region. As you can see there, there are going to be some 13 subsidiaries of GROW, which will cover the whole Sydney metropolitan area, right through to Mittagong.

**CHAIR**—Could you just remind me which ones you have already—

**Mr Bosnjak**—Parramatta, St George and Eastern Sydney are the ones that are still to be set up. All the rest are in place.

**CHAIR**—You said you had three together to start with.

**Mr Bosnjak**—The original three were GROW Liverpool, which was then the South Western Sydney Area Consultative Committee; the Outer Western Sydney Area Consultative Committee—

**CHAIR**—Which was based on—

**Mr Bosnjak**—It was based on Blacktown, Penrith and Blue Mountains. The other was the Southern Sydney ACC, which is around the Bankstown region. Those are the original three.

**CHAIR**—Thank you.

**Mr Bosnjak**—That is the structure as it stands at this stage. We are still to complete three of the subcommittees. We have the chairmen nearly all in place, and the membership of each of those subcommittees is now being formulated and completed. As I said, we had our strategic workshop and planning session to complete our strategic plan three weeks ago. I will pass on to Tony and he can probably give you an outline as to where we are going with that.

**Mr Powers**—I just have one last point on the structure and why we decided to set ourselves up in this way. Some of the capital cities have a number of ACCs. We now have one with this network structure. It is a compromise between recognising that Sydney functions in many ways as a single labour market but there are a number of local labour markets as well, so we can look at cross-regional initiatives as well as focusing on local problems. The structure has proven to be an excellent vehicle for the development of projects under the regional assistance program. The minister, Dr Kemp, will be relaunching us on Monday at Sydney airport as well as announcing \$2.8 million worth of projects that we have generated through this structure. In the time available, I thought it might be appropriate to quickly review some of the issues as far as unemployment in western Sydney is concerned and then refer to a more interactive session.

Firstly—it is a well-known point, I am sure—western Sydney has higher unemployment rates than the rest of Sydney. However, not all regions within western Sydney have high unemployment. By metropolitan standards, areas such as Baulkham Hills, Hawkesbury and Camden have quite low unemployment rates. Unemployment is concentrated in a number of specific regions within western Sydney: Fairfield, where 10 per cent of all of Sydney's unemployed reside; Liverpool; parts of Blacktown; Campbelltown; Auburn and Canterbury-Bankstown. This is the real heartland of unemployment in Sydney, if you like. These areas are distinguished by a number of features. Firstly, they are areas where there are declining real household incomes. Other parts of Sydney, particularly areas close to the centre and to the north, have enjoyed real increases in household incomes since 1986.

Secondly, they are regions with comparatively low skill levels. A far greater proportion of people in these areas have no qualifications and work in low skilled occupations. Part of the skill profile is a significant proportion of people with poor English speaking skills. Basic English, literacy and numeracy are, of course, prerequisites for vocational training so, if you have not got these basic skills, it makes it very difficult to address the skills issues. The last point that distinguishes this group is that most who do work work in local labour markets.

Very few work in the high growth sectors of Sydney and the north shore. There is very little inter-regional employment in that respect.

Secondly, I would like to go through some of the factors that we believe contribute to this disparity in employment levels. As I have mentioned, the skills profile of the unemployed does not match the profile of skills that are in demand, particularly in the high growth sales and services sector. Those without language and literacy skills cannot access vocational training that would enable them to be competitive in these new occupational growth fields. Within that group, of course, women with poor English-speaking skills are a particular area of high unemployment in that concentrated area around Auburn, Canterbury-Bankstown and the other areas that I have mentioned. They have not benefited as much as women born locally from the expansion in communication-intense jobs such as the retail and services sector. Compared with the rest of Sydney, there is a higher proportion of women from non-English-speaking backgrounds within the region and many of these women are severely disadvantaged in the labour market.

Thirdly, the region is vulnerable to job loss due to the presence of industries that are restructuring as a result of globalisation and trade liberalisation; textiles, clothing, transport equipment, machinery and equipment manufacturers are some of those industries. There have been significant job losses due to closures and rationalisation in these industries in the region and the unemployment problem has followed that rationalisation. Another feature of those industries is that, compared with the rest of the Sydney there is a high proportion of people working in occupations which are vulnerable to job loss through production and business system re-engineering—in particular, automation. They are low-skilled jobs and in the quest for greater competitiveness, automation is displacing a lot of people. Management philosophies like out-sourcing have certainly affected these people as well. Low household income and high unemployment, combined with an ageing population in some areas, places a constraint on the rate of income growth and job generation within these local commercial zones. These centres generally lack the range of advanced business services which drive growth in places such as Ryde, Chatswood and North Sydney.

Fourthly, high levels of long-term unemployment combined with employer expectations of previous industry experience make re-entry to employment very difficult for older workers. Employers are generally unwilling to invest in the retraining of older workers. Lastly, there is a real job deficit within this region of high unemployment: the residential labour force outnumbers the number of local jobs available and transport infrastructure is a factor that needs to be addressed.

Turning to some of the specific matters raised in the terms of reference: it is debatable whether labour market programs and vocational education training have any effect on the level of job creation at a regional level. Rather, many would argue that they should be considered as tools to better equip job seekers with the skills they require to compete for jobs. Labour market programs, usually targeting the unemployed, have in the past included programs to develop vocational skills, such as the old jobtrain program; to provide a mix of work experience and training in community projects, such as the new work opportunities program; and to address personal development matters, such as the special intervention program.

The new Job Network, although not a labour market program in the traditional sense, should probably be considered in the same context rather than as providing an array of centrally-coordinated programs targeting specific issues. The Job Network is an attempt to create a system driven by job outcomes. Contracted providers are paid fees based on results. Providers are free to invest part of their fees in training, wage subsidies or anything else they choose to improve the job prospects for clients. It is probably still too early to assess the effectiveness of the new system relative to the traditional labour market program approach. The latter certainly had a number of drawbacks, the most significant of these being a frequent failure by program designers to adequately match training courses with employer needs. This resulted in inadequate job outcomes and a perception in the community that the programs were training for training's sake.

Anecdotal information suggests that in the new system there is, in fact, very little training being provided to the unemployed. While this might be a by-product of provider conservatism in the early stages of the new market, the situation does need to be closely monitored, particularly in western Sydney, where—as I have indicated—a lack of vocational skills is a real impediment to employment. I might stop at that point.

**Senator TIERNEY**—I am very impressed that you have gone from having 13 bodies to one peak body. Perhaps you could come up to the Hunter, where we have six peak bodies—not bodies but peak bodies. They are thinking of rationalising and I think that what you are providing is quite a good model. Could you explain to me the relationship between your overall body and the 'growlettes', the smaller surrounding bodies?

**Mr Bosnjak**—Each of the chairs will sit on the main body so that virtually each of the smaller committees will have a chairman reporting directly to the main body. That is how we feed the information backwards and forwards. They meet on a regular basis and we meet every six weeks as the main board.

**Senator TIERNEY**—What is the difference in the functional role between the overall body and the smaller ones?

**Mr Bosnjak**—As for each one of these particular regions, we allocate a small budget amount to help them run their local GROW subsidiary and we, at the same time, encourage them to look at all the issues in their particular region. They focus on their region only. We do not get involved as the overall board in their region until there are projects that have been brought forward by each one of these sub-GROWs and they go out for community consultation.

We have community representatives on them, we have local government representatives on them and, in some cases, we also have representatives from the network providers at the same time. They are identifying projects, projects are brought forward to them, they bring them forward to the main board and at that time we process them and send them on.

**Mr Powers**—Increasingly we are asking these bodies to provide us with some local input as to where the local community sees economic development headed and what are the drivers for future job growth in the Blue Mountains, Penrith, Blacktown, et cetera. We would try to source catalytic funding to have projects set up which can actually get results for

them. They also play a key role as our eyes and ears as far as this new Job Network and as far as any issues that are emerging are concerned.

**Mr Bosnjak**—They actually highlight to us the need to facilitate sometimes a Job Network forum where we get all the providers together. We have one such forum coming up next week where there will probably be 100 participants who will come forward with their particular issues of concern as they stand today. We will discuss them at the next board meeting and then make our observations known to the minister.

**Senator TIERNEY**—I notice from the way you have got them lined up coming into the centre there that there is a rationale to that so, if we take that left bottom line there, we have Macarthur, Liverpool and Fairfield, which is basically south-west Sydney, whose problems presumably would be very much different from the opposite line-up there, which is eastern Sydney and northern Sydney.

**Mr Bosnjak**—Exactly.

**Senator TIERNEY**—Do those three meet separately? Do they have special projects that might be across their particular areas?

**Mr Powers**—They meet separately but, again, we also have a mechanism through the GROW board to look at cross-regional initiatives. A good example is that we have recently recommended—and received funding from DEETYA for—a project to increase the take-up rate of information technology in small business right through south-western Sydney, so it will not necessarily focus on Liverpool and Macarthur as a project that would cross those boundaries. Our structure is actually a tool for the management of these projects. We are not dividing Sydney up into small, unmanageable chunks. We can stitch them together into logical labour markets as well.

**Senator TIERNEY**—It is a very good, flexible model. The minister has changed the roles of the ACCs. Could you briefly summarise what your new role is with the changes that have come in recent months?

**Mr Bosnjak**—It still is a role of advising the government and the minister of the day. Part of our charter is to look at all times at how we can stimulate growth and how programs are being addressed at the moment: whether they are adequate or inadequate and whether they are meeting needs. That information through the board is then passed onto the minister and to DEETYA itself—we have DEETYA representatives on the board—and through that process it seems to work. The other area is, at the same time, still coordinating projects from each of the regions. That is an ongoing role, as the minister has indicated to us in the past, and that is also included in our charter. As for other areas—

**Mr Powers**—I suppose the most significant change is that we are far less hands-on in the administration of old labour market programs. The ACC used to have a role in advising the department on appropriate labour market programs. Now that has evolved into a role, as far as the Job Network is concerned, so that, rather than approve a new work opportunities project, we are now working with the Job Network to look at their input into regional issues as well. Perhaps it is a little less hands-on in direct employment generating projects.

**Senator TIERNEY**—Because we are a federation, there is often involvement in regional development at local government, state and federal levels. Could you explain how GROW interfaces with groups like WESROC and any other organisations of councils, REDOs and state governments, given that state governments have primary responsibility for regional development? How do you interface with those? How does that work across the whole of Sydney, as your new group is constituted?

**Mr Bosnjak**—On the GROW board we have representatives from WESROC and MACROC.

**Senator TIERNEY**—MACROC?

**Mr Bosnjak**—It is the Macarthur area one. That is sort of our area and we have also now got the new representative from IMROC, which is the inner city one. Wherever it has been possible, we have amalgamated the former REDOs into new GROWs so we have combined the role of some of the REDOs into our subsidiaries of GROW.

**Senator TIERNEY**—That is a good rationalisation.

**Mr Bosnjak**—The former REDO chairmen are now some of the chairmen of the new GROW subsidiaries. That has worked extremely well for us. Again, we are not duplicating anything in the process. We are trying to eliminate duplication through this process and, at the same time, utilise the limited resources that we have in each of these regions.

Another hat that I wear is as the chairman of the Greater Western Sydney Economic Development Board. That process—being on the board and being the chairman of both—also gives us an opportunity across the whole 12 local government areas across Greater Western Sydney.

**Senator TIERNEY**—Is that a state government organisation?

**Mr Bosnjak**—Yes. It is made up of business people from the whole of the Greater Western Sydney region.

**Senator TIERNEY**—Including south-west Sydney?

**Mr Bosnjak**—Including south-west Sydney. It is all the local government areas starting from Wollondilly shire through to the Hawkesbury, the Blue Mountains and Parramatta.

**Senator TIERNEY**—Thank you. You mentioned \$2.8 million in projects.

**Mr Bosnjak**—For funding, yes.

**Senator TIERNEY**—What is the nature of those projects?

**Mr Powers**—There is quite a range. The regional assistance program, which you are familiar with, is a successor to the old OLMA program and it funds initiatives ranging from, at one end, market research and planning type exercises through to business incubators.

There has been a number of community based projects. I understand you will have Liverpool City Council appearing this afternoon to talk about the Working Proudly initiative. That is another project that we have funded which has a more direct employment outcome. We are looking at projects in Aboriginal employment—Penrith Lakes, for example—and we have an Aboriginal research and education centre funded. I can leave a copy of those projects with you. They are quite diverse in nature and are a testimony to the effectiveness of our structure in generating very good projects at a local level.

**Senator TIERNEY**—Looking at the unemployment rates across Sydney, obviously northern Sydney and the eastern suburbs are way under the national average, but out in the west here you are not too far above it in a lot of areas: Liverpool, 9.1; Blacktown, 9.4; and Parramatta, 6.2. Fairfield is obviously a problem area. I think you mentioned Canterbury-Bankstown. In your evidence you pointed to Liverpool, which is on 9.1, just a bit above the national average. Why did you single that one out?

**Mr Bosnjak**—It was more that whole region of Fairfield-Liverpool.

**Senator TIERNEY**—So it is the south-west.

**Mr Bosnjak**—Yes.

**Mr Powers**—That 9.1 per cent is about one per cent higher than the national figure. It is also the fastest growing region in Australia. Between 1991 and 1996 the population grew by 25 per cent.

**Senator TIERNEY**—This is Liverpool, is it?

**Mr Powers**—Yes. When we are talking about unemployment nationally, we have 10 per cent of the population of Australia living in western Sydney. If you have got large numbers of unemployed in that region, you are talking about a very significant problem indeed.

**Senator TIERNEY**—It keeps amazing Senator Crowley from Adelaide how big western Sydney is.

**CHAIR**—Mrs O'Dwyer, tell us about the interface with Job Network.

**Mrs O'Dwyer**—My relationship with the Job Network members is that we are here to support the set-up and the functioning of that market to help the users of the market.

**CHAIR**—Who are the users of the market?

**Mrs O'Dwyer**—Job seekers and employers. One of our roles is to promote the Job Network system as it is to the employers. We have attempted to do that through employer seminars and we are about to embark upon an advertorial campaign which will include the Job Network members and promote the Job Network to employers and how to use the system. There has been some negative feedback about the understanding—

**CHAIR**—Tell us about that.

**Mrs O'Dwyer**—The negative feedback about the use of the systems from the employer side of things is basically that it is still not clear how to use the system, that it is a complicated system to use and that accessing the Job Network members is difficult compared with using the CES, where you would ring one number. So what we are trying to do with the advertorial side of things will be to give a very simple guide as to how, if you were an employer, you would lodge vacancies.

**CHAIR**—Why should you do that when it is not your program?

**Mrs O'Dwyer**—We have been given the role of promoting it for DEETYA.

**CHAIR**—I see. You are actually going to be doing this on behalf of the federal department.

**Mrs O'Dwyer**—Not on behalf of the Job Network members but on behalf of DEETYA and the system.

**CHAIR**—Do you also find that employers are complaining about having to pay for what was previously a non-costing service?

**Mrs O'Dwyer**—I have only heard second-hand feedback on that. There has not been an employer that has come to me directly and said that.

**CHAIR**—What was the complicating effect in your area as a result of the Centrelink computer being inoperable from 1 May to the end of June, putting them out of work for eight or nine weeks with no referrals coming across to the Job Network organisations?

**Mrs O'Dwyer**—It was not totally inoperable. The Job Network members were getting referrals; it was the numbers of referrals that they were concerned about. There are different parts to the Job Network system and I know that DEETYA and Centrelink over the last three or four weeks have actually increased their numbers of referrals.

**CHAIR**—They would need to, wouldn't they, Mrs O'Dwyer?

**Mrs O'Dwyer**—Yes.

**CHAIR**—Dramatically?

**Mrs O'Dwyer**—Yes.

**CHAIR**—How many organisations in this area that were successful tenderers have now had to fold?

**Mrs O'Dwyer**—I have not received any formal advice of any of the members folding at this stage.

**CHAIR**—Do you know whether any of them are struggling to cope?

**Mrs O'Dwyer**—I have heard of them struggling. There have been articles in the newspaper about People First, which was in the *Sydney Morning Herald* yesterday. There is news about Sam Maguel at Windsor, where they seem also to be struggling.

**CHAIR**—People First is closing, isn't it? It is not struggling; it is dead.

**Mrs O'Dwyer**—That is what a newspaper article says. I spoke to Cheryl White a couple of weeks ago, but I did not speak to her about that. Sam Maguel is struggling with the FLEX 2 referrals. They are seeking alternative options.

**CHAIR**—Alternative options to what?

**Mrs O'Dwyer**—Diversification of their business. It may be a competitive—

**CHAIR**—An alternative option for the diversification of their business?

**Mrs O'Dwyer**—To rephrase that: they are looking at the impact of their reliance on one type of business.

**CHAIR**—Because they have tendered for FLEX 2?

**Mrs O'Dwyer**—FLEX 2 and FLEX 1. It has impacted on their business levels.

**CHAIR**—How many times did you try to tell the department or anybody else that the tendering process that removed FLEX 3 from FLEX 1 and FLEX 2 was bound to cause disasters?

**Mrs O'Dwyer**—I was not involved in the tendering process at the time.

**CHAIR**—You did hear that said?

**Mrs O'Dwyer**—I did not. I was not working for GROW Employment at the time.

**CHAIR**—Lots of nods from your colleagues there—particularly you, Mr Powers.

**Mr Powers**—Yes.

**CHAIR**—Would you like to make some comments here? I do not really want to go over past history, but we have been hearing all around the country that Job Network is a disaster, a total unmitigated failure. Now we have actually been given the word 'chaos'—not by you, by other witnesses. It is a disaster because of an extraordinary tendering process. Absolutely nobody can make sense of it at all. Absolute shonks got huge amounts of money and dedicated long-term practitioners on the ground got nothing. Despite the evidence from the practitioners, FLEX 1 and FLEX 2 were hived away from FLEX 3. The referrals have not worked. The computer has been down. I am glad that one or two snuck through the screen. The advice, even from the minister, although she would not use such inelegant words, was that it was a 'major stuff-up'. That is what she was telling us in her own way. She probably would not want to admit it, but it was a disaster.

The upshot has been that the Job Network people on the ground are reeling or going out of existence. The employers are now giving up and advertising with signs in the window—remember those old-fashioned times? There is a sense, though, that we are supposed to be going back to the 1950s, isn't there? The other thing I am hearing is that a lot more people are advertising in the newspapers, which might also be giving a falsely inflated view of how many jobs are out there. They have just given up altogether.

The unemployed people are up the proverbial creek without a paddle. If they can actually work their way through the maze and the employers cannot, how much tougher is it for the unemployed people? When they finally get through the maze and find somewhere to go or a number to ring, it is often not local. They get stuck on books and have to travel far away. You have all nodded. You do not disagree with any of that information? Give me a weighting—chaos, confusion, wipe-out, disaster, total mess?

**Mr Powers**—I would like to temper my choice of language. I think that there has been quite a lot of adverse publicity. We, in our position in the market, because we have been given the role by the minister of helping in the introduction and helping to sort out issues, have certainly had our fair share of problems. We have the difficulty of differentiating between the cries of anguish from providers who may just be failing to compete—and there could be a few of those, just not really having the right approach to the delivery and the marketing of their services to the users—and the legitimate teething and administrative problems that may need to be addressed. There are competition issues which, presumably, let the market determine and there are issues in the design, administration and maybe the tendering process that need to be addressed as well.

We are reserving our judgment at this stage. We are liaising very closely with the Job Network. We are convening a meeting next week at the instigation of the Job Network to talk about a number of problems that they see. We see our role in all of this as communicating these issues directly to the minister at a regional level.

**CHAIR**—Are you ringing the minister to say, 'You would not really need to worry very much, there are a few teething problems'? What are you telling him?

**Mrs O'Dwyer**—In the feedback we have given him, we have said that there are some referral issues and that some areas may need to be examined as far as them being a competitive issue versus an administrative issue. We also have been bringing to his attention some issues about self-help facilities being available in some Centrelink offices. In relation to FLEX 1 clients, we have raised the issue of the clients being obligated to attach themselves to at least one of the providers, which has been introduced in the recent past. The other FLEX 1 issue is the eligibility issue and, in low income families, NESB women whose spouses work are not eligible for FLEX 1.

**CHAIR**—Or unemployed men whose wives have got a part-time job.

**Mrs O'Dwyer**—Exactly. FLEX 1 eligibility is also being raised as an issue from the Job Network members who are FLEX 1 providers. They have a vested interest, I must admit. Again, you have to look at whether it is a competitive issue versus a decision re eligibility as well.

**CHAIR**—If we take much longer to work out whether it is a competitive issue, a lack of information issue or a referral issue, there will not be anything to worry about. It will be totally dead. It is a major stuff-up heading rapidly towards a disaster—that is from all of the evidence we have been given, and you are not contradicting that. What you are saying is that you would like to temper that a little, but you are not singing its praises, are you?

The Labor Party has raised this in the parliament, but now that everyone knows about it, it is a bit like Mandy Rice-Davies—we would say that, wouldn't we—so people have to work out whether we are just being nasty politicians or whether we are telling the truth. The trouble is that in the meantime a real system is going under very fast and it is damaging those three groups of people, particularly the unemployed. How soon will you be able to contact the minister and reiterate the message that he seems not to want to hear from the parliament?

**Mr Bosnjak**—We have sent some correspondence but, more importantly, all the issues that have been raised here to date are going to be addressed with him on Monday. We will be talking to him on Monday about all the issues that have been brought to our attention to date. Following the meeting with all the network providers and all the issues that are going to be highlighted there, we are going to take them forward urgently, I have to say, because the concerns that you are talking about are real. Nobody is trying to hide them. We have always had the belief that any change is not easy to live with and the change that has taken place with this has been a major restructure across the nation. Initially, we thought this would sort itself out, but that is not happening. That is really the concern. It is having an impact on those who are unemployed, particularly those, as you said, who may have a spouse who is working. It does not provide any accessibility to those people and that is something that needs to be addressed urgently.

**CHAIR**—One of the other things that you and other people have been telling us is that there has been a real effort made to involve employers in training and job creation. They have a busy life trying to cope with the business and those people are being asked to step beyond that boundary at least on some occasions and understand those systems better so they can make use of the facilities that maybe they did not know were there to help them. They can also add their pennyworth in trying to get the local community or region up on its toes and working a bit harder. If in a very short while, they have already worked out that they would be better off putting notices in their windows, I would have thought that was running completely counter to what we are trying to do in another sphere with involving employers. It would seem to me that, if you have two programs—one is pushing them in one direction out of the system and, at the same time, the other is saying, 'No, come back in'—that would also be a very important matter to deal with very quickly.

**Mr Bosnjak**—It is, and employers are not encouraged by the fact that these uncertainties are in the marketplace at the moment. Employers need to have confidence in the system. If that deteriorates, then naturally things are not going to be easy for those who are on unemployment lists. We need to encourage those people to get into jobs, and we need to encourage the employers and make sure the employers are aware of the system and have confidence in the system. I think that is a vital role of organisations like ours.

**CHAIR**—I have the role of Mother Christmas today. I have been talking to the western regions of Sydney. I am here to tell you that we have this fantastic situation to solve your job problem. It is called: why don't we have an Olympic Games? You all groan. Is this not a solution? Aren't there jobs—all these jobs that have come in from the east?

**Mr Bosnjak**—There are jobs associated with the Olympic Games. There is no question about that. A large number of jobs are going to be supplied. The concerns that the business community have are whether those jobs are going to be there beyond 2000. That is the concern that we have. Everybody is talking about setting up training programs and the like to be able to meet the challenges of the year 2000, whether they are dealing with students or unemployed or whatever. But what are we going to do with those people after 2000? I think that is the biggest concern that we have, particularly in our region of western Sydney.

**Mr Powers**—A good example of that is the construction industry. There has been a huge boom in construction jobs, as you can imagine. In fact, people have been drawn from right across New South Wales. Anybody with any sort of construction skills has been attracted to Homebush and the other venues. Of course, the construction industry is at the best of times volatile. It goes in the most radical boom-bust cycles. I have some worries about what is going to happen in the construction industry once this enormous capital infrastructure work diminishes.

**CHAIR**—They are very good points that you raise. Thank you very much. I gather you would know, and know the work of, Professor Bob Fagan at the Department of Human Geography, Macquarie University. Professor Bob Fagan talked about quite a lot of the same issues. It is no good calling western Sydney 'western Sydney' and giving an average unemployment. It is not telling the true story. It is not telling us how many people actually migrate into the western areas each day for the recognised job growth in some of those areas. If you would like, we could give you his name and address and provide Professor Fagan's *Hansard*, which is a public record, to you. You might also try to get some of his work. He is providing us with some data. We will see what we can do. I feel absolutely sure that you would find it enormously interesting data. His work was reinforcing some of the very important points you were making, particularly what you were saying, Mr Powers. Thank you very much.

[2.25 p.m.]

**McGILL, Mr Kenneth Edward, General Manager, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 10, 56 Station Street, Parramatta, New South Wales 2150**

**WARD, Mr Michael, Project Coordinator, Greater Western Sydney Regional Chamber of Commerce and Industry Inc., Level 10, 56 Station Street, Parramatta, New South Wales 2150**

**CHAIR**—Welcome, Mr McGill and Mr Ward. The committee prefers all evidence to be given in public but, should you at any time wish to give your evidence, part of your evidence or answers to specific questions in camera, you can ask to do so and the committee will give consideration to your request. I do have to point out that evidence taken in camera may be made public by order of the Senate, as has happened of recent times. If you would like to make an opening statement, then we can have a discussion. Thank you for coming. We have had a feast today.

**Mr McGill**—I bet.

**CHAIR**—It has been very useful information. Do you know Professor Bob Fagan's work?

**Mr McGill**—No. I have heard of Professor Bob Fagan.

**CHAIR**—It is fantastic. It is just a different level of analysis about the uselessness of saying that the western Sydney region has an unemployment rate of X when it is three per cent in some areas and 30 per cent in others. That is to give you a very insufficient report of his work. We could also make sure that his work is provided to you, if you would like.

**Mr McGill**—By way of introduction, the Greater Western Sydney Regional Chamber of Commerce and Industry is a private enterprise, non-profit, apolitical business group. We very successfully managed a wide variety of labour market programs over the last eight years or so. No, we did not get a contract and, no, we are not disappointed. This presentation focuses both on our own experience and knowledge and, importantly, that of our members. I can provide a full copy of the presentation to each senator at the conclusion of the presentation, if you would like.

**CHAIR**—That would be good.

**Mr McGill**—We do not attempt to cover all the terms of reference for this inquiry. For a moment there I thought Senator Crowley had read our presentation when she was talking to the last group. Obviously there are some common themes that have come through this.

The first area is the impact of private investment. This is the single most important factor in job creation. It is well known that small to medium businesses created something like 86 per cent of all jobs in 1996. But, equally importantly, these businesses need to have the right

climate to facilitate new investment. There is a whole range of things—taxation issues, inflation, IR issues, minimising red tape, having adequate markets and access to trained resources. That is as far as I intended to go with that aspect of it.

Moving on to the effectiveness of labour market programs and training to do with on-job creation, it is our experience that previous labour market programs actually worked quite well for the very disadvantaged job seekers. We are aware personally of many good outcomes in a whole range of programs—case management, new work opportunities, and special employment services—in recent times. Our experience is supported by recent research from the Curtin University in Melbourne, which found that even the much maligned new work opportunities program actually achieved some interesting things. It more than doubled the probability of participants being in work three months after the program than those people who actually had not participated in the program.

On-the-job training or work experience is highly valued by employers. This was, we believe, part of the past success of labour market programs which did involve on-the-job training, giving employers an opportunity to assess participants, their attitudes, and their motivation with the opportunity to have them in long-term work after that. We certainly know of a lot of people that we have had through our programs who are still working many years afterwards.

Labour market programs also appear to minimise the risk for employers obtaining new staff. Despite the fact that the unfair dismissal legislation is in theory right, the perception in the marketplace and the reality for a lot of small business is that they do not have the time to do the paperwork to comply with the unfair dismissal legislation. They just do not document everything. They do not have time for that. Hence, they are reluctant to employ new staff that they are unlikely to be able to get rid of if something comes unstuck for them. These programs actually gave them a chance to see a prospective employee for some time.

**CHAIR**—It is almost like an unintended consequence.

**Mr McGill**—Almost unintended. It seemed to work.

**CHAIR**—I am very interested. You say that as you were describing the on-the-job training you were almost writing the next dot point down. I was thinking that this would be interesting in terms of risk of future employment.

**Mr McGill**—Having said that, the old labour market program system certainly did need change. The question is: will the new system work? Business generally recognises that the CES was deficient, inefficient and had significant cultural problems in terms of customer service. We do not believe that there was any real incentive for the CES to reduce the level of unemployment because their jobs depended on it, basically. That is a bit rough, but that is the perception that is out there.

The past practice of providing free job matching advice to all participants was appreciated but not really commercially focused. We believe it would be difficult to justify free service all the time, unless it happened to be part of a government's strategy to overcome the effects of micro-economic reform which impact on a lot of industries and displace a lot of

people. Those casualties could be helped, if you like, through a process of allowing all of them access to free job matching. Unfortunately, at present, about half of the people out there no longer have access to that system.

In terms of the tendering process, we were extremely disappointed with it. We expressed our opinions in writing to all levels of government and all sides of government right from the very start of the process. It was borne out that any tendering process that can allow an individual to secure a \$1 million contract when they have no personal track record, no office, no staff, no computers, no nothing begs questioning. There was not one instance; I believe there were a number.

The other thing that we took to task early in the piece was that the government made an offer to existing case managers, of which we were one, to manage an interim project called job brokerage. The offer was \$250 per placement. Interestingly, this is basically the same program as FLEX 1 is now. We saw it as a way that the government was able to benchmark what it believed was a price for this type of service. Many agencies took that on board and bid in the new round of tenders and bid ridiculously low prices. That was the thing that knocked us out. We did our homework. We could not deliver on the \$200 or the \$250 that they are saying now. Unfortunately, we believe from the feedback we are getting from our members and others that there are likely to be a lot more agencies go under as a result of this process because they just cannot survive on \$200.

I was not going to touch on this earlier, but we did our homework on the basis of not cross-subsidising FLEX 3s and FLEX 1s, and it appears that a lot of them were hoping to cross-subsidise the FLEX 1s from winning a FLEX 3 contract. In reality, many of them appear to have won FLEX 1s because they put a low bid in and now they do not have FLEX 3s to back it up. That is part of the problem, but it is not real good business to rely on something you might not get.

**CHAIR**—In our going around the country and talking with people with real live experience about the tendering process—people like yourselves who tendered and failed and people who did not tender and succeeded and people who did tender and succeeded—it is very difficult, because a lot of people were given to understand that they should put in what they knew as the real world. They knew the real world was that you were not going to really survive if you were FLEX 1 or FLEX 1 and 2 only. It was the experience for many of those community organisations on the ground over a lot of time that just a job matching exercise was really not what they had been doing. They had been doing much more of the long-term unemployed, the case management, getting known in the community and so on. They were very happy to do the job matching dimension as well, but the main game for most of those organisations was being serious about helping short-, medium- and long-term unemployed people get the best kind of assistance. So many people have told us that that was the expertise they had.

In relation to the other point about the assessed value, you are quite right. We have had people who have told us that it was bid somewhere between \$190 and \$250 as they desperately put out feelers to work out what they were going to say because they had never had to really put a price on it. We have had bizarre feedback where people who bid \$190, for example, in another state were overlooked and the offer was made to people who were

bidding at \$250. Your realistic notion that they have given it to people who bid lower is not literally the case in some situations. John Cleese would love it as a script, but I seriously believe that the government has to do some terribly honest and hard work about how that crazy system got set up and how it happened and, as you say, how people got \$1 million contracts with absolutely nothing or people got \$15 million contracts who did not even get one show on the road before they handed it over to someone else.

You said earlier something that lots of people have told us: the only way you are going to really get jobs is with private investment. There needs to be some public investment of course, but, in the end, the big game is going to be private investment. We have been told that in a lot of other areas, and much of our inquiry has been regional and rural. Could you give us a comment about the same thing here—that you need the government presence. The cutting back of a lot of the public sector services by the federal government, for example, in some regional areas and country towns has sent very strong messages. The government does not care too much, so this is not a good place to get into it. The message has been that private investment will come in on the back of clear government commitment to that area—state or federal—being a going concern. Is that a relevant assessment in the western Sydney area or would you say that those kinds of infrastructure needs are not of the same order?

**Mr Ward**—I would not think it is relevant for western Sydney, but perhaps it is for the rural areas. You only have to look at what the banks are doing in rural areas at the moment. They are deserting them in droves.

**CHAIR**—That is right.

**Mr Ward**—No business will put money into an area that is perceived as dying a slow death. I think the same would go for the private enterprise organisations.

**Mr McGill**—It is a bit academic for western Sydney because we have a lot of government involvement in this area and significant federal and state presence. I would imagine there would be a severe impact if they pulled out. Whether it would be the end of the area or not, I am not sure. I think it is probably big enough to survive anyway.

**CHAIR**—Your infrastructure needs are probably somewhat different. Those of us who are not native to this area are absolutely fascinated by the freeway or the road travel from Sydney to Parramatta. That is an exciting ride. I think Premier Kennett would be enormously pleased to take it off you.

**Mr McGill**—You went on the M2, did you?

**CHAIR**—I do not know. You do that lovely little bit—you turn right, you turn left, you follow the green arrow, you get into this lane and all the lights turn this way.

**Mr McGill**—Parramatta Road is really good.

**CHAIR**—It is just exciting, fantastic. How realistic is it that you will ever get a vroom road that really does the job properly?

**Mr McGill**—Like Melbourne? No. That is one of our big challenges. Our role is getting infrastructure and business investment in this region. For too long there has been a lot of talk and not much action.

**CHAIR**—I heard the 2IC of the New South Wales health department in the days when Mr Collins was health minister. So this man was not your paid Labor Party apparatchik, but he said that the way you solve the health problems in the western area is to build some fast trains or fast transport corridors into Westmead and that, if you looked at the economic way of dealing with things, you would not go sticking hospitals all over the place. You would have fast access. You need to have a call-up service and not wait 15 minutes for the phone to be answered or the ambulance to arrive or anything—I am not suggesting it does in this area; I was thinking of another state—and there would be a train or a road or something, maybe even helicopters in some situations if you are a little further out. In terms of infrastructure, is there any work that you are doing on that or do you leave that to the state government?

**Mr McGill**—No, we work aggressively on that with both levels of government—state and federal.

**CHAIR**—What is your argument? I, on behalf of the committee, would be very interested to know how you come down on roads versus public transport?

**Mr McGill**—There is a need for both in this region. Public transport is a key issue and it is particularly a key issue for unemployed people.

**CHAIR**—Absolutely.

**Mr McGill**—Particularly in western Sydney because there are significant pockets of employment opportunities. Typically lots of the unemployed do not have cars and cannot get access to that employment and there are nil or very low opportunities for using public transport to get there. Western Sydney has got reasonable access east-west and from here to Liverpool, if you like, but across the region and in the other ways it is almost impossible to get around in a reasonable time.

**Mr Ward**—A good example would be the Smithfield-Wetherill Park industrial area, which I believe is the biggest industrial area in the southern hemisphere, is that correct?

**Mr McGill**—Yes.

**CHAIR**—Just drive me to Smithfield—Liverpool?

**Mr McGill**—Parramatta is about eight kilometres south-west.

**CHAIR**—Near Merrylands?

**Mr McGill**—It is south of there.

**CHAIR**—I have got Merrylands on this map, so I am more or less in that area.

**Mr Ward**—You are looking in the general direction now. I was working with the new work opportunities program and one of my clients lived in Merrylands. If he had had his own vehicle, he could have driven to the employer that I was trying to place him with in probably five to eight minutes. But as he had to rely on public transport, it would have taken him an hour and three-quarters to get there and it would have put him only within 2½ kilometres of his place of employment. He still would have had a 2½ kilometre walk once he got off the bus.

**CHAIR**—That is crazy.

**Mr Ward**—Now this is the biggest industrial area in the southern hemisphere and public transport is virtually non-existent.

**CHAIR**—That is terribly interesting. There was very useful work done in Europe that I have seen on the amount of land devoted to roads compared with the amount of land devoted to public transport, particularly light rail or train corridors. That has a huge spin-off in terms of economic benefits and in terms of lower pollution, moving many more people faster and so on, but you do need something more flexible at the end because you cannot run train lines to every industrial area. So you probably need some kind of flexi light rail or bus service at the other end, don't you?

**Mr Ward**—Yes.

**CHAIR**—But your point is quite well made. You can come from Gosford to Sydney in the same hour as it takes to get from Merrylands to around the corner. That is madness.

**Mr Ward**—That is crazy.

**Mr McGill**—The state government has announced some significant support for improvements to public transport in the last few months, for whatever reason—maybe there is an election coming up.

**Mr Ward**—Cynical, Ken.

**Mr McGill**—But in any case those statements are made and, if they are fair dinkum, we are really keen to support that.

**CHAIR**—If you were writing a letter to Minister Kemp—I am not sure whether you do write to him; I know you have in the past—apropos of that, would you be willing to provide the committee with some of those letters?

**Mr McGill**—Yes.

**CHAIR**—We would very much appreciate that, particularly if they have got a date on them, because the information that was proper to say in May may not be appropriate now. If you have got anything extra to add, that would be very good indeed.

**Mr McGill**—Okay.

**CHAIR**—I have stopped you. Have you got any other points you would like to make to us?

**Mr McGill**—In terms of the FLEX 3 going into a competitive process in the next round of tenders, we would strongly caution that. We do not think it is the right time yet to have another major change. We do not think that Dr Kemp saying, 'Job Network is performing extremely well,' is good enough at present, because we do not think it is.

In terms of choice for job seekers, we believe the concept is good, however, they are faced with a whole new world of service providers, new staff, new rules, new eligibility fees being charged by some agencies, no CES which at least they could talk to before, very poor telephone help service and no real education content in the current advertising. That is particularly difficult for a lot of people, but even more so for the unemployed who typically do not have very good literacy skills, do not read too many papers and do not get the opportunity to get access to the material that you and I take for granted, hence they do not understand what is going on.

We understand that thousands of unemployed also still have files indicating that they not eligible for benefits when we have been told they are in fact eligible. That was some computer error that has not been rectified at this point in time.

**CHAIR**—Minister Newman made some statements by way of answering questions just before parliament got up in which she certainly owned—I do not intend to suggest that she was disowning before—or acknowledged that there were major difficulties with the computer program and that there were thousands of people, tens of thousands, I think, who were wrongly classified as ineligible.

**Mr McGill**—We believe the fee for service concept is generally well accepted by the community and business. In theory, we believe paying for job matching should not be any different. But the big issue our service providers are raising is that some agencies, some service providers, are now charging and some are not. There is confusion all over the place.

**CHAIR**—We do hear that employers do not like paying for what was previously free.

**Mr McGill**—No, they don't. But generally they pay for everything else, and why should this be discriminated against? It is just that for a long time they have got it for free.

**CHAIR**—That is true. But there are also awful unfairnesses that occur. We had in South Australia a very good example where employers who were looking for seasonal workers in the horticultural area had to advertise more or less every three months—that is not quite true, but you understand what I am saying—so they were being hit for that fee every time compared with people down the road who will maybe get somebody who will stay on the books for years. It is just not turning out to be an easy or equitable system. So I think that also needs to be looked at.

**Mr McGill**—The response from a lot of them now is that they do not go to job matching; they go and advertise themselves as they can do it cheaper and quicker. The problem with job seekers is that they now find themselves being shunted all round the place

because they just cannot get the advice they used to, particularly if they have a wife or husband who is working. They are now no longer eligible, so they are out on their ear.

New service providers have problems with new staff. A lot of them are honestly wrestling to meet the needs of job seekers, but they are facing significant problems with cash flow during the set-up process, and also we understand they are receiving far fewer referrals than Centrelink was requested to provide from DEETYA. You touched on DEETYA's computer system. The other problem is that their IES system, which is the information resource, is still suffering from major stability problems.

**Mr Ward**—A recent comment came back: it doesn't work, full stop.

**Mr McGill**—It is pretty unstable.

**CHAIR**—I think it is quite nice to describe that as insufficient stability.

**Mr McGill**—A major instability.

**CHAIR**—Can I just translate that into, 'It doesn't work'?

**Mr McGill**—Yes. The problems are then that it is almost impossible for service providers to contact Centrelink by phone because they have to use the same phone number, we understand, as everybody else. We understand something like 90 per cent of calls to Centrelink in June this year got the engaged signal. That becomes a vicious cycle—once you start to get an engaged signal, you ring again and get another engaged signal.

**CHAIR**—Have you received the feedback that I have also had? We have mentioned this in other places: a person in Craigieburn in Victoria, the north-western suburbs, rings up the number and asks, 'Excuse me, the CES has closed; where's my nearest office?' The voice down the telephone asks, 'Where are you?' The person says, 'Craigieburn'—like, don'tcha know—he didn't say that bit but you could hear it in the voice. The voice on the telephone asks, 'Where's Craigieburn?' And the Craigieburn voice asks, 'Well, where are you?' And was not at all amused to be told, 'Perth.'

That is the other thing that is happening with this 13 number. People are being sent all over the place and it is a lunacy. You must have that information locally. It will do for booking planes, but it will not do to help people to find their way to the nearest office.

**Mr McGill**—The 13 technology is very clever and people like Pizza Hut, for example, use it extremely well. If you dial 131 241, you end up at your local Pizza Hut; the one that is open right now. If it closes at 9 o'clock, you end up at the next one, et cetera. They can divert the calls. But when you have a lot of demand and one particular local area gets saturated it just shunts it off to the next office or to where someone wants to switch it through. Perth is a problem; that is where you end up, and they don't have the local knowledge. It is very good technology; it just might not be applicable in this case.

**CHAIR**—Perhaps we should do it through Pizza Hut—‘Come in and get a pizza and find out where the next job is.’ I tell you what, that is not as silly as it sounds, is it? That has a lot going for it; perhaps they can sponsor it.

**Mr McGill**—One of the other issues for service providers is that they do not have the time to spend finding out whether these people are eligible or not. They have commercial imperatives now and they cannot afford to spend that hour that they used to in the past. We have also been told that they are not willing, and we have heard that in no uncertain terms, to raise issues directly with DEETYA because of the fear of it impacting on their present or future contracts. We do not believe that is at all healthy for the future of the industry. Basically, the successful provision of services to the long-term unemployed is about building relationships and having empathy with the job seeker, which is almost impossible to do in the present structure. You have not got the time.

What must be done from our point of view? Some of these are obvious: DEETYA’s computer system, the IES system, must be fixed without delay; Centrelink’s telephone system must be fixed now, with a separate hotline, we believe, for service providers; we believe a major education campaign must be developed to help overcome the confusion in the marketplace and that that should be done in conjunction with the industry and the industry association; it is critical that service providers and DEETYA are able to work constructively together, instead of having a ‘them and us’ attitude; and we believe the employment service industry must develop industry standards, and the sooner the better. They need to develop relevant and practical training to be provided for both management and individuals within service providers to ensure the delivery of high-quality services, and that probably goes through to the people who are setting up the programs or managing them at a higher level. Retraining for unemployed people is more relevant for them than unemployment.

The last thing I would like to say is that, unfortunately, the timing for this Senate committee to report its findings in November 1998 could be a little too late for many service providers and thousands of people who are adversely affected by the problems with the current Job Network system.

**CHAIR**—That is a very interesting point. We have a schedule that says we are expected to write our report in October and table it in parliament in early November, or if parliament is not sitting, out of session. It is not impossible for us to bring that time ahead, because the Senate committee can take a proposal to the Senate at any time and get it changed. But it might also be that, in the light of overwhelming evidence saying the same sort of thing, what we should do is consider an interim report on the Job Network. You have just about written it for us, thank you very much, Mr McGill, so we might ask you for a copy of that report.

**Mr Ward**—The difficulty we have now is that what we had before has been completely dismantled. What we have now does not work at all, so what do we do? We had some great providers; they had good track records in the industry. They are finished, gone, and they will never be again. We have replaced that with a system that does not work. What do we do now? I really do not know.

One of the disturbing things is that when they designed the computer system that is supposed to operate this whole thing, there was no consultation with end users. Some boffin who did not have a clue how people would use it in the real world built it. He told us at a meeting that during the development process they were not allowed to speak to possible users of the system. You can check this yourself, but that is what he told us: he was not allowed to consult with end users.

**CHAIR**—End users being either the unemployed or the employers.

**Mr Ward**—No, the service providers. So you got a system that was doomed from the start. I would like to mention programs like new work opportunities and special employment services, which I worked on at the coalface. Ken mentioned how they increase the probability of people being in employment some three months afterwards. The reason they do that is because they increase people's self-esteem and self-confidence.

This whole system now is destroying people. It is breaking up marriages, it is destroying their lives. If something is not done very quickly, the social consequences of this debacle are going to be enormous. New work opportunities and the programs like it increase people's self-esteem and their self-confidence. When people are out of work, that is something that vanishes very quickly—in my experience, in six months. People can handle it for six months. Once that period has passed, their self-confidence and their ability to get a job dwindles very quickly.

These programs help them get that back, and that is a major thing when you are looking for a job—you must be confident. Employers know if you are feeling a bit wobbly. Once you get to that six-month point, it is a slippery slope and you are finished. These programs alleviate that problem. Perhaps they were not funded very well, and perhaps the management of them from the government's point of view was not as it should have been, but our experience—getting people jobs—was that they worked.

**CHAIR**—That is terribly interesting. I think it is a dreadful thing to say thank you for, but what both of you have put on the record is the appalling human waste and the anger people are feeling. We had a system that was not quite good, perhaps, but the whole deal has been wiped out. So all that network of expertise, of local contacts, of which bosses you talk to this way, and which employers you might have to have done something else about, 'No point in sending these people there'—all that info has gone for nought. It would not matter perhaps if, in its place, was an up-on-its-toes new system, but what is in its place—on your evidence, without anything else, but it only collaborates what we have heard all around the country—is a shemozzle or a shambles.

**Mr Ward**—It is a very sad situation, really.

**CHAIR**—It is terribly wasteful, isn't it?

**Mr Ward**—It is. It has put the people who it was designed to help, apparently, into a position that is much worse.

**CHAIR**—I would have to say that, if I was thinking of the Greater Western Sydney Chamber of Commerce's submission, I may not have predicted that what you have told us is what you would have brought to us. It has enormously assisted the committee in that particular focus of its work. Does Greater Western Sydney cover what we have been hearing from previous witnesses or more?

**Mr McGill**—About two-thirds of the landmass of the Sydney metropolitan area. It is Auburn, Bankstown right through to the Blue Mountains, and the Hawkesbury area through to Campbelltown and Picton.

**CHAIR**—And, as I am sure Senator Tierney would say if he were here, it is double the size of Adelaide.

**Mr McGill**—No.

**CHAIR**—I think it is, isn't it?

**Mr McGill**—It is bigger than Brisbane, Adelaide or Perth and, in terms of population, it is bigger than Tasmania, ACT and the Northern Territory combined.

**Mr Ward**—And it has a GDP greater than that of Singapore.

**CHAIR**—It is a really interesting point too, isn't it?

**Mr Ward**—It is something that is overlooked.

**CHAIR**—More than overlooked. And it is also very interesting to hear from Professor Fagan that the western Sydney area is a job growth area but unemployment is not necessarily going down, at least in some of the areas, because the jobs do not match the skills and/or the jobs are being filled by poachers, as Senator Tierney called them. But it is not all bad news, is it?

**Mr McGill**—No. There were a whole lot of unemployment figures quoted in the previous presentation. Unfortunately, unemployment is strongly biased towards the youth of this area. Whereas Fairfield, for example, might have 14 per cent unemployment, their youth unemployment is closer to 40 per cent. I have not got the exact figures, but it is way over what the average is.

**CHAIR**—The other area that we have been hearing about and I asked questions about—I think it was Professor Fagan who gave us the data—is that with people over 45 now, not even over 55, there is massive hidden unemployment. What were the figures for over 60—80 or 85 per cent?

**Mr Ward**—They do not qualify.

**CHAIR**—And they are all doing miserly little part-time jobs. So that means they do not get counted as unemployed, and they do not qualify for any assistance. No-one is going to employ a 60-year-old who has 40 years of experience. What a waste! But it is really very

depressing. In fact, what is happening now is that between 18 and 24 you are ignorant, inexperienced or of no use and by the time you are 44 you are on the dead scrap heap. So there is this window of opportunity—get employed between 24 and 44.

**Mr Ward**—What was the scrap heap age?

**CHAIR**—Forty-four. The trouble is that this is beginning to happen in some areas, and it is a shocking waste of human talent.

**Mr Ward**—The thing is that unemployment is only the tip of the iceberg. The social consequences that flow through from that are enormous, and this is what is often ignored or not realised.

**CHAIR**—So, in the last 30 seconds, what is your closing message to this committee?

**Mr McGill**—Help.

**CHAIR**—Thank you very much. That is as good as you can say it, isn't it? There are lots of things to build on, lots of strengths, lots of good things in the area, but, as you said too, Mr Ward, the system that has been out there to try to assist is not working and you would both like some help—for federal, state and local governments to cooperate and, in particular, to put as a focus those people who want to work and cannot. Thank you very much indeed. You do not mind if we send to you Professor Fagan's paper?

**Mr McGill**—No, that would be very interesting.

**CHAIR**—In fact, you might ask him to come and speak. The way he had his data was fantastic. He is a social geographer, so he actually has that social context and a different picture. It is really very good. If there is anything further that you want to let the committee know, please feel free to pass it through to us. If you can send us copies of those letters, that would be great. Don't worry about remembering it, because the *Hansard* will arrive for you to read shortly. You can put it in the bookshelves for the grandchildren.

[3.03 p.m.]

**CARR, Mr Brian Robert, General Manager, Liverpool City Council, 1 Hoxton Park Road, Liverpool, New South Wales 2170**

**RODD, Ms Cassandra Heather, Corporate Project Officer, Liverpool City Council, 1 Hoxton Park Road, Liverpool, New South Wales 2170**

**RAFFELLINI, Ms Barbara, Chair, Working Proudly Inc., 1 Hoxton Park Road, Liverpool, New South Wales 2170**

**CHAIR**—Welcome to you all. The committee prefers that all evidence be given in public, but should you at any stage wish to give your evidence, part of your evidence or answers to specific questions in camera you may ask to do so and the committee will give consideration to your request. I point out, however, that evidence taken in camera may be made public by order of the Senate, as has happened in recent years.

The committee has before it your submission dated 5 May 1998, which we have numbered 121, and submission 168 dated 15 May 1998. Are there any alterations or additions you would like to make to the submissions at this stage?

**Mr Carr**—Yes, there are some alterations. In fact, we would like to replace that with new documentation, which we would like to outline to you this afternoon.

**CHAIR**—That is fine. When you say ‘replace’, do you mean we cannot read it; we are to give it back?

**Mr Carr**—You can keep it, but there are some fundamental flaws in it.

**CHAIR**—Which one is that? Is that submission 121 from the Liverpool Council regarding employment as a key strategic focus?

**Mr Carr**—If you refer to ‘reconceptualising unemployment’ at the bottom of page 2, where it says ‘Traditionally the labour market has divided into three sectors’, it should read ‘two sectors: public and private’. What we are proposing is the creation of a third sector. So there has been some confusion in the preparation of this report.

**CHAIR**—I see. So that is the one you would like to replace with the new one: Working Proudly.

**Mr Carr**—What we would like to do this afternoon is to present a series of slides.

**CHAIR**—We can do this. I, unfortunately, am bound to leave here very close to 3.30 p.m.

**Mr Carr**—We will get straight onto it. First of all, I will give you a little bit of background about Liverpool. It is the fastest growing area in Australia. The population has increased by 26,000, or 25 per cent, in the last five years. In 1997-98, \$330 million worth of

investment took place in the area in residential, commercial and industrial development. It is a very high unemployment area, with 10.4 per cent unemployment compared with the national average of about 8.1 per cent. The June 1998 figure for youth unemployment for 15 to 19-year-olds in the Liverpool-Fairfield area is 36.5 per cent and for 20 to 24-year-olds in Liverpool-Fairfield it is 15.6 per cent. The source of that information is the Australian Bureau of Statistics.

**CHAIR**—Do you have any hard numbers? If you can provide us with that, it would be useful. The 40 per cent is a dreadful figure, and I would not want to make anything light of it in any way, but that is 40 per cent of those people who are not studying or working, and I know that is much worse than other places where it is only five per cent.

**Mr Carr**—The second slide outlines the current situation and, in our view, the private sector and the public sector are going through quite massive reform and restructuring, not only in Australia but also across the globe. There are forces of global competition and a notion of reinventing government, and this is creating some fallout. People are coming out of those systems and they currently go into unemployment. The choices are: do they continue to go into unemployment or do we create an alternative? We are suggesting we ought to be, as a community, creating an alternative.

Looking at growth, since 1975 the average growth has been about 2.5 per cent. Professor David Clark says that we need at least three per cent growth just to pick up the slack of people who are currently unemployed. Working Nation used a figure of around five per cent which was necessary to reduce unemployment. Charles Handy has been quoted as saying that Europe's economy has grown by 70 per cent in the last 25 years, but that translates into only 10 per cent of new jobs.

Our conclusion is—and I think it is the conclusion of a number of authors, academics and people who advise on the notion of economics—that growth alone will not solve the unemployment problem. Leading economists in Australia confirmed this view late in 1997 at a conference in Melbourne. I do not know if you are aware of this particular conference paper, but it is called *Unemployment in Australia: In search of solutions*, by the Melbourne Institute of Applied Economic and Social Research, and it is dated 5 November 1997.

**CHAIR**—That is fantastic. If we cannot get a copy, we might get in touch with you, but we now have that on the record. Thank you very much.

**Mr Carr**—It is a very good paper which I will refer to as we go through the presentation. We do provide an alternative to unemployment, and we have called it Working Proudly. We are suggesting that we ought to be creating a third sector for the third millennium. We have a pie graph which shows that as people move in and out of the traditional public and private sectors, they will move into a third sector. In other words, as restructuring and reform take place in both the private and public sectors, people will move into some other sector—something new. And that is what we need to create.

Supporters for this particular philosophy include Tony Blair, the Prime Minister of the UK—we have written to him and he has responded; Jim Bosnjak, the Chairman of Sydney GROW, to whom I think you have spoken this afternoon; Associate Professor Peter Botsman

from the University of Sydney and Brian Burdekin, Chairman of the Australian Youth Foundation. There are also authors Alvin Toffler, author of *The Third Wave*; Hamish McCrae and Jeremy Rifkin of the United States. They are all promoting a third sector and something new in dealing with people as we go through this reform as a nation, as a country and as a globe.

Working Proudly is Liverpool's community approach to creating the new way. If you have a look at that diagram, you will see that we are suggesting that people who do not fit within the traditional sectors currently, the private and the public, fall into unemployment. You have got micro-economic reform, you have got competition, you have got growth and you have got world market impacts. We are suggesting that we replace unemployment with a new sector called 'deferred sector'. In fact, the Liverpool community is prepared to pilot test this on behalf of any government.

We have established a system which would include a charter. In our view, there should be a national charter, a whole of community approach. The third sector should have a community award and a financial allowance for participants who volunteer to be involved. The structure that we have created has links with Sydney GROW and Liverpool GROW. We have already established a local community board which will administer modules of training and community projects, get people prepared for the other sectors—the private and the public—and also provide mentoring and case management. You mentioned earlier that 50 to 60-year-olds are lost in this unemployment debacle. They would bring with them 30 to 40 years of work experience, and they would make excellent mentors for the youth in a scheme such as this.

The scheme would have voluntary participants who would register with local community boards. The boards' secretariats will match those participants to particular modules. The participants would receive the allowance under a community award. They would get training. They would get real life skills. They would get social interaction and higher self esteem. They would have career opportunities, mentoring and, potentially, graduation to either the public or the private sector.

I come to the funding of such a scheme. Currently, there are direct costs associated with unemployment, such as the dole. There are also indirect costs: the extra pressure on our health and welfare and on law and order. We are suggesting that there ought to be more research done in that area into repackaging those resources and then distributing them with a community approach—seeing if we can do something new.

Our conclusion is: growth alone will not solve unemployment. The choice for Australia is to continue with the same—that is, unemployment—or look for an alternative. I would like to quote from Jeremy Rifkin. In 1995, he said:

As for the increasing number for whom there will be no jobs at all in the market economy, governments will be faced with two choices:

\* finance additional police protection and build more gaols to incarcerate a growing criminal class OR

\* finance alternative forms of work in the third (civil) sector.

Working Proudly is a credible alternative. It is a third sector for the third millennium. Liverpool's community has the structure and the system in place to deliver. Working Proudly has just been incorporated. We have local people with local knowledge. There is local participation, local investment, local ownership and involvement. Local benefits will pass on to the individual participants and their community. This approach is working in Scotland through an organisation called the 'Wise Group'. We have a document about that for you as well. I do not know if you have heard of them.

**CHAIR**—I have not. Is that someone's name or their slogan?

**Mr Carr**—That is their slogan. They have called themselves the 'Wise Group'. It has worked very well in Scotland. The Wise Group and Working Proudly have similar economic principles, as espoused by Drs Mitchell and Watts of the economics department of the University of Newcastle in their buffer stock employment model, which is outlined very well in this Melbourne Institute set of papers. It is a very good paper and I certainly recommend it to you.

**CHAIR**—Thank you.

**Mr Carr**—There is the redirection of all costs, both direct and indirect, associated with unemployment and additional sources similar to the Wise Group's. They actually get revenue from government agencies, the private sector, sponsors, the European Social Fund, district councils, Urban Aid, Environment and many others. I think \$302 million comes from others. So it is combining resources to give long-term unemployed people the opportunity to actually deliver benefits to their community and to themselves. A third sector, in terms of affordability, would save the society the deadweight costs of economic exclusion such as property related crime, drug abuse and other social problems.

We at Liverpool are prepared to trial this approach. We have the structure and the system set up. We have the local people involved. This has been put in front of the Premier of New South Wales and he likes it. We have been given support by him and by his office to continue with it. We are prepared to do it. We are also prepared to trial it and for it to be analysed by economists or any policy advisers as a new approach. The foundation of this is to create a new sector going into the new millennium.

**CHAIR**—I think at this stage we should have a drum roll. Many of the witnesses who have come before this committee have arrived very properly with a good description of the problem. You do stick out a bit like the horns on a bull, which saves me using any other metaphor. It is really very interesting. We will have to have a look at it. It sounds very interesting indeed. Some years ago I had the privilege of attending a conference where one of the principal speakers was a man, Garl Benson from the OECD, who talked about the OECD's understanding of a public sector, a private sector—this is of the economy—and a third sector. That third sector actually contained the money raised by voluntary work and charities and it was comparably as big as the other sectors. It was quite extraordinary. I am fascinated by the resonances that we have to think differently and that we have to start realising that there is a huge amount of money raised other than through work. It gets back into the economy because it buys things and purchases things. You would actually be saying to people in the community, 'You all belong.'

**Mr Carr**—Yes.

**CHAIR**—‘You’ve all got something to contribute.’

**Mr Carr**—Yes.

**CHAIR**—‘But we’re not going to have one-third of you with a black spot on your forehead with minimal purchasing power and no real sense of being able to contribute.’ Do you anticipate or does the Wise Group tell you that after a short time a number of these people go back into one of the other two sectors? Is it too early to say?

**Mr Carr**—As for our experience, we really have not had much of an opportunity to get it going. The Wise Group has, in fact, expanded. They have got much larger. The people who are on their board are quite talented business and government people and they run it like a business, so the Wise Group has been successful. Peter Botsman, from the University of Western Sydney—Macarthur, actually introduced me to the Wise Group philosophy.

Liverpool is a very expanding area so you would think that, with all of that growth, unemployment would fall but that is not happening. I think all the statistics and all the advice will come forward to say that growth alone will not solve the problem. That is what is happening across the world. As we enter into a new century, it gives us a great opportunity and a great psychological opportunity to actually do something very new. We still have some 18 months before we hit the year 2000.

Liverpool is in the heart of the south-west—one of the highest unemployment regions in Australia. We have already established the structure and the system and have people interested. We are prepared to test it. We are prepared to give this a go. We would like to work with the Commonwealth government. We already have the state government very interested. We have private industry very interested and on the board. If we get the help from the federal government to pilot test this, then the Peter Botsmans, the university professors, the Dr Mitchells and policy advisers of all persuasions of party politics could assess and analyse it. It is a community problem, and we are prepared to take it on.

**CHAIR**—I am here from the federal government. What you are really trying tell me is that you want some more money. You are not going to reduce the amount of money spent on the dole. The dole will still go to each of the individuals as a contribution to their living wage. But you will need some other seed money, won’t you?

**Mr Carr**—We would probably need some help, even if it was assigning people from the bureaucracy to assist. It could be those resources. It could be redistributing existing resources. We have enough projects and enough issues for people to get involved in. We have TAFE institutions that would be interested in working up training modules with us. I do not think it is going to cost the federal government a great deal more. I think it is going to be a redistribution, and initially it ought to be trialled.

**CHAIR**—As for the idea of borrowing public servants—and they have all collectively sucked in their breath and fainted—I actually think that is fantastic. There has been an exchange going on between the public sector and private industry. When John Button was

the minister—and possibly well before that—he had some of his senior public servants go and work in General Motors or wherever, and those private sector people worked in the bureaucracy. It was quite fascinating to find each having a remarkable new respect for the other at the end of that time. Why don't we do that sort of exchange into the community field, too, which is really all you are talking about? I do not like using words like 'industry' to replace words like 'community', but what you are asking for is a similar kind of exchange.

**Mr Carr**—I do not really want to oversimplify it but if, for instance, every person in the Liverpool area who is currently registered as unemployed became part of our database and they actually fronted up to the Working Proudly program and we then had some resources from government to help us match them into certain areas, those who really wanted to get involved could get involved. We could see the effects of that and we could streamline it and make it simpler for people so that they could not only access their money in terms of some sort of living standard but also get involved in their community and involved in projects. They could get training and get more skills. We could see if we could place them—see if we could get those skill levels up to match the jobs that are going to come because of the growth that was mentioned earlier by the previous speakers.

**CHAIR**—About 20 years ago, it was clear that high technology and the restructuring of industry were going to see the death of lots and lots of jobs and more and more wealth concentrated in the hands of fewer and fewer. You can ring Bill Gates on this matter to see if was not a good guess—a correct guess. In those days we also argued—and you possibly remember the papers, although probably you were all too young—that we would see people move towards more leisure time, that they would be out there creatively surviving on a redistribution of the wealth somehow and enjoying all the leisure time. All of you seem to be very clear that some kind of dignity goes with working, not with being happily leisured. Do I have that right?

**Mr Carr**—I think it is about balance, is it not? People want to contribute to their society. People want to contribute to the norm and want to earn sufficient money to have a quality of life. We have found in the programs that we have been involved in that the people who are currently out of work have put their hands up and have said, 'We want to get involved. We want to be involved.'

**CHAIR**—'We want to participate.'

**Mr Carr**—'We want to participate. We want the social interaction. We want to lift our self-esteem. When we go out at night to a disco and someone says, "What do you do?", we want to say that we work.'

**CHAIR**—'We are part of the third sector.' It will go down very well.

**Mr Carr**—'We work for the community sector,' not 'We are unemployed.'

**CHAIR**—Yes, exactly. When I became a senator, I was working in an office block immediately opposite Parliament House in South Australia, and my first constituent came to see me. It was a bit like seeing your first patient as doctor. I said, 'Yes, how can I help

you?’ He said, ‘I’m going to burn myself if somebody doesn’t see me.’ I said, ‘Would you care to take a seat?’ He had been sitting on the steps of Parliament House for about four days. He was unemployed, and no-one had seen him. No-one had actually even asked him to ‘Move on there, please.’ So he said, ‘Right, no-one is taking any notice of me, so I am going back down there and I’m going to burn myself. Then they will see me.’ It was an extraordinary cry of just the same sort of thing as you have said. Fortunately, I suppose, I had worked for 10 years as a doctor in community health, so I did have a few connections at that stage to suggest that he go and talk to. Who else is buying this?

**Mr Carr**—Jeremy Rifkin is quoted in the Mark Latham text about creating a third sector. It is across Tony Blair in terms of their policy development. Hilary Clinton—probably more so than Bill Clinton—is proposing that there ought to be a new way to deal with the problems associated with unemployment.

**CHAIR**—There is a large number of people in the community who do not ever work and have been living very constructive lives. They are called housewives. Thank you for nodding, Ms Rodd. You get to answer that one. Can you make some comment about that?

**Mr Carr**—About housewives?

**CHAIR**—About why it is that we have to get all these people feeling okay about having to go to work when there has been this other section who have been doing unpaid work for years.

**Mr Carr**—We are not suggesting that the third sector be created and we force everyone into work. We are suggesting that this be an alternative to unemployment. At the moment, people register as being unemployed because they have the desire to work within our society. We are saying that if they register with a desire to work within our society then it is our responsibility to create that opportunity for them to do so, and if we cannot do it through the traditional public and private sectors then we ought to create something new.

**CHAIR**—We are nearly out of time. I actually do not want to ask you any more questions like, ‘Tell me about Job Network in your area.’ But, in a word, can you tell me about Job Network in your area?

**Mr Carr**—The Job Network in the area?

**CHAIR**—Yes, the replacement of the CES with the new scheme introduced by the federal government on 1 May.

**Ms Rodd**—We do have employment agencies springing up at a rate of knots in Liverpool, which has not as yet had any affect on the unemployed there. There are quite a few community employment agencies that are running now that are, I suppose, at the coalface which seem to be dealing with it because these people are being drawn to those areas because they do not understand the system.

**CHAIR**—That is the story we are getting—although the previous witnesses were extremely brutal in their assessment of the new Job Network. It is very concerning. It is a

system that is supposed to be replacing the old CES and assisting the unemployed people to get into work or to match them up with employers and so on. It is a disaster—not waiting to happen; happening right now. It is also a process that is losing a lot of the community skills of the sorts that I presume your organisation would want to work with and draw on for the third sector. You would want to use a community network of people—

**Mr Carr**—We would be that community network. Working Proudly would do that. We have already been involved in a number of projects. I cannot tell you the details, but we have put about 120 people through a six-month project. The problem with having a time frame like six months is that it stops and starts. We are suggesting that, with the third sector, people will be registered in a community sector and will continue with these programs until such time as they move into some other area. We put 120 in and I think there were about 15 people—

**Ms Rodd**—That was out of the 50. Out of one project, we have 30 people out of the 100. The other 20 are doing some TAFE training as well.

**Mr Carr**—So 30 people have actually been placed in the private sector as a result of our program.

**CHAIR**—You have said growth alone will not do it, but you are also presumably working closely with GROW and other organisations that are trying to encourage private sector investment, public sector investment and all of those other things. All of those should go on, but there is this third area where you are saying that what you want to offer the committee is a proposal to give people a title that means they are participating in society instead of a label that means they are out of it.

**Mr Carr**—Yes, and we do have that sort of model. You can see there the Liverpool Business Growth Centre, which was launched this week. People who go through the Working Proudly model would get sufficient skills and then could go in and establish their own business under that sort of arrangement. We do connect with GROW Sydney, which is Jim Bosnjak, and also GROW Liverpool, which is Peter Threkeld. We are in constant touch with them about establishing a network which we believe will work.

**CHAIR**—This is the time to pull the plug, isn't it? Having heard, as I said before, such a litany of difficulties and negatives, it is really wonderful to have somebody come along and say, 'Yes, but how about this as an idea.' In fact, it is beyond an idea; it is already beginning to be piloted. It is such an optimistic and alternative flavour to a lot of what we have heard. We thank you very much indeed.

Unfortunately, I have to flee. Would you mind if we contacted you for any clarification of points? I do not want to put you to a large amount of writing, but we may need the odd dot point. If the secretary needed to contact you, would that be all right?

**Mr Carr**—We would be more than happy.

**CHAIR**—We have not really heard you speaking, Barbara Raffellini. Would you like to say anything on the record before we close?

**Ms Raffellini**—Just briefly. Representing the local business community, I think what the Liverpool City Council is doing is an outstanding initiative. It is innovative, it is progressive and it is looking at a problem with a different perspective. It is now a social problem with a social solution. We could just change the perspective of how we see that problem and look at it in a positive way and say, ‘Why not try this?’ I think we should give it a go.

**CHAIR**—It is really terribly interesting, because what we are facing is the death of economic rationalism. It has ignored people. It has counted dollars and numbers, and it has just dropped people in the social fabric and community of our society to one side. Everyone is saying, ‘Enough. We’re putting it back in there. What is more, we can probably prove it is economically advantageous to do it.’ In the meantime, it is going to incorporate all those people and allow them to feel a part of our society. It is a very good initiative indeed. Thank you for those words. The committee stands adjourned until our next meeting.

**Committee adjourned at 3.33 p.m.**