HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Reference: Factors influencing the employment of young people

CANBERRA

Thursday, 12 September 1996

OFFICIAL HANSARD REPORT

CANBERRA

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Members

Mr Charles (Chair)

Mr Peter Baldwin	Mr Griffin
Mr Barresi	Mr Marek
Mr Bradford	Mr Mossfield
Mr Brough	Mr Neville
Mrs Elson	Mr Pyne
Mr Martin Ferguson	Mr Sawford
Mrs Gash	

Matter referred for inquiry into and report on:

Factors influencing the employment of young people.

WITNESSES

HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Factors influencing the employment of young people

CANBERRA

Thursday, 12 September 1996

Present

Mr Charles (Chair)

Mr Peter Baldwin	Mr Marek
Mr Barresi	Mr Mossfield
Mr Bradford	Mr Neville
Mr Brough	Mr Pyne
Mrs Elson	Mr Sawford
Mrs Gash	

The committee met at 9.17 a.m.

Mr Charles took the chair.

CHAIR—I declare open the first public hearing of the inquiry into factors influencing the employment of young people. The committee has received over 60 submissions and will now embark on a series of public hearings so as to ensure effective community participation and consultation.

The purpose of this inquiry is to produce recommendations for government action that will help promote the employment prospects of young people. I am keen to hear the views of all sections of the community about how we can better equip young people for employment. I am particularly keen to hear the views of people who are active in commerce and industry, for they are the potential employers and the creators of the jobs for the future.

This is indeed a very broad ranging inquiry. Matters raised in submissions so far have included: the attitudes of young people and their readiness for work; the adequacy and relevance of the education and training systems; the importance of developing better linkages between schools and the business sector; the need for a more flexible industrial relations system; and the effectiveness and efficiency of government programs to assist young people to find employment.

This is not, by any means, meant to be an exhaustive list of the issues the committee will consider or which might be raised. We are entirely open to the views of everyone who wishes to make an input to the inquiry. We are here to listen, to learn and to help improve the prospects of young Australians.

A vital part of the learning process is the holding of public hearings. Today, the committee will take evidence from the Department of Industrial Relations and the ACT Chamber of Commerce and Industry. This is the first of the public hearings we will hold around Australia.

[9.19 a.m.]

DREVER, Mr Philip, Assistant Secretary, Labour Relations Policy Branch, Policy Division, Department of Industrial Relations, Jolimont Centre, 65 Northbourne Avenue, Canberra, Australian Capital Territory

LEAHY, Mr Barry, First Assistant Secretary, Policy Division, Department of Industrial Relations, Jolimont Centre, 65 Northbourne Avenue, Canberra, Australian Capital Territory

STEWART, Mr John, Director, Training and Skills Formation Section, Labour Relations Policy Branch, Policy Division, Department of Industrial Relations, Jolimont Centre, 65 Northbourne Avenue, Canberra, Australian Capital Territory

CHAIR—Welcome. Would you like to make a brief opening statement to go with your submission before we start to bombard you with questions?

Mr Leahy—I think the submission we have made is sufficiently comprehensive so as not to require us to make any further statements. I welcome any questions that you have.

CHAIR—I think we will have heaps. I might start the ball rolling. According to some of the statistics, while we have increased retention rates in secondary schools, there seems to have been a dramatic shift over the last twenty or thirty years in the numbers of young people in employment. It seems to me, in reading the statistics, that we have changed culture and that employment for young people is no longer the major agenda that it once was. Is that reasonable?

Mr Leahy—There certainly has been a trend—and it has been government policy over the last many years—towards encouraging young people to go into various forms of training and continuing education rather than move immediately into the work force on completion, for example, of year 10. So there has been a change, to that extent.

CHAIR—Is that the only thing that has driven that change?

Mr Leahy—I think there is probably a range of factors. Perhaps you would want to talk to representatives of the Department of Employment, Education, Training and Youth Affairs on this. Certainly, with a reduction in the range of job opportunities for young people and a determination by various governments to ensure that the work force that Australia has is appropriately skilled, there has been a requirement that young people stay in education and training for longer periods.

CHAIR—Pages 9 and 10 of your submission deal with traineeships. I was confused somewhere else in the report about this, too. You are talking about percentages of young people in traineeships. On page 9 you say that 'commencements have been particularly strong in 1996 with 22,430 commencements in traineeships occurring between January and May.' Then, under 3.2, you say that in 1995 there were only 9,200 trainees.

Mr Leahy—Yes. The time frames are different, and there has been a significant increase, particularly

in January to May 1996.

CHAIR—But you said there were 34,110 commencements in the first 11 months of 1995-96.

Mr Leahy—I think we then go on and say that in 1996 there have been 22,500.

CHAIR—But how do we get down to 9,200?

Mr Leahy—The figure that you are referring to, I think, is May 1995. It is the year before.

CHAIR—Yes, I understand that.

Mr Leahy—There has been very significant growth from the figure of 9,200 in May 1995 up to a figure of 34,110 in May 1996.

Mr NEVILLE—No. Go back to the year 1994-95. You have got 16,800. How could you suddenly drop from 16,800 to 9,000 in May?

Mr Leahy—You have lost me.

Mr Drever—Different data sources. We have got an ABS labour force survey, and I think you will find—

Mr NEVILLE—I am not trying to be picky, but wouldn't it be better to keep it all in the one family, so that we can have fair comparisons?

Mr Drever—We have tried to draw on DEETYA's statistics—bearing in mind that they pay the subsidies and deal directly with traineeships. If you want to compare what is happening in the broader labour force, the data that you have to then refer to is the ABS statistics. The data in 3.2 is consistent on the basis on which it is collected, but it is different from the set of data that is from DEETYA and, of course, does need interpretation.

CHAIR—I had not thought of this, but it is true. You have given us so much factual information that I did tend to focus somewhat on it. Now that I think about it, your department has not collected the data in the first place. So perhaps we might save those statistical questions for DEETYA, which would certainly be more appropriate.

Mr PETER BALDWIN—Part of the explanation might be between the number of commencements within the six-months period. That is one set of statistics, and the other is the number participating at a point in time.

Mr Leahy—That is correct.

Mr PETER BALDWIN—Certainly, if you are talking about short training programs, labour market programs, that would explain it. But I am not sure about the explanation where you are talking about longer

traineeships. What typically would be the duration?

Mr Drever—Typical traineeships are currently twelve months.

Mr PETER BALDWIN—Twelve months. That would explain part of it.

Mr Drever—Yes.

CHAIR—Labour market programs should not be called traineeships, should they? A traineeship is a traineeship.

Mr Leahy—They would not be included in these figures, generally. We are covering three types of traineeships.

Mr NEVILLE—To wind this up, could we ask the department to give us an update on 3.2 in the light of a consistent set of figures?

Mr Leahy—We can see if those figures are available. There is some lag in the ABS data, so whether the May 1996 figures are yet released, I am not sure.

CHAIR—I do suspect, considering the numbers on traineeships and percentages through the report, that there is some conflict in the evidence somewhere. I think Paul's request does make sense. Notwithstanding the fact that you did not come up with the data, you presented it to us, so how about straightening it out for us? That makes sense.

Mr PETER BALDWIN—It could be an anomaly between an ABS survey and departmental statistics. In Social Security there were always these bloody anomalies between the incomes that people would report they were getting in ABS expenditure surveys and what we knew they were getting through the social security system. You do get that sort of problem.

CHAIR—Liars and damned statistics or something like that?

Mr PETER BALDWIN—It is not just a case of liars. Sometimes there is a legitimate explanation.

CHAIR—You had a different kind of question?

Mr PETER BALDWIN—In the submission, you talk about, to some extent, the relativity between junior wage rates and adult rates and how that has changed over a fairly long period of time. Can you tell us anything about, or are you able to derive any conclusion about, the impact of changes in the relativity of junior rates to adult rates over time on the employment prospects of young people? Is there any data or work that you have done that can shed light on that?

Mr Leahy—There has been a range of academic studies on that very issue, the impact of wages for youth on employment and whether or not increases in youth wages can impact on the level of employment.

The conclusions vary, I would have to say. Generally speaking the standard economic theory prevails; that is, you increase the price and the demand decreases. But there have been some studies in the early 1990s in the United States relating to minimum wages which do not necessarily confirm standard economic theory.

I think the point that we would want to make with any change in youth wages in Australia is that if there were a change to suddenly increase youth wages to, say, adult levels then the size of that change would be of such magnitude that it would have a dramatic impact on what is already a fairly fragile youth employment market. In summary, there is conflicting academic research but I would say, generally, the weight supports the standard economic theory that an increase in price will lead to a reduction in demand. Is there anything that you want to add to that, John?

Mr Stewart—No, I think that summarises it well. I suppose what I could add is that an issue in relation to junior rates now is the question of whether or not age discriminatory rates ought to be abolished. I think our submission points out that in those areas of low skilled youth employment at the moment, if you introduce competency based wages at the present time, then that could have a very significant impact on the level of youth wages that Barry has indicated. It would have a fairly unequivocal effect on employment levels of youth on the fragile youth labour market.

Mr PETER BALDWIN—If you brought in a competency based wage system?

Mr Stewart—That is right, as opposed to the age based wage system that we have at the moment. The competency based wage system is one that is not age discriminatory—

Mr PETER BALDWIN—Surely, if you had a genuine competency based wages system, the level of remuneration would reflect the competency of an individual. A young inexperienced person, people would reasonably say, was obviously less productive than somebody who is a fully fledged experienced worker. But if you had a competency based system that was properly constructed I would have thought that lower level of productivity

would be reflected in that it would produce a wage differential.

Mr Leahy—The concern that we would have there is that at the moment in many of the Tayloristic types of activity that many of the young people are involved in, for example the retail industry, an individual can become fully competent fairly quickly in the retail industry. In fact the Retail Council of Australia has provided estimates, which I think have been cited publicly, that if competency based rates were introduced, or if youth wages were abolished rather, then it could cost as many as 200,000 jobs for youth. There would be a substitution—this is what they say—of adults for youth if there was a movement away from youth wages in that area.

Mr PETER BALDWIN—What are the attributes of adults, other than competency, for employers? Is it the greater stability?

Mr Leahy—It is maturity—all of the sorts of things that flow from maturity and age. I guess a general sort of statement that would hold up with employers would be that they would prefer to employ an adult than

a young person.

Mr Drever—At the same rate of pay.

Mr Leahy—Yes, at the same of rate of pay.

Mr PETER BALDWIN—It sounds to me as though what you are saying is that the impact of competency based wages is going to differ substantially depending on the skill level of the job.

Mr Leahy—Absolutely.

Mr PETER BALDWIN—Where you have a job where acquisition of the requisite skills is a fairly long, protracted process where people go through a number of stages to acquire the competency, and where you could construct a wage system that reflected that progression, you would probably get a set of differentials that would not work adversely to young people in terms of their employment prospects. In jobs like working on a checkout where the competency level is very easily acquired a different situation applies.

Mr Leahy—That is exactly the point that I think we have made in our submission—that competency based wages would have far less impact in high skill areas where the acquisition of those skills would take some significant period of time.

Mr MOSSFIELD—Mr Chairman, before we move off the school retention rates, I would like to ask a couple of questions. You have indicated that these have come about through government policy and the need for a more highly skilled work force. But what would the department's view be as to whether there would there be any value in making a conscious policy of getting young people into employment at an earlier age, or after they have completed their school certificate? Are there any areas of occupation, trades or others, where there may be some advantage in trying to get people into work at an earlier age? I am not suggesting that they cut off their education at that point, but I am just wondering if hands-on employment at an earlier age may have some advantage.

Mr Leahy—Again, this is probably a question that the Department of Employment, Education, Training and Youth Affairs might be best equipped to deal with. But, clearly, the whole structure of traineeships and apprenticeships in the Australian vocational education system is about trying to combine formal classroom training and on-the-job training, and it is recognised that on-the-job training is a legitimate and good way for young people to acquire skills.

Mr SAWFORD—Mr Leahy, you mentioned some research in the United States. Before I ask the question, thanks for refocusing all of us with the information you have got. I think Bob has already indicated that, even though we have been working in this area for a long time, it is actually useful to have all this information put up in a different form. So well done, as far as that was concerned.

But you mentioned the United States and I just refer you back to your introductory comments where, on page 3, you mentioned higher productivity and employment generally. I do not want you to get into a position where you have to criticise the government. But you mentioned the United States, they went down the

casualisation of labour road, and even though that finished up with an official unemployment rate of around 6.9 we all know that you only have to go to any city there and you will find that the unofficial rate is treble that. And higher productivity did not come out of it—the United States is not a good example for higher productivity.

So, in terms of the WROLA bill, where is there evidence in the research you have come across where people have gone down this road? I suppose the United States is really the classic example, and you can argue in some sense that the official unemployment rate in the United States has gone down. But, even if you accept that, the higher productivity has not resulted. Would you like to comment on that?

Mr Leahy—If we are focusing just on the youth employment area, what the WROLA bill tries to achieve is to facilitate wide implementation of training arrangements. As we have indicated in our submission, one of the problems that we have faced with getting industrial arrangements up for traineeships, and with other arrangements such as that, is simply the time frame—the time that it takes to get through the industrial system new arrangements which the government wants to put in place to advance the high skilled work force concept. What WROLA does is simply, through the legislation, put in place arrangements which allow for agreements to be implemented between individuals or between groups to quickly implement the new arrangements and apprenticeship/traineeship schemes.

Mr SAWFORD—What about higher productivity?

Mr Leahy—That is the broader debate about WROLA. The concept there—and it is a continuation of what has been happening generally in Australia, it just takes it further—is that the move towards allowing individuals at workplaces and employers to determine the way in which workplaces operate is far better and more likely to lead to higher productivity than situations where you have, for example, awards which have one size fits all type arrangements. So it is about enabling people at workplaces to work with their employers—

Mr SAWFORD—So it is a theory.

Mr Leahy—It is a theory that I think has been adopted pretty readily by the Australian industrial relations system for the last five or six years.

Mr SAWFORD—Downsizing was a theory, too, that was going to bring more productivity, and the original guru of that, Stephen Roach, has come out and said exactly the opposite. I just wonder whether, 15 years down the track, we will be sitting here again—or some of us might be sitting here again—and we have the same conversation saying, 'We were bloody wrong.'

CHAIR—Back on the point that Peter started, I have read somewhere that in the United States, with a single minimum hourly wage which is relatively low, the fast food industry, for example, and the retail industry, for example, are different from Australia and employ largely adults rather than juniors, rather than young people. Do you know whether that is true or not?

Mr Leahy—Certainly my experience in my time in the States is that it is true. If you go to any supermarket over there—I do not know if we have got the data with us—but you end up being served by

adults, not by juniors.

Mr Drever—We have not got actual data. We have been trying to see if we can get comparable data which would allow us to make some exact judgments on that. We have not been able to get that at this point in time, though we have been pursuing it for the last few months.

What I would add is that in our submission we point out that in, for example, New South Wales, a 15-year-old is paid 40 per cent of the adult rate and a 16-year-old is paid 50 per cent. If those young people can gain the competencies to operate the scanning machine or whatever at that checkout in a short space of time—and when we go to the local supermarket there are young people there, they do operate it efficiently and the like—if that is entirely the skills and competencies that we are talking about, if you move to a full competency based system then you are looking at 16-year-olds getting a 100 per cent increase in wages. When you look at the studies that Barry was talking about, nobody in the industrialised world—that we are aware of, at least—has changed the relativities of a particular group in the labour market to that extent. I think that some studies are a bit equivocal. When you get to that sort of change, it is fairly easy to suggest that someone might be disadvantaged in the labour market if their wage rates were immediately put up to that extent.

CHAIR—You can understand that this issue of wage levels for young people is one of the things that this committee undoubtedly is going to have to come to grips with. I accept that there are many other factors and some of them are perhaps more important, but any information that you can give us regarding wage relativities and how they impact on employment prospects—good hard evidence—this committee would love to have it, please.

Mr Leahy—What we can do is try to compile for you a list of references. We have tried to do some work on pulling together some of the academic studies. But, as I indicated before, there are a lot of conclusive studies but their conclusions differ.

Mr BROUGH—On page 8, you refer to the anti-age discrimination requirements which were originally introduced by the Industrial Relations Reform Act 1993. Implementation was postponed to June 1997. Was that simply because it was seen to be too difficult to come up with something which was going to be all-encompassing and not end up becoming more discriminatory towards people? Whilst, perhaps, the age base may not be perfect in every case, has there been anything else that you have been able to come up with which has come close to being able to meet the requirements that we are obviously trying to meet here—not disadvantaging young people and, at the same time, not discriminating against them predominantly on their age?

Mr Leahy—The delay, under the current legislation, to 22 June 1997, was a recognition, in part, that it would be a complex process to go from the system of junior rates which has been operating for 70-odd years to a competency based approach to setting pay rates. This government has decided to delete the requirement to move away from junior rates on the basis that it believes that in a fragile labour market—and that is what the youth labour market is; it is very fragile—where you have a system that has operated effectively for 70-odd years, there is no point in changing it to a new system. The system is operating effectively. It is, to the extent possible, protecting a fragile employment market, so we will leave it alone. That is basically the reason for the government's decision.

Mr NEVILLE—I might pick up that point. Is there any data, internationally, to show that those countries that have moved from an aged based wage system to a competency based wage system have had a short-term or long-term effect against young people? Have you got any data on that?

Mr Leahy—There have been some OECD studies undertaken. They are, generally speaking, of the ilk which supports the sort of standard economic theory—that is, increase the price and the demand drops off. But, to repeat what I have said before, while the international studies on this issue are conclusive, the conclusions differ from study to study.

Mr NEVILLE—So there is no benchmark we could call the 'world's best practice' in that area? I am not trying to be facetious.

Mr Leahy—I understand your point. If we had an answer for you, I would give it to you. We could dig out some studies, if you like.

Mr Stewart—I think one thing that is worth emphasising is that, when Barry is talking about international studies, what he is not talking about is the question of: what is the issue here in Australia now? That issue is moving from a situation where you have aged based rates and, perhaps, doubling those rates in many circumstances to have a competency based system in low-skilled areas, whereby juniors would end up being paid the same as adults after a very short period in the work force.

I have looked for that sort of evidence in the international scene, and I have not found it. I suspect that part of the reason it does not exist is that Australia's industrial relations system is, in many respects, unique. Our very complex system of minimum wages is not mirrored in many other countries.

If we look within Australia, which is the other possibility for evidence, has any state industrial relations system which is also confronted with this very same issue moved from an aged based system to a competency based system? That issue raises itself particularly when states have been considering age discrimination legislation. All mainland states now have age discrimination legislation. In determining the form of that legislation, an obvious issue that arises is whether they should apply that legislation to age based rates? Should age based rates be replaced with competency based rates? Everywhere that that issue has been addressed in all mainland states, they have decided at the current time to exempt junior rates from the age discrimination legislation. No-one in Australia has taken the step that would create the evidence that would make it unequivocal as to what the consequence would be.

Mr NEVILLE—Let me put it another way. Domestically, what evidence from studies is there to show, from firms such as Woolworths, Coles, Franklins or the fast food people—McDonald's, perhaps—that, as people progress through the junior wage rates, there is a retention factor? I know there is a complicating factor with people who generally pick up these jobs while they are at university and would not be going on anyhow. But have we ever had a study that corralled those students and looked at the retention rates for the ones who worked through the junior wages, and that found out how many actually spilled into full-time adult employment? Is there any data on that?

Mr Stewart—No, not that I am aware of. Again, I have looked for that as well.

Mr NEVILLE—That would be a very good study before this new system comes in, because there is a lot of anecdotal evidence of exploitation, but do we know that it is generally exploitation?

Mr Stewart—The unfair dismissal provisions now, the ones that currently exist and the ones that would apply in the proposed bill, both preclude the termination of employment on the grounds of age or other discriminatory matters.

Mr NEVILLE—Data of that nature is almost critical to this issue, is it not? If we knew what the retention rates were, there might be some justification. We could make judgments then: if we go to fully competency based training, are we going to have an even greater drop-off of young people into the unemployment area? It seems to me that that is almost the most critical thing. After 70 years of this system, we cannot tell the Australian public what percentage of young people, excluding students, go on to full-time employment as a result of junior wage rates.

Mr Leahy—A point that I would make here is one that I have already mentioned. The Retail Council of Australia has made an estimate—and this is their estimate, not ours—that, of the 280,000 juniors currently employed in the retail industry, which, because of the nature of the work, quickly led to those juniors going on to adult rates, 200,000 would be replaced by adults, and they would lose their employment. That is their estimate.

Mr PETER BALDWIN—Of those people working in that sector, what do we know about the proportion that are casual or part-time, as distinct from full-time, and what proportion of people working in that sort of area view it as a start to a long-term career in retail? Presumably, the percentage is fairly small, but do you have any idea of it?

Mr Leahy—We can get that figure for you. We have not got it with us, but we can get that figure for you.

Mr PETER BALDWIN—It seems to me an interesting question.

Mr Drever—You are correct that there is a significant proportion.

CHAIR—You must excuse us, gentlemen. A division has been called in the House.

Short adjournment

CHAIR—We will get started again. I am sorry about the interruption; blame the independents. Could I change tack slightly? On page 5, you said that a study by CAI in 1985 found 45 per cent of awards included junior rates. Then you go on, down at the bottom:

. . . because the award covers labouring or other work for which adult rates are traditionally paid, e. g. building industry awards.

How many teenagers are there employed in the construction industry? Have you any estimate of how much difference it would make to the potential of teenage employment if that area of industrial relations restriction

was opened up?

Mr Leahy—I do not think we have those statistics for you. We do have a figure here which indicates that 35 per cent of people under 21 years of age are paid adult rates. As we have indicated there, there are some industries—and building is the obvious one—where, because the nature of the work is such that there is clearly no distinction between what an adult is doing and what a youth is doing and because of industrial agreements that have been entered into between employers and unions over the years, juniors get paid adult rates. We do not have that figure nor could we reasonably make an estimate of what would happen if we were to introduce junior rates into the building industry—whether that would increase youth employment.

The only thing I would say is that if you reversed the argument we are using against the abolition of junior rates, it would probably support a suggestion that introducing junior rates would lead to increased employment of juniors but there is no conclusive evidence.

Mr Drever—Can I follow up on that plus a little bit on Mr Baldwin's earlier question? I think when you look at the junior labour market it needs to be examined as if it were two markets. One is the career aspirant's market where the young people are getting training and have an intention to go on in later life in that industry. The other part is where you find the non-career aspirants whose related employment is generally part-time or casual while they are going through education and the like. Those non-career aspirants we tend to find lie in those Tayloristic type areas we were talking about.

The issue is: how do the junior rates assist those young people? I am not sure that we can answer that but there is anecdotal evidence that young people who have had work experience as casuals working at McDonald's or the like are favoured by employers in taking on jobs as they go into their career down the track. That might be an issue on which employers who appear before this committee might be able to help.

Mr BROUGH—On the unfair dismissal law, is there any real evidence from young people's point of view that that is stopping employers? Do you have detailed figures or whatever to support it?

Mr Leahy—I do not think we have any detailed figures on the numbers of cases that have included claims related to age discrimination. But clearly, in the current legislation and the new legislation, one of the continuing prohibitions will be on dismissal because of age. Individuals will be able to pursue unfair dismissal action if they are dismissed for age reasons.

Mrs ELSON—Are there any figures that show whether youth who have gone through government traineeships have a lesser chance of employment compared with youth who did not take on a government traineeship? Because I have found over the years that if employers take on previously trained people they find that these people are not prepared to do the type of work in their industry. They have been trained wrongly, in other words. The employer seems to leave the responsibility to the government and does not accept the product which comes out. I see it as employers taking the responsibility to do the traineeship in their area, as they see fit.

Mr Drever—This department has not got retention rates for trainees. Perhaps DEETYA might be able to help you on that. But I would add that the direction of the training reform agenda and the MAATS

arrangements which the WROLA bill picks up—the wage fixing arrangements—is towards more flexible training arrangements which would allow training contracts to be developed which better fit the needs of particular employers.

Mrs ELSON—That is excellent.

Mr MOSSFIELD—On page 3 of your submission, you comment that the new bill, through various forms, will increase productivity and employment. Do you have any estimates for the gains that could be made in the employment of young people?

Mr Leahy—No. As I indicated before, and as Mr Drever has just indicated, what the government is seeking to do with the new legislation is to make it easier, in terms of the industrial system, to employ young people on traineeships. That is the entire justification or reasoning behind the inclusion of MAATS in the legislation.

Mr SAWFORD—Can I just add to that question. We don't know about any gains. Is it going to stay the same or are we going to have losses?

Mr Leahy—No, the response that I made was that we do not have any estimates.

Mr SAWFORD—Right—no estimates.

CHAIR—Thank you very much for appearing before the inquiry and we look forward to receiving that further information which you are going to chase up for us.

[10.16 a.m.]

SCARR, Mrs Pam, Executive Director, ACT Chamber of Commerce and Industry, 2 Kembla Street, Fyshwick, Australian Capital Territory 2609

TROMPF, Mr Graeme, Program Manager, ACT Youth Joblink, ACT Chamber of Commerce and Industry, 2 Kembla Street, Fyshwick, Australian Capital Territory 2609

CHAIR—Welcome. You have given us a written opening statement. Would you like to add to that for the *Hansard* record?

Mr Trompf—The only point I would like to make, Mr Chairman, in addition to what is in the opening statement is to mention that almost all of our evidence will be anecdotal in nature, based on interaction that we have with unemployed young people, employers, the CES, training organisations and a whole host of other organisations. In that sense I do not necessarily speak for the validity of any comments that are made but rather make the point that I believe it is an accurate reflection of perceptions that are out there. I think the important issue is that the perceptions are there; whether or not they are accurate is of a lesser concern.

CHAIR—Graeme, under 'employee needs' you list three dot points: first, attitude; second, presentation; and, third, skills. The committee has heard about attitude on several occasions, both formally and informally so far. I am fascinated by the fact that it would seem that perhaps 20 years ago that list of dot points would have been reversed. Perhaps employers 20 years ago would have been looking more for skills and qualifications than they would necessarily for attitude. But today that paradigm seems to have been reversed. Would you like to comment on that?

Mr Trompf—In my view, I think an honest assessment 20 years ago would have reflected the same view that we have put here: that attitude would have been primarily important for an employer. Employers are happy to take on people and provide them with skills and experience. In our view, if they do not have those skills, employers are more than happy to provide them. That is something they prefer to do. I sometimes tell the story of police: when they go recruiting motorcycle policemen, I understand that they have one selection criterion and that is that the candidates must never have ridden a motorcycle before in their life. The reason is that the police want to teach them the correct way to ride a motorcycle from the start. They do not want them to have to unlearn the bad habits they have learnt by teaching themselves. Some employers take that view. They are happy to train young people, if their attitude is right. If their attitude is wrong, there is very little that anybody can do to change a person's attitude. It is very, very difficult and a process that employers would rather not go through.

Mr SAWFORD—Graeme, I was interested in your comments in terms of perceptions and I think it was important that you put that as a precursor to what you have said. There are also perceptions the other way. Young people who come through my office basically telling me about their experiences asking for employment tell me the opposite. They say their perception is—I am not saying it is accurate—that they are missing out on employment either through interviews or through written applications. You ask them, 'What do you think the reason was?' and they say, 'I didn't have enough skills and experience. I'm in the catch-22. They want this, they want this, they want this.' It was quite clear in the interview, it was quite clear in the letter back to them,

and you see the standard responses from businesses. They go back and often there will be a reference in there that says, 'Thank you for your application. We will put you on file.' Not all give feedback but some decently give some feedback and they will mention that. They will mention that the person needs to get skills and experience. That is a great message for a kid. He has just come out of university, just come out of school, he is waiting for his first job, he has not had any skills and experience, and he just gets told, 'You didn't get the job because you have not got any skills and experience.' That is the perception too.

Mr Trompf—Yes, absolutely, and I quite understand why that is. There are a couple of reasons why that would be. If an employer places an ad in the newspaper and perhaps receives 100 written applications, he obviously does not want to interview 100 people. He needs some basis for thinning that down—to decide on who he interviews. It is very difficult on the basis of written applications to determine somebody's attitude or, indeed, their presentation. There are a lot of people who write very good applications these days. So the basis that they may use in the pre-filtering process is to pick people who have appropriate experience, because that is what can be determined from a written application.

But once they get to the interview, thinking employers will choose people with a good attitude. Another reason young people come away with the perception that it is experience that is important is, quite frankly, that employers cop-out. If you are an employer and you have interviewed half a dozen people and chosen one, you are faced with the unpleasant task of contacting five people and letting them know they were unsuccessful.

If you are a caring person, you realise that it is somebody's career, somebody's livelihood, somebody's future that you are dealing with, and you like to let them down gently. You will say to them, 'I'm sorry, we found somebody with more experience,' because it is easy for you to say and there are no grounds for them to argue. But if you say to them, 'Your attitude was wrong,' it is really rather something of a slap in the face to the young person. But if the employers were honest, I believe that is what they would say.

Mr BROUGH—I would also relate to that. The other cop-out they are giving these days is, 'You are over-qualified.' That is, 'We're not going to tell you even that you don't have a problem with your experience, but you are also over-qualified.' You have said that your group looks at ACT residents less than 25 years of age and registered with the CES as unemployed. Could we have a greater breakdown? Are you predominantly working with 15- to 19-year-olds or graduates from university or wherever else who are still unemployed? Can you give percentages? I have a couple of other questions, but if we could start with that.

Mr Trompf—If you wanted accurate answers I could take that question on board, or I could guess. Which would you prefer?

Mr BROUGH—Your perception of what you are doing would be okay to start with. Surely you have some idea of what it is?

Mr Trompf—Yes, I do have some idea. I would think perhaps five per cent of the young people we see are university graduates. The rest would be split roughly 50-50 between those up to 20 years old and those between 20 and 25.

Mr BROUGH—Do you find, particularly with those who are school leavers or not long out of school,

that their goals are achievable and realistic when they are first entering the workplace, or do they have a perception of themselves as being more worthy, more capable and more needed in the workplace than in many cases they are?

Mr Trompf—I think their perceptions—and there is that word again—are often quite unrealistic, and they become frustrated when their perceptions cannot be satisfied.

Mr BROUGH—Where, in your opinion, do they get that perception from in the first place?

CHAIR—That is a good question.

Mr Trompf—I can only think—and, again, it is a guess—that it comes through either the education system or their home life.

Mrs GASH—As an employer of a lot of people in the hospitality industry, it concerns me greatly that training programs and perceptions are based on industry per se when there are totally different needs in the hospitality industry as opposed to accounting or law and so forth. So with on-the-job training for the hospitality industry, I have to agree with you, it is extremely important to train our way. And each one in a hospitality industry has a different need—for example, a guest house as opposed to a resort. I do not think we address that anywhere. Perceptions are extremely important in those situations, and what the young people perceive their job to be. It is not all fun and games.

Mr Trompf—Yes.

Mrs GASH—So I think the training programs, as opposed to on-the-job training, need to be considered far more.

Mr Trompf—I am not sure that there is actually a question there.

Mrs GASH—There is: are you addressing the need for training programs or on-the-job training in different industries and not lumping them all in as one?

Mr Trompf—We are not involved in training programs at all. What we try to do is take the young people who are job ready and place them in work. If they are not job ready, we try to refer them to somebody who can make them job ready. But on the issue that you are referring to, if I may share another anecdote with the committee, there is an employer in Canberra who runs a suite of serviced offices. I was at an interview with him when he was interviewing a young person who had a university degree. The position required somebody who was very skilled in secretarial type work. He said to that person that a university degree was very useful and in time would be of great benefit but, he said, 'I want you to come and work for me and pretend you know nothing and be prepared to start at the bottom.'

He told them the story about reloading the photocopier. He explained that it was one of the duties of one of the people to make sure the photocopier had paper. That simple task was overlooked one Friday afternoon. A client came a long way to go to his serviced office on the Saturday to prepare a multimillion

dollar contract which had to go out that afternoon. He prepared the contract, went to the photocopier but there was no paper. The employer said to the young lady concerned, 'You need to learn the practical reality of operating in an office and the importance of a simple thing like making sure the photocopier has paper.'

Mr BARRESI—You mentioned employee attitude and how important it is. I agree with you, having been involved in recruitment myself. What are you doing as a group, through Youth Joblink, to prepare people to present themselves with the appropriate attitude, or are you simply gleaning the cream and placing them into positions?

Mr Trompf—We unashamedly pick the ones who are job ready. We do not provide training. Apart from trying to share with some of the young people that we see—

Mr BARRESI—I was not referring to training in terms of skills, I was referring to the attitude component only.

Mr Trompf—Like anybody else, we would have difficulty in changing a young person's attitude, and it is not our role. Our role is to create jobs for young people and then place young people in those jobs. Honestly, we can do very little towards changing somebody's attitude. What we do is try to share with young people at schools, colleges, training courses or whatever our views of what it is that employers look for, and we try to give them some hints on how to approach the task of job search. We find that a lot of the young people trying to enter the work force have very little understanding of how to go about this task.

Mr BARRESI—How are you screening them according to attitude, readiness?

Mr Trompf—I have been a manager myself and I had a staff of over 380 people. My colleague who works with me had a staff of about 200. We deal with employers every day. The answer to your question is, we do it by interview. We interview each young person for about three-quarters of an hour to an hour but at the end of the day I would have to say to you it is gut reaction.

Mrs GASH—Yes.

Mr MAREK—Going back to where the chairman started when he was talking about the attitude of people about 20 to 30 years ago, would it not be fair to say that back then people had a set attitude and that that attitude was, 'I must get a job. I have to work. I have to do the right thing by my employer'? However, in today's society we have a new group of individuals who do not approach work with the same attitude as people would have done 20 to 30 years ago. Therefore, when the chairman said, 'Don't you think attitude would have been ranked at number 3 about 20 years ago compared to skills at number 1?', does that not reflect on the ethics and morality in today's society? Is that indicative?

Mr Trompf—I cannot speak for what things were like 20 years ago, I can only talk about my own situation when I tried to enter the work force. At that time there were plenty of job opportunities. You would take up a position and if that did not work out you would move on to another position and the pressures were not the same. Fundamentally, I believe the young people we see today share the same work ethic that the modern employer had in their day.

Mr MAREK—The point I am trying to expand is that 20 years ago, if you had square pegs in round holes, you could move those square pegs on; whereas today, you have to be very sure that you have the right group of people, because of the inability to get rid of an employee who is not what you really thought they would be. That comes back to square pegs in round holes.

Mr Trompf—Yes. There is enormous benefit to an employer who has a very dedicated employee, and those of you who are employers will know that. Conversely, there are tremendous costs involved if you have a square peg trying to fit into a round hole. The penalty to an employer for getting the choice wrong is enormous.

Mr NEVILLE—I would like to take you to the section in your report on education, especially to page 7 and to three of those four dot points. You say there that modern young people are generally well aware of their entitlements but that few understand their responsibilities. You go on to say that the teachers themselves have little understanding of work principles. Is it fair comment to say that the sense of discipline and responsibility has not been instilled in kids at school?

Mr Trompf—Yes; I think that is true to say.

Mr NEVILLE—And that is one of the things that is impacting against youth employment?

Mr Trompf—If it is true that modern youth do not share the work ethic of our generation, then I ask this: whose fault is it? The answer, to me, is that it is obviously our fault. It is not the fault of the young people. We have somehow failed to pass on a work value to our young people, and I think that the education system is partly responsible for that.

Mr NEVILLE—Wait on. I would like something more specific than the amorphous 'we'. A lot of us at home work hard and our kids see us work hard. The vast majority of kids have mothers and fathers who work very hard.

Mr Trompf—Yes.

Mr NEVILLE—So they would not be unaware of the work ethic. What is it in their psyche that gives them this laissez-faire attitude when it comes to responsibility and discipline?

Mr Trompf—I cannot, of course, speak for people's psyches. I can only give you my opinion, and perhaps Pam might have an opinion as well. We are both parents. There are a number of factors that may affect this issue. One might be that, in times past, there may not have been both parents working, and I am not sure about the impact of that. Certainly, the issue of discipline in schools is much less than it used to be and this, in turn, has probably given rise to the more laissez-faire attitude that you talk of.

Mr NEVILLE—So, when a lot of kids come into the workplace, because they have not had a sense of discipline and responsibility, they cannot apply that in the workplace.

Mr Trompf—Yes; but it is also in training, I might say. As I have explained, we often go out to

training courses and talk to young people about employers' needs and job search. I remember being approached by one particular course manager and asked if I could go out to address the students, and I was happy to do that. I said, 'What time do you start?' and he said, 'Nine o'clock,' and I said I would be there at nine o'clock. He said, 'No, I would not do that. Perhaps by half past nine or maybe by a quarter to 10 they will have all assembled and got their cups of coffee, and we might be ready to go by then.' I did wonder what it is we are teaching these people on these training courses. From the trainer's point of view, he thought it was a major success that the trainees turned up at all.

Mr BROUGH—So are we setting standards too low and they are failing to achieve them in the courses?

Mr Trompf—I think we are not providing enough discipline for our young people.

Mr MAREK—Hear, hear!

Mr MOSSFIELD—We have been talking about school retention rates and also about resources which governments are putting into schools to get students job ready. How does that line up with your fourth dot point on page 7? Do you think we are wasting our time with what governments are doing here? Would there be any value in getting young people into the work force at an earlier age?

Mr Trompf—Are we wasting our time by encouraging them to stay in education?

Mr MOSSFIELD—Yes, in view of what you have said in your fourth dot point.

Mr Trompf—No, absolutely not. We should also look closely at the education system and amend it to do more to meet the needs of the work force.

Mr BROUGH—You obviously speak to a lot of employers.

Mr Trompf—Yes.

Mr BROUGH—Let us go to the other side of things. A lot of those obviously, I presume, say to you, 'No, I don't want to employ a young person,' or they show some reticence in doing that. What is it? What comments can you make in relation to that? What are their barriers? Rather than the young person's problems, what are the perceptions of the business people that you speak to?

Mr Trompf—I would have to say I think there are very few employers that say to us, 'I don't want to employ a young person.' Very few. What they do say is, 'I want to employ the right young person.' And they want our help in finding the right young person.

To answer your question though, young people have a number of attractions to employers. They can pay them less if they are very junior. They can teach them the way they like to do things. They have a level of drive and energy and enthusiasm that the more mature aged unemployed person has trouble following.

I draw your attention to attachment C where we have included some comments from an employer about young people. They are very positive comments. I draw your attention to the first paragraph there. That is a direct quote from an employer. He was amazed. He actually deliberately changed to focusing on young people where previously he had focused on the more mature aged person. The results for him were outstanding.

Mr BROUGH—Could I follow that up. Would you say then that a lot of employers out there possibly could employ a young person, but because they perceive that it is going to be a difficult task to get the right young person, they shy away from it and, at the end of the day, we have a potential vacancy which is never notified, which is never advertised, not necessarily because they have had a bad problem with the CES or anything else or all of those factors, but just simply because they do not feel they have the time. If someone like your organisation is available to go and canvass them, and ask them, 'Can you put someone on,' and then will work through with them and assist them, can you see that as being a major step forward and creating substantial growth in this market?

Mr Trompf—Yes, absolutely. I would agree with you. I think that is the reason for the success of our program in Canberra. Because of the strong link with the Chamber of Commerce, employers know that we will look after their interests. We must, because we are the Chamber of Commerce. We are experienced in the issue of filtering people. We do not always get it right, but we have a fairly good average. The employers themselves, particularly small employers, may never have had to go through the process of employing somebody and this in itself is a barrier for them. They do not know how to go about it. To have somebody they trust come along and say to them, 'We'll take all the hassle out of that for you if you create a job,' is quite an incentive.

Mr BROUGH—A last point on the same theme: I think you said that you had created 500 jobs, was it?

Mr Trompf—Approaching 500 jobs.

Mr BROUGH—So you are suggesting that there are 500 jobs which you just have not filled the vacancies for but you have basically created them by speaking to employers—

Mr Trompf—Yes.

Mr BROUGH—That is a big difference between just filling 500 jobs that were there.

Mr Trompf—We are not in the placement business. The only reason we place young people is to provide an incentive to employers by the sort of means that you spoke of. We encourage employers to create new jobs and if they do that, we will help them find the right young person for that job.

Mr BROUGH—Thank you.

Mrs ELSON—I want to shed a little bit of light on the attitude of people and whose fault it is why our young people have this attitude. Being a mother of eight, I have got a few test cases at home. I honestly believe it starts with the parents and the school system. We tell our children if we do not have bigger families

and we want to put everything into our couple that we have—and I broke the rule there, but I am just saying I have learnt by it—that they will not get anywhere in life unless they have an education.

The education system tells them they will not get anywhere unless they have an education. When they come out of their grade 12 schooling or go on to university they have this attitude that because they did everything that they were told through the system, they expect better. We are not telling our children that if you do not have the ability it is okay to drop out.

My first two were straight-A students and I thought that everyone had to follow that line. The third one who came along did not have the ability, but I kept telling him he had to stick at something. He made the decision to leave school because he had found a job. Four are academics and four are not. The four who are not are actually more wealthy than the four who are academics. That is a test case for saying that we do put too much expectation on our children. The government pays for our children to stay at school and that is another incentive for a parent not to look at a child's ability but at the monetary payout at the end. We do have that problem there as to why the children have that attitude; we cannot blame them.

Mr Trompf—Yes. Having a qualification these days does not guarantee a job at all—and that leads to frustration. We have some young people on our books who have graduated from ANU in disciplines that employers regard as fairly esoteric. Anthropology is one, for example. Employers say to them, 'That is fine, but how does this help me run my business?' Those young people feel frustrated, just as you have said. They have come through the system, they have put in four years at university and find that, on the surface, their qualification is of little assistance in getting a job.

Mrs ELSON—As parents we do not encourage them by saying that to have an unskilled job is okay. Those unskilled jobs are not being filled because the kids think their parents think less of them if they take an ordinary job, a blue-collar job.

Mr Trompf—Yes. We overheard the earlier witnesses mention McDonald's. Regardless of what you might think of their food or whatever, McDonald's is a very good trainer of young people. We would agree that employers enjoy employing people from McDonald's because if you have worked at McDonald's for 12 months you know about getting to work on time, you know about working hard when you get there, and you know about customer service, cleanliness and some of those basic issues that are missing in people who have never worked there.

Mrs GASH—Do you have any comment at all about training providers in the training programs? I do not expect you to be specific.

Mr Trompf—In what area? What did you have in mind?

Mrs GASH—In the training programs that they provide, in what you have just said, are the expectations too high? What is your view on some of the programs?

Mr Trompf—Are they creating unrealistic expectations in the young people?

Mrs GASH—Yes. And do they teach them the basics, as you have found it, in providing jobs?

Mr Trompf—No, I do not think they teach the basics, but I also do not think they give rise to too many unrealistic expectations. But the basics—the issues of literacy and numeracy—are not being taught. I am fairly close to a young person who is currently doing year 12 who has difficulties spelling the word 'were'—and he is not alone. His friends are in a similar situation. I wonder what has happened. Why is this so? Employers wonder, too.

In terms of the training providers and the training they provide, I sometimes think it could be targeted better. We, and other agencies, find it much easier in Canberra to employ somebody who has a driver's licence. Nobody provides training for people—as far as I am aware—to get driver's licences, but I do see a lot of young people who have certificates to operate a chainsaw. I do not know the usefulness of that—perhaps customer relations or something! But I do think there is something wrong.

Mr SAWFORD—Can I simply say—and this is a contradiction in itself, I suppose—that with regard to your submission I do not agree with hardly any of it, but at the same time I think you have accurately described the differences, the gulf, between perceptions of employers and young people. I think you have done that very accurately.

It was interesting that this is the 50th year of Orwell's essays, *Politics and the English Language*, and basically, for those people who may not have read that, what he was saying was that when you do not have a common understanding of concepts or of a language, then total misunderstanding happens. I think that the 1990s are a classic for that.

What I want to say is in terms of the work ethic. I hear it all the time. I hear it in pubs, bars and meetings. Everyone says it, so I am not saying that you are wrong in describing it that way. How do you reconcile that with this romantic sort of feeling of 20 or 30 years ago, that everyone had the work ethic, and that now, somehow, it has miraculously disappeared?

In the last 20 or 30 years, capital investment has quadrupled; energy consumption has tripled, and productivity has quadrupled. For a generation that has not got a work ethic, how do you reconcile that? I think that what we are talking about—and I think that towards the end you made this comment about literacy and the chairman and I just had a little word about literacy—is a little bit more than that. You go to universities, or to schools—and I have had a long history in schools—and, generally, they are far better than they were 20 or 30 years ago.

But there is a problem. It seems that the top 20 per cent of our young people are doing far better than any top group has ever done. But we have a group—I think that it is 20 per cent—whom our society, by the way it is driven, has pushed aside. They are young people, adults or children with a literacy problem. I know, I have done it, when a child has a literacy problem, if you spend six months one-on-one, you can do it. It costs money. We have a society that is not prepared to spend that money on children who show that literacy problem.

When they go through seven years of primary school, and they are very quiet, and there is no success,

it makes them socially incompatible. They are alienated. They go into secondary school and there it is worse. Then those young people put themselves onto the employment market and, right, the attitude is appalling. There is frustration and alienation and, of course, that confrontation with a prospective employer. You do not blame the employers; they are not going to put up with that.

There are many criticisms of the education system and of industrial relations stuff, in terms of superannuation, workers compensation, payroll tax—I have a bug about payroll tax, as well. You are talking about a taxation reform problem. It is a way of governments raising revenue. Look at countries in Europe, where the taxation average is eight per cent higher than in Australia. They complain about the same thing. 'Just push it down to the Australian level,' they tell us. 'Push it down to 30 per cent like the Japanese and the United States. You will be right; it will be okay.' The Germans, the Dutch and the English say it—they all say it. 'We know we have got it down to 30 per cent. It did not work because these perceptions are wrong, Graeme,' they say. I think that you understand that they are wrong, too. But we are dealing with them and what people believe in their heads, whether they are employers or children, is what you have to deal with. How do you change these perceptions? How do you reconcile the two? How do you look after the 20 per cent of children that our society has decided that it is not going to spend any money on until it is too late?

Mr Trompf—There are some very big issues there.

CHAIR—He tends to long questions.

Mr Trompf—The questions at the end relate to very big issues. Let me begin with the last first: I do not have an easy answer at all for how we should, as a society, deal with those people who do not want to work. I do not have an easy answer for that. What I do say is: do not send them to employers because the employers do not want them.

As far as the perceptions go, I am concerned that perhaps we are focusing on the negative and there is a tremendous amount of positive that we could talk about here. As far as the perceptions go, from an employer's point of view, I think there is a natural tendency amongst any of us to look back at our teenage years and think we were not that silly. I think if we were honest, we probably were. I think the employers' perceptions have been reinforced by some media that lacks objectivity. I am mindful of the *60 Minutes* program you might recall that focused on some young people in Queensland—

Mr SAWFORD—*A Current Affair*.

Mr Trompf—It was *A Current Affair*, was it? Thank you. But that only gave very much one side of the story. I could take that television program to a lot of young people who could put a completely different picture across, but that never came across. It tends to reinforce in the mind of employers that there is something wrong with modern day young people.

The other problem that employers have is that they have been forced to see people who do not want to work. This skews their perception. There are a lot of people, a lot of young people out there who do want to work. But because the employers are forced to see the people who do not want to work, it reinforces again this negative attitude that they have towards young people. But I think we have demonstrated that that can be

turned around. If you provide the employer with some quality young people—in the attachment we referred to one employer where we sent three people along for one vacancy and the employer created two additional jobs. Because he liked the field so much, he gave a job to the whole field. There are stories like that that show that there are quality young people out there. They are the people that employers are looking for and are happy to take on.

Changing people's attitudes, whether it is the bad attitude of the unemployed or whether it is the attitude of the employers, is not an easy thing to do. I think publicity is a way to go. I think recognising the needs of each group is a way to go and then trying to address those needs. Again, I think that is why we have been successful in Canberra: we have targeted meeting the employers' needs and they have responded.

Mr BARRESI—My question is a follow-on from what you have just said there, Graeme. But also let me, by preamble, say that I actually disagree with Rod, to a large extent. I have been working in the labour market field for the last 20 years—and most of those have been in recruitment placement—as a psychologist with large, medium and small enterprises. I know for a fact that if you have got two people with identical skills, the overriding criterion in the end is going to be, 'Is there the right chemistry here between this individual and myself? Will they be able to fit into the environment in my workplace?' And so you have got the issue there about attitudes and personality. Unfortunately, there is no totally objective way of assessing them, so it is left to gut feeling. Likewise, when someone is dismissed from an employer, having been in Nauru House in Melbourne a number of times, it is often due to the issues of the person's relationship with either the management, other employees and other work related issues rather than on the issue of skill deficiencies.

You mentioned you are a job creator. I would like to know specifically what kind of jobs, the type of jobs, the range of jobs which you have presided over in terms of where the growth is that you presided over. Secondly, you are not a placement company. You do not create; you help them. But you say that there have been quite a few jobs that have been created. The implication therefore is that the hassle of placements is a barrier. How does that then fit in the order of barriers when you have got all these other issues as well that you have discussed, such as financial constraints?

Mr Trompf—On the last point, again I would agree, and perhaps it is something I missed in the submission. The hassle of recruitment is a barrier that employers shy away from. Where does it fit? I think it fits below the other ones we have identified. At the end of the day, employers need to make money. There is no need to apologise for that. Employers in the private sector are there, they are obliged to make money and they focus very much—and quite rightly—on what is best going to achieve that for them.

In terms of some of the other issues you raised—I am just trying to recall what they were—

Mr BARRESI—The jobs in particular—the range and nature.

Mr Trompf—We have created jobs for meat packers and for people who have become personal assistants to national managers of companies and for everything in between. We react to what the employer wants such as courier driver jobs and all sorts of positions. As to what would be the highest number, far and away the highest number would be clerical positions. That would be the greatest number of positions followed

by automotive positions, I think. If it is important to you then I could—

Mr BARRESI—I was trying to find out if there was a trend or whether the type of jobs you are finding are due to the fact that they are the easier ones for an organisation to make a decision about. Is there an industry trend that you are noticing in Canberra?

Mr Trompf—If there is a trend, I have not noticed it. I should mention that we tend to focus on the smaller businesses. We are not in competition with the CES, for example. There are some markets that we deliberately do not go into and they tend to be associated with the bigger companies, the bigger employers, because traditionally the CES has dealt with those people. We walk the back streets and try to get in touch with the smaller businesses and create positions in those sorts of areas and so that might skew any trends that we might see.

Mr MAREK—In the schools area that you mentioned before, and I must support what you said, schooling is an area that we really need to focus on. However, what is important is that we need to create a better degree of discipline within our schools. This probably needs to come via changes to the curriculum but also we need a degree of ethics and those sorts of things projected into today's schooling.

As I see it, we need to get a back to basics system and change the thinking of a lot of the youths who are currently in today's society. We have a bracket of individuals who range in age from 13 to 25 or 28 years. We are going to have to carry a percentage of these people because some of them already consider themselves as unemployable. We are going to have to carry that group of people.

I have done many school visits over the last four or five months and I have found that the 13-year-olds and younger seem to be the people that you are able to discuss various ideas and ideals with and they take them on board. From the 13-year-olds up who are still at school, a lot of them have said that they can use this government handout system that is available to them. One group of students in a modern history class actually said that when they leave school their intention was to have children, live off the system and then put their children through university so that the children could earn high wages. They would then put themselves through university and use the system to their own benefit. We need to change some of the government systems to have them as incentive based systems.

One other area that I brought up and discussed with them continually at every different school was a form of national service. I am not referring to national service where you have them running around with guns and camouflage clothing and packs on their backs but more of a form of service where after they leave school, if they cannot find a job, they move into the defence department, I guess. They would do a traineeship in computing or electronics or accounting or something like that, or an apprenticeship in fitting and turning or whatever. For the first three years they will be with the defence forces or funded by the system and in the last 12 months they would move into an area where they are employed out to other employers. When they finish their training they then come back into the defence force or stay with that employer or move on.

These are some of the things I have found out. Would you agree that we need to do something with the schools and, basically, change the way that youth are thinking and work from around that 13-year-old bracket? Does that make sense?

Mr Trompf—Yes, it does. The young people we see volunteer to get involved with us and this in itself might skew again any perceptions we might have. One of the questions we ask them is, 'Why do you want to work?' A lot of them will say to us, 'We feel very uncomfortable with accepting money we have not earned.' For those people we try very hard to find jobs.

CHAIR—I bet you do.

Mr Trompf—Yes. I do not think they would be too embarrassed about doing something for the dole and, indeed, a lot of them do. A lot of them are involved in community service of one sort or another. Perhaps one of our greatest success stories was a young lady who had been unemployed for three years. We found her a job with one of the large law firms in Canberra and I think she was promoted twice in the space of about 10 months. She had not been sitting on her hands while she had been unemployed. She had been doing a tremendous amount of community activity.

I see that in a lot of young people but they are the people who we see and there may be a whole lot of other young people we do not see. Whether or not it should be national service or something like that I cannot say.

Mrs GASH—I will be very quick. In what areas do you see the job growth?

Mr Trompf—That is very difficult in Canberra when the federal government is cutting back the Public Service and the ACT government is similarly cutting back. I am not even sure I have an answer for that. I am sorry. I would like to be more precise and perhaps I would like to think about it and come back to you. It would be very difficult.

Mrs GASH—Would it be in areas like hospitality or—

Mr BARRESI—An alternative to that would be that you may have an idea of where the opportunities are which would present themselves in Canberra.

Mr Trompf—Yes.

Mr BARRESI—If they are not in the Public Service then they could very well be in tourism or anything else. I do not want to feed you.

Mr Trompf—I think generally the suggestion that the solution lies in small business is accurate. I think the potential for small business to take people on is great. In general, I think that would be my answer but what areas of small business I really could not say.

Mr BROUGH—You spoke about the young lady who was unemployed for three years and you also alluded to the fact that she had done a lot of community activities. It is obviously illegal under the current act to do voluntary work for businesses, et cetera. Would it remove a barrier to young people getting employment if they could do some sort of voluntary work in real workplaces to gain experience?

Mr Trompf—Yes. Young people are volunteering to do that.

Mr BROUGH—But they cannot do it.

Mr Trompf—I spoke to an employer two days ago who had interviewed somebody who had been unemployed for 11 months and this unemployed person said, 'I really want this job and I will come to work with you unpaid for three or four weeks—however long it takes—until I can convince you I am good for that job. Then when you are satisfied you can start paying me.' The employer said, 'I cannot do that. I will give you a job on the spot because I like your attitude,' and he did.

CHAIR—Very quickly, this is the only area we have not touched on and the secretary would like us to address it. You were quite critical of aspects of the industrial relations system. Does the workplace reform bill meet your expectations in addressing those problems?

Mr Trompf—Employers whom we deal with are regarding the industrial relations legislation and wrongful dismissal and those issues as being the second biggest hurdle to employment; the first being the general economic climate.

CHAIR—Do you believe the bill—

Mr Trompf—In terms of the bill, I would have to say I have not studied it so I am unable to comment.

CHAIR—Thank you very much for coming. We could continue to ask questions but I am told that we have to get the hell out of here because somebody else has the room booked. On behalf of the committee, thank you for your submission and thank you for talking to us.

Resolved (on motion by Mr Barresi):

That, pursuant to the power conferred by paragraph (o) of standing order 28B, this committee authorises publication of the evidence given before it at public hearing this day.

Committee adjourned at 11.06 a.m.